

# CHANDLER, ARIZONA

Fiscally Strong and On the Move



## CITY OF CHANDLER COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2015



Chandler - Arizona





**CITY OF CHANDLER, ARIZONA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2015**

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**Jay Tibshraeny, Mayor**  
Kevin Hartke, Vice-Mayor  
Nora Ellen, Councilmember  
Rick Heumann, Councilmember  
Rene' Lopez, Councilmember  
Terry Roe, Councilmember  
Jack Sellers, Councilmember

**Executive Staff**

Marsha Reed, Acting City Manager  
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**Prepared by**

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**CITY OF CHANDLER, ARIZONA  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE YEAR ENDED JUNE 30, 2015**

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December 16, 2015

Honorable Mayor, Members of the City Council, Acting 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, 2015, 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 236,326. 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 ATK, Microchip Technologies and Freescale Semiconductor. These four companies combined employ about 15,975 in the City.

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 \$67,572. 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.



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Web [www.chandleraz.gov](http://www.chandleraz.gov)

*Location*  
Third Floor  
175S. Arizona Avenue  
Chandler, Arizona 85225

The City's unemployment averaged 5.1 percent for calendar year 2014 compared with 5.9 percent for Maricopa County and 6.9% for the State of Arizona.

The City's sales tax revenues, which comprise over 50 percent of its general fund, increased by 4.6 percent for 2014-15 from the prior year actuals. The City continues to strengthen its financial position 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 continue its strong financial position while maintaining its AAA General Obligation Bond credit rating from all three ratings agencies.

### **2014-2015 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;
- Successfully completed the Home Rule election and conducted the fourth online budget meeting, "Budget Connect" enhancing citizen involvement in the budget process;
- Initiated the Chandler News & Events pages which appear monthly in two local newspapers as part of the City's efforts to provide residents with information about City news, programs, and events.
- Maintained Chandler's regional influence in monitoring state and federal legislation affecting City operations;
- Assisted with locates and expansions of more than 1,200 jobs and over \$38M in capital expenditures, including companies such as AvAir, Arvato Bertelsmann, Clairvoyant, WinCo, Stone Creek Furniture, Arizona General Hospital, and Crown Castle;
- Entered into an agreement with NexMetro to assist in the redevelopment of 66,000 square feet of retail space at East Valley Mall into a multi-family housing complex, which brings additional density to a key transportation corridor;
- FedEx's 300,000 square food distribution facility is underway in the Airpark Area, which will bring 200 new jobs and important shipping efficiency advantages to Chandler companies;
- Executed development lease with WingSpan for multi-phase, \$50+ million corporate hangar/office development;
- American Heart Association awarded Chandler the "Fit Friendly Worksite" Gold Level Award for the third 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 new High Deductible Health Plan with a Health Savings Account, and negotiated two contracts with labor and trades (SEIU), and administrative, technical, and clerical (ACE) employee groups;
- Chandler Public Library renovated the Downtown Library's Copper Room, creating exciting new spaces for public meetings and library programs;
- Chandler Public Library completed a fiber connection between the Downtown Library and the Sunset Library, resulting in all four libraries now using City fiber to communicate at the highest possible speeds;
- Chandler earned the national designation of Playful City USA for the ninth consecutive year;
- The Aquatics Division received the 2014 Arizona Parks & Recreation Outstanding Aquatic Program – Adult Stroke Clinic Award and the Recreation Division received the 2015 USTA Outstanding Facility

Award for the Tennis Center, which was also the Featured Facility of the Year; the highest tennis facility honor;

- Implemented the ACTIVE Net facility reservation and registration system that allowed participants to reserve pavilions and ball fields online for the first time;
- Saved 17,614,000 gallons of water through the Water Conservation Residential Audit Program;
- Implemented a new Utility Billing & Payment System, creating greater functionality and increasing online/automated usage by 80%;
- Implemented the Learning in Firesafe Environments (L.I.F.E) certification program in the Chandler Unified School District which educated more than 6,000 students, evaluated fire drills that had over 41,000 participants, had 100% cooperation of teachers and custodians on the use of self-inspection forms, inspected 51 schools, and certified 125 teachers in CPR;
- Firefighters and Community Emergency Response Team (CERT) members provided emergency assistance to the community in the aftermath of Tropical Storm Norbert; and
- Chandler Police Department participated in a Commission on Accreditation for Law Enforcement Agencies (CALEA) Assessment and achieved the Gold Standard Accreditation with Excellence. Chandler Police Department was the first agency in the state to obtain this accomplishment.

### **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 247,500 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, internal service funds, and fiduciary 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 2014-15, \$783,474,647). 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, 2014, marking the thirty third 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, 2015 from the GFOA, marking the twenty-seventh 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 receives Special Recognition 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; Robert Steele, Senior Accountant; Tracy Schmidt, Senior Accountant; Joanne Chang, Senior Accountant; and Annette Fries, Management Assistant. Special thanks also goes to Julie Buelt, Senior Financial Analyst for assistance in reviewing the final document. Finally, I wish to thank the Mayor and Council, the Acting City Manager, Assistant City Manager, Directors and City Staff for their continued support in promoting sound financial policies and internal controls.

Respectfully submitted,

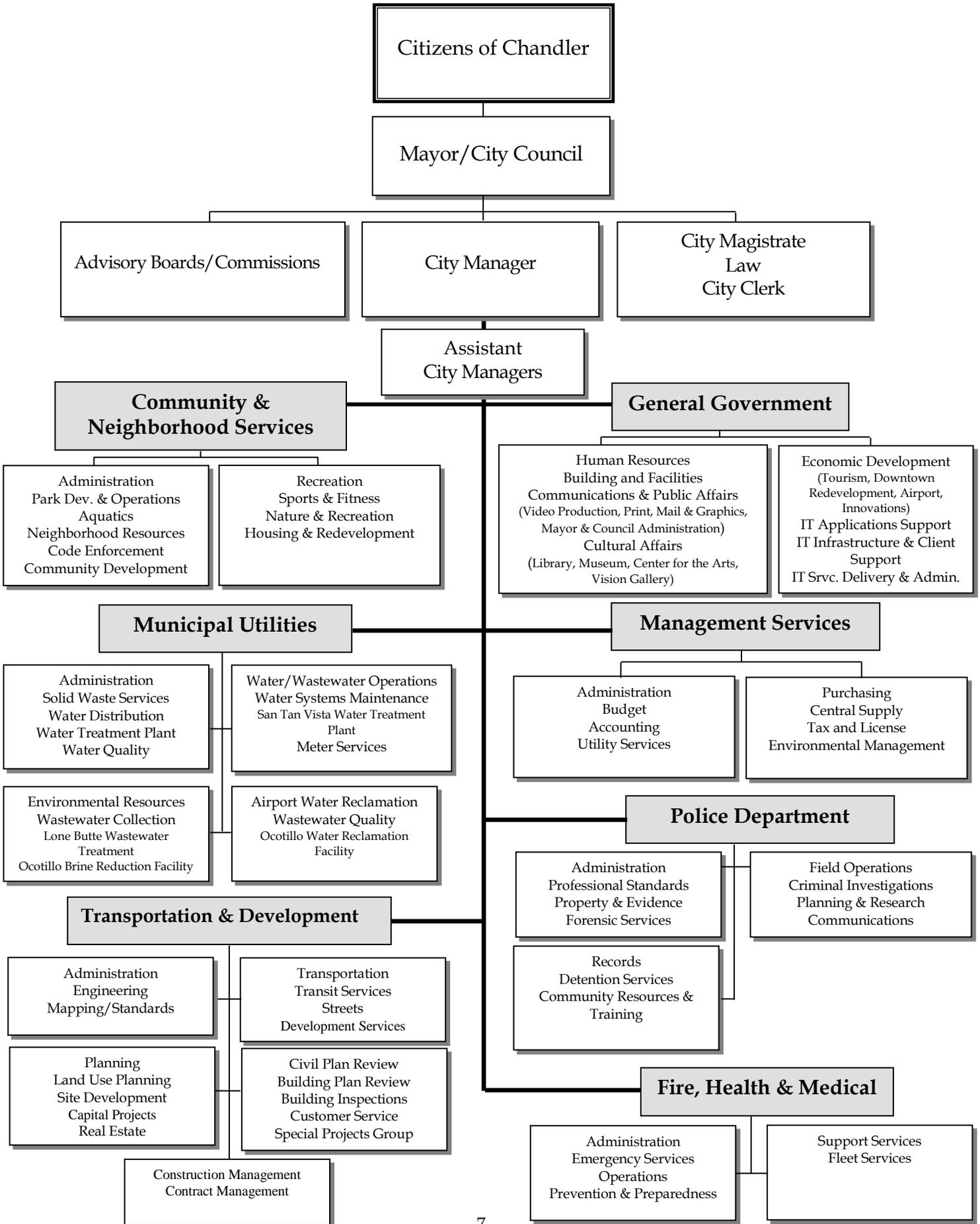


Dawn Lang  
Management Services Director



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# City of Chandler, Arizona Organizational Chart





Government Finance Officers Association

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

Presented to

**City of Chandler  
Arizona**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2014**

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.



AAA BOND RATINGS  
- FISCAL STRENGTH



Chandler • Arizona





## 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, 2015, 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, 2015, 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. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, for the year ended June 30, 2015, 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, budgetary comparison information, and net pension liability information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by 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 16, 2015, 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 16, 2015

**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, 2015

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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, 2015. 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 2015 as follows:

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$1.282 billion (net position) which represents a decrease of \$164.9 million from the prior year; this is due to the recognition of pension obligations during the year. Of this amount, \$225.5 million (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors. However, \$62.6 million is invested in a joint venture with the Town of Gilbert, and not available for obligations.
- At June 30, 2015, the City's governmental funds reported combined ending fund balances of \$277 million, an increase of \$3.7 million in comparison with the prior year. Approximately 60.3 percent of the total amount, \$167.1 million, is available for spending at the City's discretion (assigned or unassigned).
- At June 30, 2015, total fund balance for the General Fund was \$185.1 million which represents an increase of \$5.4 million from the prior year; this is primarily due to higher than budgeted revenues, particularly Transaction Privilege Tax, Building Permit revenues and other revenues related to development such as Building Plan Review fees, and Encroachment Permit fees. Total revenues exceed the Adopted Budget by more than \$14 million.
- General revenues from governmental activities accounted for \$227.6 million, or 73 percent, of all revenues from governmental activities. Program specific revenues in the form of charges for services and grants and contributions accounted for \$84.3 million or 27 percent of total governmental activity revenues. The City had \$151 million of program revenues and \$3.4 million in general revenues and transfers related to business-type activities.
- At June 30, 2015, the City's proprietary funds reported combined total net position of \$598.4 million, and total unrestricted net position of \$217.8 million. A total of \$144.8 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, 2015**

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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.

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The proprietary fund financial statements provide separate information for the water and wastewater funds, 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 \$1.282 billion as of June 30, 2015. This reflects continued strong operations in governmental activities and increased investments in capital infrastructure within the business-type activities.

A significant portion of the City's net position (73.9 percent) reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, improvements other than buildings, vehicles, machinery and equipment and construction in progress), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (8.5 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (17.6 percent) includes \$62.6 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.

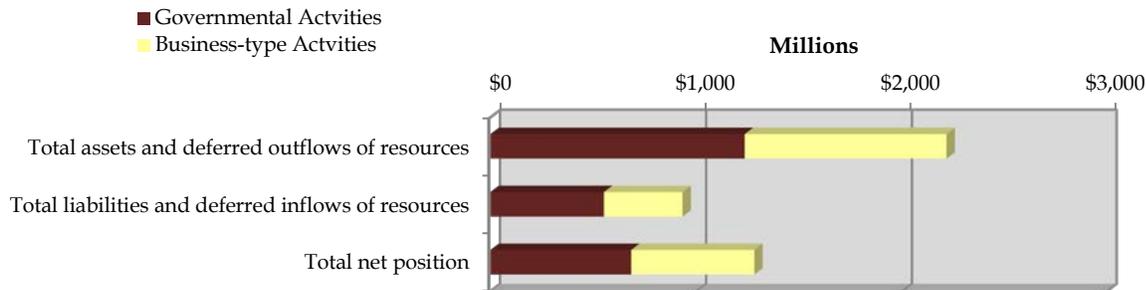
At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position, both for the City as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

There was an increase of \$11.5 million in unrestricted net position reported in connection with the City's business-type activities. This was due primarily to system development fees.

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The following table presents a condensed statement of the City's net position for the fiscal years ended June 30, 2015 and 2014.

	Governmental Activities		Business-type Activities		Total (Primary Govt.)	
	2015	2014	2015	2014	2015	2014
Current assets	\$ 380,261,643	\$ 366,097,177	\$ 239,034,348	\$ 234,029,568	\$ 619,295,991	\$ 600,126,745
Capital assets, net	805,630,969	807,912,209	666,905,029	669,534,355	1,472,535,998	1,477,446,564
Long-term assets	-	-	63,235,221	66,240,980	63,235,221	66,240,980
Total assets	1,185,892,612	1,174,009,386	969,174,598	969,804,903	2,155,067,210	2,143,814,289
Total deferred outflows of resources	49,156,931	42,583	11,255,258	952,566	60,412,189	995,149
<b>Total assets and deferred outflows of resources</b>	<b>1,235,049,543</b>	<b>1,174,051,969</b>	<b>980,429,856</b>	<b>970,757,469</b>	<b>2,215,479,399</b>	<b>2,144,809,438</b>
Current liabilities	64,642,692	52,998,146	42,588,983	43,831,309	107,231,675	96,829,455
Long-term liabilities	460,027,117	269,207,876	335,211,119	331,804,218	795,238,236	601,012,094
Total liabilities	524,669,809	322,206,022	377,800,102	375,635,527	902,469,911	697,841,549
Total deferred inflows of resources	26,662,630	-	4,258,428	-	30,921,058	-
<b>Total liabilities and deferred inflows of resources</b>	<b>551,332,439</b>	<b>322,206,022</b>	<b>382,058,530</b>	<b>375,635,527</b>	<b>933,390,969</b>	<b>697,841,549</b>
Net position:						
Net investment in capital assets	567,041,560	563,033,503	380,427,606	388,837,444	947,469,166	951,870,947
Restricted	108,965,994	105,723,768	119,075	-	109,085,069	105,723,768
Unrestricted	7,709,550	183,088,676	217,824,645	206,284,498	225,534,195	389,373,174
<b>Total net position</b>	<b>\$ 683,717,104</b>	<b>\$ 851,845,947</b>	<b>\$ 598,371,326</b>	<b>\$ 595,121,942</b>	<b>\$ 1,282,088,430</b>	<b>\$ 1,446,967,889</b>

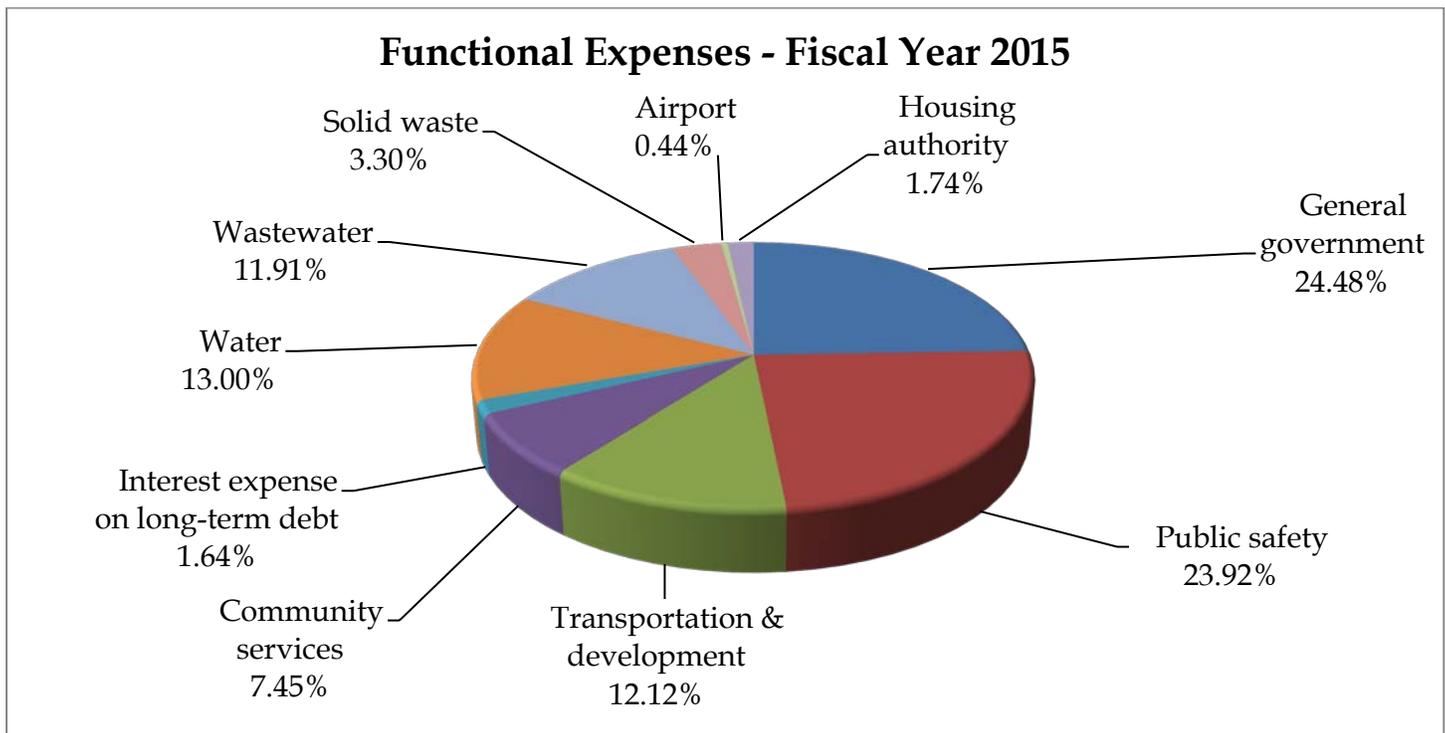
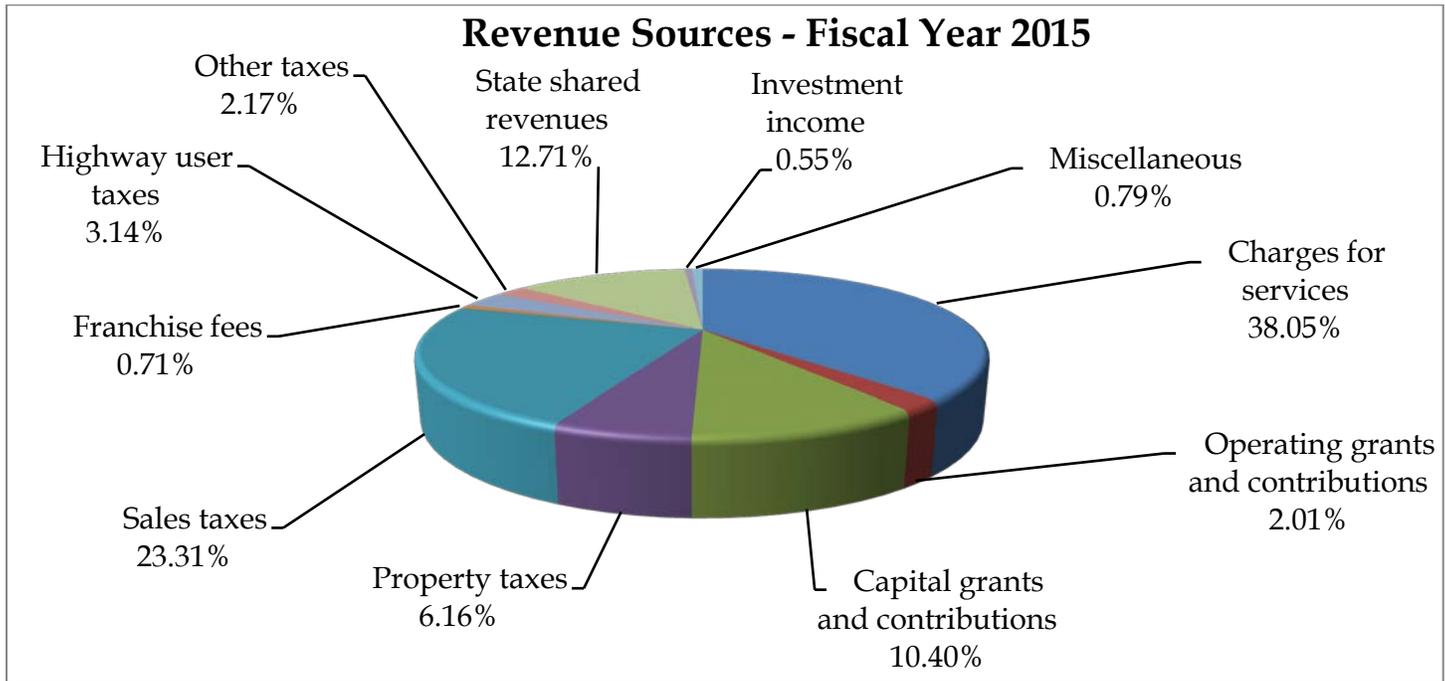


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**Changes in net position.** The City's total revenues for the fiscal year ended June 30, 2015 were \$466.2 million. The total cost of all programs and services was \$426.7 million, which results in an increase in net position of \$39.5 million. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2015 and 2014.

	Governmental Activities		Business-type Activities		Total (Primary Govt.)	
	2015	2014	2015	2014	2015	2014
<b>Revenues:</b>						
Program revenues						
Charges for services	\$ 67,665,580	\$ 68,583,660	\$ 109,739,794	\$105,900,166	\$ 177,405,374	\$ 174,483,826
Operating grants and contributions	3,514,714	4,744,636	5,862,477	5,457,991	9,377,191	10,202,627
Capital grants and contributions	13,133,637	10,170,236	35,357,741	72,176,582	48,491,378	82,346,818
General revenues						
Property taxes	28,708,033	28,348,952	-	-	28,708,033	28,348,952
Sales taxes	108,657,130	103,880,801	10,865	70,065	108,667,995	103,950,866
Franchise fees	3,300,129	3,145,449	-	-	3,300,129	3,145,449
Highway user taxes	14,633,470	13,352,622	-	-	14,633,470	13,352,622
Other taxes	10,106,891	3,243,937	-	-	10,106,891	3,243,937
State shared revenues	59,236,588	55,423,759	-	-	59,236,588	55,423,759
Investment income	1,763,585	1,869,128	819,556	788,025	2,583,141	2,657,153
Miscellaneous	1,197,215	819,766	2,475,760	1,683,332	3,672,975	2,503,098
<b>Total revenues</b>	<b>311,916,972</b>	<b>293,582,946</b>	<b>154,266,193</b>	<b>186,076,161</b>	<b>466,183,165</b>	<b>479,659,107</b>
<b>Expenses:</b>						
General government	104,456,315	99,231,501	-	-	104,456,315	99,231,501
Public safety	102,050,425	94,738,371	-	-	102,050,425	94,738,371
Transportation and development	51,714,085	52,183,052	-	-	51,714,085	52,183,052
Community services	31,784,321	32,331,286	-	-	31,784,321	32,331,286
Interest and fiscal charges	6,986,490	10,044,363	-	-	6,986,490	10,044,363
Water	-	-	55,470,724	55,877,774	55,470,724	55,877,774
Wastewater	-	-	50,823,497	41,969,764	50,823,497	41,969,764
Solid waste	-	-	14,087,780	14,131,202	14,087,780	14,131,202
Airport	-	-	1,860,057	1,980,706	1,860,057	1,980,706
Housing authority	-	-	7,433,284	7,616,301	7,433,284	7,616,301
<b>Total expenses</b>	<b>296,991,636</b>	<b>288,528,573</b>	<b>129,675,342</b>	<b>121,575,747</b>	<b>426,666,978</b>	<b>410,104,320</b>
<b>Increase (decrease) before transfers</b>	<b>14,925,336</b>	<b>5,054,373</b>	<b>24,590,851</b>	<b>64,500,414</b>	<b>39,516,187</b>	<b>69,554,787</b>
<b>Transfers in (out)</b>	<b>(123,350)</b>	<b>(132,082)</b>	<b>123,350</b>	<b>132,082</b>	<b>-</b>	<b>-</b>
<b>Increase (decrease) in net position</b>	<b>14,801,986</b>	<b>4,922,291</b>	<b>24,714,201</b>	<b>64,632,496</b>	<b>39,516,187</b>	<b>69,554,787</b>
<b>Beginning net position, restated</b>	<b>668,915,118</b>	<b>846,923,656</b>	<b>573,657,125</b>	<b>530,489,446</b>	<b>1,242,572,243</b>	<b>1,377,413,102</b>
<b>Ending net position</b>	<b>\$ 683,717,104</b>	<b>\$ 851,845,947</b>	<b>\$ 598,371,326</b>	<b>\$595,121,942</b>	<b>\$1,282,088,430</b>	<b>\$ 1,446,967,889</b>

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**Governmental activities.** The increase in governmental net position totaled \$14.8 million for the year ended June 30, 2015 compared with an increase of \$4.9 million 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.

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**Business-type activities.** The increase in business-type net position totaled \$24.7 million for the year ended June 30, 2015 compared with an increase of \$64.6 million in the prior year. This is primarily due to relatively lower capital contributions from Intel to reimburse the City for costs to expand water and wastewater infrastructure as construction winds down on the facilities.

As evident in the previous graph, the largest financing source for the City is charges for services at 38.05 percent associated with the user fees and charges for services. Sales taxes and state shared revenues also comprise a significant portion of the City's revenues at 23.31 percent and 12.71 percent, respectively, of the total revenues with capital grants and contributions accounting for an additional 10.4 percent of the City's total revenues.

The City as a whole uses the largest amount of resources for general government functions at 24.48 percent of the total functional expenses of the City. The next largest users of resources are public safety and water services at 23.92 percent and 13 percent, respectively, with transportation & development accounting for 12.12 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 \$277 million, an increase of \$3.7 million in comparison with the prior year. Approximately \$167.1 million (60.3 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 \$166.6 million represents a slight increase of \$447.3 thousand.

The remainder of the fund balance comprising of non-spendable and restricted balances amounts to \$109.9 million (39.7 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 \$106.6 million represents an increase of \$3.3 million. This increase is due to the increase in the general fund balance as a result of higher revenues than budgeted.

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 \$182.4 million, while total fund balance reached \$185.1 million. As a measure of the general fund's liquidity, it may be useful to compare both assigned and unassigned fund balance and total fund balance to total fund expenditures. Assigned and unassigned fund balance represents 1.02 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 \$5.4 million during the current fiscal year primarily due to higher than budgeted revenues, particularly transaction privilege tax, building permit revenues, and other revenues related to development. 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 \$36.4 million. The fund balance of the City's street fund increased by \$3.9 million during the current fiscal year due to higher than budgeted Arterial Street Impact Fee revenues and reimbursements from the Proposition 400 Arterial Life Cycle program for completed projects.

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The general obligation bonds debt service fund accounts for the accumulation of resources for and payments of general obligation bonded debt. The fund balance restricted for general obligation debt service payments decreased by \$1.3 million during the current fiscal year. The decrease is due to the fact that the secondary property tax rate was decreased from \$.09422 to \$.088 per \$100 of assessed valuation in FY 2014-15 to partially offset the impact on homeowners who saw secondary property values increase by an average of 9.48%.

**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 \$598.4 million and \$36.1 million, respectively, compared to \$595.1 million and \$35.7 million in the prior fiscal year.

The enterprise funds net position after net investment in capital assets is 36.4 percent unrestricted compared to 34.7 percent in the prior fiscal year. Unrestricted net position of the water fund at the end of the year amounted to \$144.8 million, and those for the wastewater fund amounted to \$63.5 million, compared to \$137.8 million and \$54.8 million in the prior fiscal year.

**BUDGETARY HIGHLIGHTS**

For the 2014-15 Budget Year, the City of Chandler continued to engage in fiscally responsible budgeting practices. With signs of continuing modest economic recovery in the City and the region, the City Council adopted a balanced budget for 2014-15, with adjustments to operating and capital expenditure budgets based upon anticipated increases to the 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). While the total City budget decreased by -2.5% from the previous year, continued increases in the largest General Fund revenue categories allowed the City Council to increase the General Fund budget by 10.9% from the previous year.

As has been the City's practice, the budget and revenue forecast distinguished between ongoing and one-time revenues and ensure spending programs were aligned with the appropriate category of revenues. The City's 2014-15 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 closely to ensure they could be covered with ongoing revenues. The City continued to emphasize its strong financial policies, and higher revenues allowed the City Council to increase the General Fund contingency reserve from 12% of anticipated annual revenue to 15% of anticipated revenue. The City 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 through 2016-17.

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**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital assets.** As of June 30, 2015, the City had invested \$947.5 million in capital assets net of related debt, including buildings, facilities, vehicles, computers, equipment, and infrastructure assets. Total depreciation expense for the year was \$89 million.

The City completed several improvement projects including Intel Plant Expansion at a cost of \$136.5 million, Water Reclamation Plant Expansion at a cost of \$26.5 million, Land Acquisition at a cost of \$8.4 million, installation of Transmission Mains at a cost of \$8 million, McQueen Road improvements from Queen Creek to Riggs Road at a cost of \$3.3 million, miscellaneous Chandler downtown improvements at a cost of \$2.6 million, construction of ASU Chandler downtown at a cost of \$2.5 million, construction of a Police Driver Training Facility at a cost of \$2 million, construction of Roadrunner Park Site at a cost of \$1.6 million, and construction of Centennial Park Site at a cost of \$1.5 million. There were also various other infrastructure and improvement projects for parks, street lights, data center cooling system, and utility services software upgrade.

The following table presents capital asset balances net of accumulated depreciation for the fiscal years, ended June 30, 2015 and 2014:

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

	Governmental		Business-type		Total	
	Activities		Activities		(Primary Govt.)	
	2015	2014	2015	2014	2015	2014
Land	\$ 85,355,474	\$ 83,306,168	\$ 49,829,747	\$ 41,306,107	\$ 135,185,221	\$ 124,612,275
Land improvements	-	-	490,716	381,777	490,716	381,777
Infrastructure	385,600,420	395,999,265	-	-	385,600,420	395,999,265
System improvements	-	-	575,513,084	367,289,443	575,513,084	367,289,443
Buildings and improvements	244,406,111	243,318,226	8,561,616	9,020,706	252,967,727	252,338,932
Vehicles, machinery and equipment	28,727,474	27,381,060	3,872,052	1,463,204	32,599,526	28,844,264
Construction in progress	61,541,490	57,907,490	28,637,814	250,073,118	90,179,304	307,980,608
<b>Total</b>	<b>\$ 805,630,969</b>	<b>\$ 807,912,209</b>	<b>\$ 666,905,029</b>	<b>\$ 669,534,355</b>	<b>\$ 1,472,535,998</b>	<b>\$ 1,477,446,564</b>

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**Long-term Debt.** At the end of the current fiscal year, the City of Chandler had total bonded debt outstanding of \$554.5 million in long-term debt outstanding with \$45.3 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, 2015 and 2014.

	Governmental Activities		Business-type Activities		Total (Primary Govt.)	
	2015	2014	2015	2014	2015	2014
General obligation bonds	\$ 222,143,000	\$ 233,678,000	\$ 140,072,000	\$ 150,972,000	\$ 362,215,000	384,650,000
Revenue bonds	14,025,000	18,000,000	31,610,000	36,095,000	45,635,000	54,095,000
Excise tax revenue obligations	-	-	142,200,000	148,380,000	142,200,000	148,380,000
Special assessment bonds	4,440,000	4,905,000	-	-	4,440,000	4,905,000
Issuance premiums	17,898,207	4,346,195	20,931,905	12,429,175	38,830,112	16,775,370
Total bonds & obligations payable	\$ 258,506,207	\$ 260,929,195	\$ 334,813,905	\$ 347,876,175	\$ 593,320,112	\$ 608,805,370
Arbitrage payable	30,978	37,392	29,022	42,608	60,000	80,000
Claims payable	5,642,383	4,602,971	-	-	5,642,383	4,602,971
Landfill closure/post closure	-	-	4,340,000	4,340,000	4,340,000	4,340,000
Compensated absences	9,819,302	9,356,834	1,073,631	1,000,172	10,892,933	10,357,006
Net Pension Liability	195,607,344	197,196,450	19,019,081	22,704,592	214,626,425	219,901,042
Post employment benefits	18,839,333	15,132,055	1,644,965	1,277,762	20,484,298	16,409,817
Total long term liabilities	\$ 488,445,547	\$ 487,254,897	\$ 360,920,604	\$ 377,241,309	\$ 849,366,151	\$ 864,496,206

The City of Chandler's total long term liabilities decreased by \$15.1 million during the current fiscal year. The key factors in the decrease were principal payments made on long-term debt while not adding additional debt.

State statutes currently limit the amount of general obligation debt a city may issue to 20 percent of its total assessed valuation for water, sewer, artificial lighting, open space, parks, public safety and emergency services, streets, transportation, and recreational facilities. The current debt limitation for the City is \$476.1 million. The City has \$352.4 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 \$142.8 million. The City has \$9.8 million of outstanding general obligation debt for this purpose.

As of year-end, the City's current bond ratings on general obligation bonds were Aaa from Moody's Investor Services, AAA from Standard & Poor's, and AAA from Fitch Ratings. Ratings for the street and highway users were Aa3 from Moody's, AA from Standard & Poor's, and AA from Fitch. Water and wastewater revenue bonds were Aa1 from Moody's Investor Services, AA+ from Standard & Poor's, and AA+ from Fitch. Excise Tax bonds were Aa1 from Moody's Investor Services, AAA from Standard & Poor's, and AAA from Fitch.

Additional information on the City's long-term debt can be found in Note 5 of the financial statements.

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**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

Adopting a balanced budget for the next fiscal year (2015-16) required the combined efforts of citizens, the City Council, Executive Leadership team, and staff members throughout the organization. The City's overall budget increased from \$783 million in 2014-15 to \$910 million (+16.2%) in 2015-16, with the increase due to higher expenditures for department spending, capital projects, debt service, and larger contingencies. Overall increases in General Fund revenues and use of fund balance helped support a 7.6% increase in the General Fund budget for 2015-16, with the largest portion of the increase due to larger contingencies and reserves (\$11 million), increased personnel costs (\$10 million), and a relatively small increase in capital spending (\$1.5 million). With the State of Arizona changing to the use of limited property values for the calculation of both primary and secondary assessed values, the City Council chose to hold the primary property tax rate at \$0.2992 and the secondary property tax rate at \$0.88 for 2015-16 which will keep most property owners tax payment unchanged from the prior year. The City Council also continued the Budget Stabilization Reserve in the amount of \$15 million. 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, operational changes in tax collections, or unexpected decreases in property values cause revenues to suddenly decrease.

The 2015-16 budget includes some new General Obligation bonds appropriation, but bond projects remain in a hold status until existing debt service costs decrease or property values show consistent increases year after year. As a result, the City Council maintained the Infrastructure Maintenance Reserve, which will be appropriated over two years to further supplement the Street Repaving and other capital improvement program. Additionally, the City Council maintained the General Fund operating contingency at 15% 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, 2015**

	Governmental Activities	Business-Type Activities	Total	Component Units	
				Chandler Industrial Development Authority	Chandler Cultural Foundation
<b>ASSETS</b>					
Current assets:					
Equity in pooled cash and investments	\$ 363,049,836	\$ 224,094,987	\$ 587,144,823	\$ -	\$ -
Cash and investments	-	-	-	731,662	1,029,459
Accounts receivable	621,682	13,986,217	14,607,899	-	1,426
Privilege license tax receivable	582,749	-	582,749	-	-
Property taxes receivable	356,706	-	356,706	-	-
Internal balances	72,478	(72,478)	-	-	-
Due from other governments	7,648,944	68,611	7,717,555	-	-
Inventories	941,359	212,487	1,153,846	-	-
Prepaid items	-	315,702	315,702	-	57,896
Accrued interest receivable	690,731	282,243	972,974	-	-
Special assessments receivable	4,043,375	-	4,043,375	-	-
Notes receivable - current	448,503	-	448,503	-	-
Other receivables	1,805,280	146,579	1,951,859	-	-
Total current assets	<u>380,261,643</u>	<u>239,034,348</u>	<u>619,295,991</u>	<u>731,662</u>	<u>1,088,781</u>
Long-term assets:					
Cash and investments - restricted	-	-	-	-	1,413,102
Notes receivable - long term	-	336,450	336,450	-	-
Investment in joint venture	-	62,611,174	62,611,174	-	-
Other assets	-	287,597	287,597	-	6,000
Capital assets:					
Non-depreciable	146,896,964	78,467,561	225,364,525	-	-
Depreciable, net	658,734,005	588,437,468	1,247,171,473	-	33,910
Total capital assets	<u>805,630,969</u>	<u>666,905,029</u>	<u>1,472,535,998</u>	<u>-</u>	<u>33,910</u>
Total long-term assets	<u>805,630,969</u>	<u>730,140,250</u>	<u>1,535,771,219</u>	<u>-</u>	<u>1,453,012</u>
<b>Total assets</b>	<u>1,185,892,612</u>	<u>969,174,598</u>	<u>2,155,067,210</u>	<u>731,662</u>	<u>2,541,793</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred outflows of pension plan items	36,474,966	2,284,902	38,759,868	-	-
Deferred amounts on refundings	12,681,965	8,970,356	21,652,321	-	-
<b>Total deferred outflows of resources</b>	<u>49,156,931</u>	<u>11,255,258</u>	<u>60,412,189</u>	<u>-</u>	<u>-</u>

## LIABILITIES

### Current liabilities:

Accounts payable	13,604,279	6,612,340	20,216,619	-	42,189
Accrued payroll	6,806,482	796,059	7,602,541	-	-
Trust liabilities and deposits	10,633,177	3,022,267	13,655,444	-	-
Accrued interest	4,686,304	6,259,232	10,945,536	-	-
Unearned revenue	494,020	-	494,020	-	404,292
Customer advances	-	189,599	189,599	-	-
Arbitrage liability	15,000	5,000	20,000	-	-
Compensated absences payable	87,369	9,462	96,831	-	-
Bonds payable	23,237,917	25,600,578	48,838,495	-	-
Landfill closure and postclosure liability	-	94,446	94,446	-	-
Claims and judgements payable	5,078,144	-	5,078,144	-	-
Total current liabilities	64,642,692	42,588,983	107,231,675	-	446,481

### Long-term liabilities:

Arbitrage liability	15,978	24,022	40,000	-	-
Compensated absences payable	9,731,933	1,064,169	10,796,102	-	-
Bonds payable	235,268,290	309,213,328	544,481,618	-	-
Net pension liability	195,607,344	19,019,081	214,626,425	-	-
OPEB liability	18,839,333	1,644,965	20,484,298	-	-
Landfill closure and postclosure liability	-	4,245,554	4,245,554	-	-
Claims and judgements payable	564,239	-	564,239	-	-
Total long-term liabilities	460,027,117	335,211,119	795,238,236	-	-
<b>Total liabilities</b>	524,669,809	377,800,102	902,469,911	-	446,481

## DEFERRED INFLOWS OF RESOURCES

Deferred inflows of pension plan items	26,662,630	4,258,428	30,921,058		
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## NET POSITION

Net investment in capital assets	567,041,560	380,427,606	947,469,166	-	33,910
Restricted for:					
Transportation and development	52,751,255	-	52,751,255	-	-
Capital improvements	20,932,155	-	20,932,155	-	-
Community services	17,218,970	-	17,218,970	-	-
Community development	447,931	-	447,931	-	-
Debt service	15,823,503	-	15,823,503	-	-
Legal restrictions	1,792,180	-	1,792,180	-	1,413,102
Family Self Sufficiency escrow accounts	-	119,075	119,075	-	-
Total restricted	108,965,994	119,075	109,085,069	-	1,413,102
Unrestricted	7,709,550	217,824,645	225,534,195	731,662	648,300
<b>Total net position</b>	\$ 683,717,104	\$ 598,371,326	\$ 1,282,088,430	\$ 731,662	\$ 2,095,312

See accompanying Notes to Basic Financial Statements.

**City of Chandler**  
**Statement of Activities**  
**For the year ended June 30, 2015**

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary government:</b>					
<b>Governmental activities:</b>					
General government	\$ 104,456,315	\$ 39,207,061	\$ 1,810,371	\$ -	\$ 41,017,432
Public safety	102,050,425	6,469,215	1,263,001	-	7,732,216
Transportation and development	51,714,085	14,438,138	-	12,959,637	27,397,775
Community services	31,784,321	7,551,166	441,342	174,000	8,166,508
Interest on long-term debt	6,986,490	-	-	-	-
Total governmental activities	<u>296,991,636</u>	<u>67,665,580</u>	<u>3,514,714</u>	<u>13,133,637</u>	<u>84,313,931</u>
<b>Business-type activities:</b>					
Water	55,470,724	48,045,103	-	17,036,891	65,081,994
Wastewater	50,823,497	45,666,777	-	17,370,211	63,036,988
Solid waste	14,087,780	14,140,246	-	-	14,140,246
Airport	1,860,057	1,010,288	-	808,560	1,818,848
Chandler housing authority	7,433,284	877,380	5,862,477	142,079	6,881,936
Total business-type activities	<u>129,675,342</u>	<u>109,739,794</u>	<u>5,862,477</u>	<u>35,357,741</u>	<u>150,960,012</u>
<b>Total primary government</b>	<u>\$ 426,666,978</u>	<u>\$ 177,405,374</u>	<u>\$ 9,377,191</u>	<u>\$ 48,491,378</u>	<u>\$ 235,273,943</u>
<b>Component units</b>					
Chandler Industrial Development Authority	\$ 1,909	\$ 62,143	\$ -	\$ -	\$ 62,143
Chandler Cultural Foundation	1,454,180	1,289,597	204,751	-	1,494,348
Total component units	<u>\$ 1,456,089</u>	<u>\$ 1,351,740</u>	<u>\$ 204,751</u>	<u>\$ -</u>	<u>\$ 1,556,491</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
\$ (63,438,883)	\$ -	\$ (63,438,883)	\$ -	\$ -
(94,318,209)	-	(94,318,209)	-	-
(24,316,310)	-	(24,316,310)	-	-
(23,617,813)	-	(23,617,813)	-	-
(6,986,490)	-	(6,986,490)	-	-
(212,677,705)	-	(212,677,705)	-	-
-	9,611,270	9,611,270	-	-
-	12,213,491	12,213,491	-	-
-	52,466	52,466	-	-
-	(41,209)	(41,209)	-	-
-	(551,348)	(551,348)	-	-
-	21,284,670	21,284,670	-	-
(212,677,705)	21,284,670	(191,393,035)	-	-
-	-	-	60,234	-
-	-	-	-	40,168
-	-	-	60,234	40,168
28,708,033	-	28,708,033	-	-
108,657,130	10,865	108,667,995	-	-
14,633,470	-	14,633,470	-	-
10,106,891	-	10,106,891	-	-
162,105,524	10,865	162,116,389	-	-
3,300,129	-	3,300,129	-	-
59,236,588	-	59,236,588	-	-
1,763,585	819,556	2,583,141	3,467	6,797
1,197,215	2,475,760	3,672,975	-	-
(123,350)	123,350	-	-	-
227,479,691	3,429,531	230,909,222	3,467	6,797
14,801,986	24,714,201	39,516,187	63,701	46,965
668,915,118	573,657,125	1,242,572,243	667,961	2,048,347
\$ 683,717,104	\$ 598,371,326	\$ 1,282,088,430	\$ 731,662	\$ 2,095,312

**City of Chandler**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2015**

	Major Funds				Total
	General	Streets	General Obligation	Other	
		Capital Projects	Bonds	Governmental	
		Debt Service	Funds		
<b>ASSETS</b>					
Equity in pooled cash and investments	\$ 177,575,168	\$ 40,968,222	\$ 36,131,687	\$ 66,582,358	\$ 321,257,435
Accounts receivable	496,908	42,996	-	113	540,017
Privilege license tax receivable	582,749	-	-	-	582,749
Property taxes receivable	91,182	-	265,524	-	356,706
Advances to other funds	19,585,809	-	-	-	19,585,809
Due from other funds	4,190,479	-	-	-	4,190,479
Due from other governments	2,258,809	-	-	5,390,135	7,648,944
Inventories	941,359	-	-	-	941,359
Accrued interest receivable	348,600	79,874	48,310	123,599	600,383
Special assessments receivable	-	-	-	4,043,375	4,043,375
Notes receivable	-	-	-	448,503	448,503
Other receivables	1,780,292	-	-	-	1,780,292
<b>Total assets</b>	<b>\$ 207,851,355</b>	<b>\$ 41,091,092</b>	<b>\$ 36,445,521</b>	<b>\$ 76,588,083</b>	<b>\$ 361,976,051</b>
<b>LIABILITIES, DEFERRED INFLOWS</b>					
<b>OF RESOURCES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 7,309,625	\$ 1,837,298	\$ -	\$ 4,391,481	\$ 13,538,404
Accrued payroll	6,474,000	18,419	-	241,315	6,733,734
Trust liabilities and deposits	8,431,337	-	-	2,201,840	10,633,177
Accrued interest	-	-	4,368,641	317,663	4,686,304
Due to other funds	-	-	-	4,118,001	4,118,001
Advances from other funds	-	2,814,300	-	16,771,509	19,585,809
Unearned revenue	487,001	-	-	-	487,001
Arbitrage liability	-	1,448	-	13,552	15,000
Bonds payable (matured)	-	-	17,055,000	3,970,000	21,025,000
<b>Total liabilities</b>	<b>22,701,963</b>	<b>4,671,465</b>	<b>21,423,641</b>	<b>32,025,361</b>	<b>80,822,430</b>
<b>Deferred inflows of resources:</b>					
Unavailable revenues - special assessments	-	-	-	4,040,812	4,040,812
Unavailable revenues - property taxes	41,118	-	111,863	-	152,981
<b>Total deferred inflows of resources</b>	<b>41,118</b>	<b>-</b>	<b>111,863</b>	<b>4,040,812</b>	<b>4,193,793</b>
<b>Fund balances:</b>					
Nonspendable	941,359	-	-	-	941,359
Restricted	1,792,180	36,419,627	14,910,017	55,844,170	108,965,994
Committed	-	-	-	-	-
Assigned	102,222,466	-	-	-	102,222,466
Unassigned	80,152,269	-	-	(15,322,260)	64,830,009
<b>Total fund balances</b>	<b>185,108,274</b>	<b>36,419,627</b>	<b>14,910,017</b>	<b>40,521,910</b>	<b>276,959,828</b>
<b>Total liabilities, deferred inflows and fund balances</b>	<b>\$ 207,851,355</b>	<b>\$ 41,091,092</b>	<b>\$ 36,445,521</b>	<b>\$ 76,588,083</b>	<b>\$ 361,976,051</b>

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, 2015**

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**Total Fund Balances - Total Governmental Funds** \$ 276,959,828

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	146,896,964
Depreciable buildings, property, equipment and infrastructure, net	<u>658,734,005</u>
Total capital assets	<u>805,630,969</u>

Certain revenues are not available to pay for current period expenditures and, therefore, are unavailable in the funds.	<u>4,193,792</u>
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Deferred charges on refundings are not financial resources and, therefore, are not reported in the funds.	<u>12,681,965</u>
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Deferred outflows related to pensions are not financial resources and, therefore, are not reported in the funds.	36,474,966
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Deferred inflows related to pensions represent a future acquisition of net position that is not reported in the funds.	(26,662,630)
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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.	<u>36,075,808</u>
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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 \$5,767,953 which are included above, the long-term liabilities were adjusted as follows:

Bonds payable	(237,481,207)
Net pension liability	(195,607,344)
OPEB liability	(18,783,733)
Arbitrage liability	(15,978)
Compensated absences	<u>(9,749,332)</u>
Total long-term liabilities	<u>(461,637,594)</u>

**Net Position of Governmental Activities** \$ 683,717,104

See accompanying Notes to Basic Financial Statements.

**City of Chandler**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the year ended June 30, 2015**

	Major Funds				Total
	General	Streets	General Obligation	Other	
		Capital Projects	Bonds	Governmental	
		Debt Service	Funds		
<b>REVENUES:</b>					
Property taxes	\$ 7,099,821	\$ -	\$ 21,799,863	\$ -	\$ 28,899,684
Sales taxes	108,657,130	-	-	-	108,657,130
Franchise fees	3,300,129	-	-	-	3,300,129
Highway user taxes	-	-	-	14,633,470	14,633,470
Regional transportation taxes	-	10,106,891	-	-	10,106,891
State shared	59,236,588	-	-	-	59,236,588
Grants and entitlements	153,397	-	-	10,485,434	10,638,831
System development fees	-	5,114,796	-	5,470,827	10,585,623
Special assessments	-	-	-	573,438	573,438
Licenses and permits	5,146,556	-	-	-	5,146,556
Charges for services	19,981,917	-	-	128,119	20,110,036
Fines and forfeitures	3,630,084	-	-	971,417	4,601,501
Rentals	751,163	-	-	-	751,163
Contributions	150,000	-	-	-	150,000
Interest revenue	901,647	199,086	126,188	335,320	1,562,241
Miscellaneous	248,820	-	-	323,432	572,252
<b>Total revenues</b>	<b>209,257,252</b>	<b>15,420,773</b>	<b>21,926,051</b>	<b>32,921,457</b>	<b>279,525,533</b>
<b>EXPENDITURES:</b>					
Current:					
General government	44,091,053	-	-	2,804,053	46,895,106
Public safety	92,015,545	-	-	1,757,761	93,773,306
Transportation and development	15,378,323	398,256	-	8,992,974	24,769,553
Community services	23,958,155	-	-	611,128	24,569,283
Capital outlay	3,368,449	11,792,683	-	41,377,984	56,539,116
Debt service:					
Principal	-	-	17,055,000	4,435,000	21,490,000
Interest and fiscal charges	-	-	7,089,028	648,946	7,737,974
Bond issuance costs	-	-	722,293	-	722,293
<b>Total expenditures</b>	<b>178,811,525</b>	<b>12,190,939</b>	<b>24,866,321</b>	<b>60,627,846</b>	<b>276,496,631</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>30,445,727</b>	<b>3,229,834</b>	<b>(2,940,270)</b>	<b>(27,706,389)</b>	<b>3,028,902</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Proceeds from disposal of capital assets	-	-	-	103,964	103,964
Bond premium	-	-	17,045,635	-	17,045,635
Face amount of bonds issued	-	-	128,254,000	-	128,254,000
Payment to escrow agent	-	-	(143,635,520)	-	(143,635,520)
Transfers in	-	643,526	-	28,074,464	28,717,990
Transfers out	(25,035,249)	-	-	(4,741,332)	(29,776,581)
<b>Total other financing sources (uses)</b>	<b>(25,035,249)</b>	<b>643,526</b>	<b>1,664,115</b>	<b>23,437,096</b>	<b>709,488</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>5,410,478</b>	<b>3,873,360</b>	<b>(1,276,155)</b>	<b>(4,269,293)</b>	<b>3,738,390</b>
<b>FUND BALANCES:</b>					
Beginning of year	179,697,796	32,546,267	16,186,172	44,791,203	273,221,438
End of year	\$ 185,108,274	\$ 36,419,627	\$ 14,910,017	\$ 40,521,910	\$ 276,959,828

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, 2015**

<b>Net Change in Fund Balances - Total Governmental Funds</b>		<u>\$ 3,738,390</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>39,462,506</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>(47,582,779)</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	21,490,000	
Face amount of bonds issued	(128,254,000)	
Payment to escrow agent	143,635,520	
Bond premium	(17,045,635)	
Pension expense	(2,864,179)	
Other postemployment benefits obligation	(3,698,860)	
Loss on disposal of capital assets	<u>(195,768)</u>	<u>13,067,078</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>751,485</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>4,022</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>(450,407)</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>(586,451)</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>6,034,801</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>363,341</u>
<b>Change in Net Position of Governmental Activities</b>		<u><u>\$ 14,801,986</u></u>

**City of Chandler**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2015**

	Major Funds		Other	Total	Governmental
	Water	Wastewater	Proprietary Funds		Activities: Internal Service Fund
<b>ASSETS</b>					
Current assets:					
Equity in pooled cash and investments	\$ 102,834,379	\$ 103,052,626	\$ 18,207,982	\$ 224,094,987	\$ 41,792,402
Accounts receivable	6,519,426	5,756,409	1,710,382	13,986,217	81,665
Advances to other funds	3,900,000	-	-	3,900,000	-
Due from other governments	-	-	68,611	68,611	-
Inventories	193,927	-	18,560	212,487	-
Prepaid items	-	-	315,702	315,702	-
Accrued interest receivable	160,757	95,994	25,492	282,243	90,348
Other receivables	-	84,791	61,788	146,579	24,988
<b>Total current assets</b>	<b>113,608,489</b>	<b>108,989,820</b>	<b>20,408,517</b>	<b>243,006,826</b>	<b>41,989,403</b>
Long-term assets:					
Notes receivable	-	-	336,450	336,450	-
Investment in joint venture	62,611,174	-	-	62,611,174	-
Other assets	165,125	122,472	-	287,597	-
Capital assets:					
Non-depreciable	18,054,965	31,419,669	28,992,927	78,467,561	-
Depreciable, net	207,103,315	355,929,911	25,404,242	588,437,468	-
<b>Total capital assets</b>	<b>225,158,280</b>	<b>387,349,580</b>	<b>54,397,169</b>	<b>666,905,029</b>	<b>-</b>
<b>Total long-term assets</b>	<b>287,934,579</b>	<b>387,472,052</b>	<b>54,733,619</b>	<b>730,140,250</b>	<b>-</b>
<b>Total assets</b>	<b>401,543,068</b>	<b>496,461,872</b>	<b>75,142,136</b>	<b>973,147,076</b>	<b>41,989,403</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred outflows of pension plan items	1,142,451	634,695	507,756	2,284,902	-
Deferred amounts on refundings	5,654,091	3,316,265	-	8,970,356	-
<b>Total deferred outflow of resources</b>	<b>6,796,542</b>	<b>3,950,960</b>	<b>507,756</b>	<b>11,255,258</b>	<b>-</b>

**LIABILITIES**

## Current liabilities:

Accounts payable	1,140,757	4,493,917	977,666	6,612,340	65,875
Accrued payroll	392,476	242,339	161,244	796,059	72,748
Trust liabilities and deposits	1,777,370	978,748	266,149	3,022,267	-
Accrued interest	2,928,694	3,329,069	1,469	6,259,232	-
Due to other funds	-	-	72,478	72,478	-
Unearned revenue	-	-	-	-	7,019
Customer advances	11,031	7,674	170,894	189,599	-
Arbitrage liability	2,350	2,650	-	5,000	-
Compensated absences payable	5,106	2,726	1,630	9,462	623
Bonds payable	14,224,118	11,351,264	25,196	25,600,578	-
Landfill closure and postclosure liability	-	-	94,446	94,446	-
Claims and judgements payable	-	-	-	-	5,078,144
<b>Total current liabilities</b>	<b>20,481,902</b>	<b>20,408,387</b>	<b>1,771,172</b>	<b>42,661,461</b>	<b>5,224,409</b>

## Long-term liabilities:

Arbitrage liability	12,294	11,728	-	24,022	-
Compensated absences payable	568,789	303,638	191,742	1,064,169	69,347
Advances from other funds	-	3,900,000	-	3,900,000	-
Bonds payable	146,793,409	162,341,568	78,351	309,213,328	-
Net pension liability	9,509,540	5,283,078	4,226,463	19,019,081	-
OPEB liability	906,541	491,500	246,924	1,644,965	55,600
Landfill closure and postclosure liability	-	-	4,245,554	4,245,554	-
Claims and judgements payable	-	-	-	-	564,239
<b>Total long-term liabilities</b>	<b>157,790,573</b>	<b>172,331,512</b>	<b>8,989,034</b>	<b>339,111,119</b>	<b>689,186</b>
<b>Total liabilities</b>	<b>178,272,475</b>	<b>192,739,899</b>	<b>10,760,206</b>	<b>381,772,580</b>	<b>5,913,595</b>

**DEFERRED INFLOWS OF RESOURCES**

Deferred inflows of pension plan items	2,129,214	1,182,897	946,317	4,258,428	-
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**NET POSITION**

Net investment in capital assets	83,101,051	242,961,531	54,365,024	380,427,606	-
Restricted for Family Self Sufficiency escrow accounts	-	-	119,075	119,075	-
Unrestricted	144,836,870	63,528,505	9,459,270	217,824,645	36,075,808
<b>Total net position</b>	<b>\$ 227,937,921</b>	<b>\$ 306,490,036</b>	<b>\$ 63,943,369</b>	<b>\$ 598,371,326</b>	<b>\$ 36,075,808</b>

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, 2015**

	Major Funds		Other	Total	Governmental
	Water	Wastewater	Proprietary Funds		Activities: Internal Service Fund
<b>OPERATING REVENUES:</b>					
Service fees	\$ 48,045,103	\$ 45,666,777	\$ 15,150,534	\$ 108,862,414	\$ -
Grants and entitlements	-	-	5,862,477	5,862,477	-
Rentals	-	-	877,380	877,380	-
Sales taxes	-	-	10,865	10,865	-
Self insurance premiums	-	-	-	-	26,116,785
Miscellaneous	221,891	9,004	464,288	695,183	624,964
<b>Total operating revenues</b>	<b>48,266,994</b>	<b>45,675,781</b>	<b>22,365,544</b>	<b>116,308,319</b>	<b>26,741,749</b>
<b>OPERATING EXPENSES:</b>					
General and administrative	3,528,594	2,861,973	1,188,333	7,578,900	-
Personal services	8,574,512	4,713,373	3,596,079	16,883,964	2,183,752
Contractual services	7,069,407	6,465,103	10,734,584	24,269,094	2,233,671
Commodities	8,472,563	8,866,662	1,522,291	18,861,516	1,787,830
Claims expense	-	-	-	-	21,305,714
Housing assistance payments	-	-	4,512,048	4,512,048	-
Depreciation and amortization expense	18,485,368	21,157,140	1,817,848	41,460,356	-
<b>Total operating expenses</b>	<b>46,130,444</b>	<b>44,064,251</b>	<b>23,371,183</b>	<b>113,565,878</b>	<b>27,510,967</b>
<b>OPERATING INCOME (LOSS)</b>	<b>2,136,550</b>	<b>1,611,530</b>	<b>(1,005,639)</b>	<b>2,742,441</b>	<b>(769,218)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>					
Interest revenue	433,717	303,855	81,984	819,556	197,318
Interest and fiscal charges	(5,641,263)	(6,516,032)	(2,938)	(12,160,233)	-
Accretion of bond premium	959,118	821,263	196	1,780,577	-
Amortization of deferred bond items	(77,519)	(49,416)	-	(126,935)	-
Bond issuance costs	(306,142)	(179,798)	-	(485,940)	-
Gain (loss) on disposal of capital assets	(22,000)	(14,000)	(7,000)	(43,000)	-
Equity interest in joint venture	(3,293,356)	-	-	(3,293,356)	-
<b>Total nonoperating revenues (expenses)</b>	<b>(7,947,445)</b>	<b>(5,634,128)</b>	<b>72,242</b>	<b>(13,509,331)</b>	<b>197,318</b>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	<b>(5,810,895)</b>	<b>(4,022,598)</b>	<b>(933,397)</b>	<b>(10,766,890)</b>	<b>(571,900)</b>
<b>CAPITAL CONTRIBUTIONS AND TRANSFERS:</b>					
Capital contributions	17,036,891	17,370,211	950,639	35,357,741	-
Transfers in	-	-	1,274,137	1,274,137	950,000
Transfers out	(302,256)	(153,574)	(694,957)	(1,150,787)	(14,759)
<b>Total capital contributions and transfers</b>	<b>16,734,635</b>	<b>17,216,637</b>	<b>1,529,819</b>	<b>35,481,091</b>	<b>935,241</b>
<b>Change in Net Position</b>	<b>10,923,740</b>	<b>13,194,039</b>	<b>596,422</b>	<b>24,714,201</b>	<b>363,341</b>
<b>NET POSITION:</b>					
Beginning of year, restated	217,014,181	293,295,997	63,346,947	573,657,125	35,712,467
End of year	\$ 227,937,921	\$ 306,490,036	\$ 63,943,369	\$ 598,371,326	\$ 36,075,808

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, 2015**

	Major Funds		Other Proprietary Funds	Total	Governmental Activities: Internal Service Fund
	Water	Wastewater			
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Cash received from customers	\$ 49,357,598	\$ 49,702,101	\$ 16,431,991	\$ 115,491,690	\$ 26,700,230
Cash received from grantors	-	-	5,906,170	5,906,170	-
Cash payments to suppliers	(18,960,039)	(22,236,811)	(17,946,594)	(59,143,444)	(24,338,714)
Cash payments to employees for services	(8,545,449)	(4,665,768)	(3,588,296)	(16,799,513)	(2,150,409)
<b>Net cash provided (used) by operating activities</b>	<b>21,852,110</b>	<b>22,799,522</b>	<b>803,271</b>	<b>45,454,903</b>	<b>211,107</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>					
Transfers in	-	-	1,274,137	1,274,137	950,000
Transfers out	(302,256)	(153,574)	(694,957)	(1,150,787)	(14,759)
<b>Net cash provided (used) by noncapital financing activities</b>	<b>(302,256)</b>	<b>(153,574)</b>	<b>579,180</b>	<b>123,350</b>	<b>935,241</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Acquisition and construction of capital assets	(1,302,289)	(18,367,784)	(897,534)	(20,567,607)	-
Proceeds from sale/refunding of bonds	44,121,385	21,935,332	-	66,056,717	-
Principal paid on bond maturities	(57,188,473)	(29,713,168)	(20,000)	(86,921,641)	-
Interest paid on bonds	(5,931,357)	(6,639,220)	(3,167)	(12,573,744)	-
Cash received from capital contributions	7,861,625	9,047,613	142,079	17,051,317	-
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(12,439,109)</b>	<b>(23,737,227)</b>	<b>(778,622)</b>	<b>(36,954,958)</b>	<b>-</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Investment income	272,960	207,861	56,492	537,313	106,970
<b>Net cash provided (used) by investing activities</b>	<b>272,960</b>	<b>207,861</b>	<b>56,492</b>	<b>537,313</b>	<b>106,970</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>9,383,705</b>	<b>(883,418)</b>	<b>660,321</b>	<b>9,160,608</b>	<b>1,253,318</b>
<b>CASH AND CASH EQUIVALENTS:</b>					
Beginning of year	93,450,674	103,936,044	17,547,661	214,934,379	40,539,084
End of year	<b>\$ 102,834,379</b>	<b>\$ 103,052,626</b>	<b>\$ 18,207,982</b>	<b>\$ 224,094,987</b>	<b>\$ 41,792,402</b>

**RECONCILIATION OF OPERATING INCOME (LOSS) TO NET**

**CASH PROVIDED (USED) BY OPERATING ACTIVITIES:**

Operating income (loss)	\$ 2,136,550	\$ 1,611,530	\$ (1,005,639)	\$ 2,742,441	\$ (769,218)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	18,485,368	21,157,140	1,817,848	41,460,356	-
Changes in assets, liabilities and deferred items:					
(Increase) decrease in receivables	575,785	3,886,456	(94,687)	4,367,554	(40,045)
(Increase) decrease in inventories	103,352	-	15,334	118,686	-
(Increase) decrease in other assets	419,709	245,260	24,296	689,265	-
Increase (decrease) in payables	7,173	(4,043,073)	47,789	(3,988,111)	(50,911)
Increase (decrease) in accrued payroll and compensated absences	60,504	76,144	10,947	147,595	24,925
Increase (decrease) in deposits	329,581	(7,855)	(25,146)	296,580	-
Increase (decrease) in claims payable	-	-	-	-	1,039,412
Increase (decrease) in unearned revenue	-	-	-	-	(1,474)
Increase (decrease) in customer advances	(234,471)	(97,541)	57,555	(274,457)	-
Increase (decrease) in net pension items	(236,105)	(131,169)	(104,935)	(472,209)	-
Increase (decrease) in OPEB liability	204,664	102,630	59,909	367,203	8,418
Total adjustments	<u>19,715,560</u>	<u>21,187,992</u>	<u>1,808,910</u>	<u>42,712,462</u>	<u>980,325</u>
<b>Net cash provided (used) by operating activities</b>	<u>\$ 21,852,110</u>	<u>\$ 22,799,522</u>	<u>\$ 803,271</u>	<u>\$ 45,454,903</u>	<u>\$ 211,107</u>

**NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:**

Contributions of capital assets from developers	\$ 9,175,266	\$ 8,322,598	\$ -	\$ -	-
Contributions of capital assets from city government	-	-	808,560	-	-
Loss on disposal of assets	22,000	14,000	7,000	-	-
Accretion of bond premiums	959,118	821,263	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, 2015**

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	Volunteer Firemen's Pension and Relief Trust Fund	Agency Funds
	<u>                    </u>	<u>                    </u>
<b>ASSETS</b>		
Equity in pooled cash and investments	\$ 18,957	\$ 8,000
<b>Total assets</b>	<u>\$ 18,957</u>	<u>\$ 8,000</u>
<b>LIABILITIES</b>		
Due to others	\$ -	8,000
<b>Total liabilities</b>	<u>\$ -</u>	<u>\$ 8,000</u>
<b>NET POSITION</b>		
Assets held in trust for pension benefits	<u>18,957</u>	
<b>Total net position</b>	<u>\$ 18,957</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, 2015**

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	Volunteer Firemen's Pension and Relief Trust Fund
<b>ADDITIONS:</b>	
Net investment income	\$ 14
<b>Total additions</b>	<b>14</b>
<b>DEDUCTIONS:</b>	
Benefits paid to plan members	-
Change in net position	14
<b>NET POSITION:</b>	
Beginning of year	18,943
End of year	<u>\$ 18,957</u>

See accompanying Notes to Basic Financial Statements.



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# CITY OF CHANDLER, ARIZONA

## Notes to the Financial Statements

June 30, 2015

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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, 2015

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### 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, 2015

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### 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, 2015

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### 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 \$12,760,832 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 \$6,545,886, for the streets capital projects fund are \$7,625,294, for water enterprise fund are \$5,572,893, for wastewater enterprise fund are \$22,504,360, and for nonmajor governmental funds are \$16,351,400.

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, 2015

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### 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 August 26, 2014, the City of Chandler voters approved to continue under Home Rule for the next four years.

#### **E. Pooled Cash and Investments**

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

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

Cash resources of the City are combined to form a pool of cash and investments. Excluded from this pool are the cash and investments of the Chandler Health Care Benefits Trust, Workers' Compensation and Employer Liability Trust, Chandler Industrial Development Authority, and the Chandler Cultural Foundation. Interest earned on the pooled cash and investments is distributed each month on the basis of average monthly equity in the pool.

#### **F. Receivables and Payables**

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

The water, wastewater, and solid waste enterprise funds use the direct write off method for bad debts and therefore do not have an allowance for uncollectibles. All other funds' trade 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, 2015**

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**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, 2015

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### 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. Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the pension plan’s fiduciary net position and additions to/deductions from the plan’s fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

#### **O. Post-Employment Health Care and Life Insurance Benefits**

In addition to providing pension benefits, the City allows for continuance of certain health care and life insurance benefits for retired employees. Substantially all of the City’s employees may become eligible for those benefits if they are eligible to receive a retirement pension when leaving employment with the City. The cost of retiree health care and life insurance premiums is borne both by the retiree and the specific retirement plan under which they participated. There is no direct cost paid by the City.

#### **P. Statements of Cash Flows**

The City considers all highly liquid investments (including restricted assets) with an original maturity of three months or less to be cash equivalents. In the statements of cash flows, cash receipts and payments are classified according to whether they stem from operating, noncapital financing, capital and related financing, or investing activities.

**CITY OF CHANDLER, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2015**

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**NOTE 1 - Summary of Significant Accounting Policies, concluded**

**Q. Interfund Activity**

Flows of cash from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers between governmental funds are eliminated in the Statement of Activities. Interfund transfers in the fund statements are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds.

**R. Use of Estimates**

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**S. Implementation of New Accounting Standards**

During the year ended June 30, 2015, the City implemented the provisions of GASB Statement No. 68, Accounting and Financial Reporting for Pensions, as amended by GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. 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. This Statement also enhances accountability and transparency through revised note disclosures and new required supplementary information.

**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 \$45,640, the carrying amount of the City deposits was \$24,777,092, and the bank balance was \$15,540,368. Of the bank balance, \$10,850,000 was covered by federal depository insurance and \$4,690,368 was covered by collateral held in the pledging bank's trust department in the City's name. In addition, at year ended June 30, 2015, the City had \$110,005,250 of restricted cash held by paying agent consisting of \$55,790,534 in July 1, 2015 debt service payments and \$54,214,716 in unspent bond proceeds from the 2013 Excise Tax Revenue Bond issuance. 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, 2015**

**NOTE 2 - Cash and Investments, continued**

At June 30, 2015, 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	\$ 131,043,367	\$ 40,506,282	\$ 90,537,085	28.97 %	Aaa/AA+/AAA
U.S. Agencies:					
Federal Farm Credit Bank	45,819,454	5,538,061	40,281,393	10.13	Aaa/AA+/AAA
Federal Home Loan Bank	5,726,887	-	5,726,887	1.27	Aaa/AA+/AAA
Federal Home Loan Mortgage Corp	33,578,240	16,080,537	17,497,703	7.42	Aaa/AA+/AAA
Federal National Mortgage Assn	61,274,337	22,068,826	39,205,511	13.55	Aaa/AA+/AAA
Commercial Paper:					
Band of Tokyo Comm	5,356,529	5,356,529	-	1.18	P-1/A-1
BNP Paribas Financial Inc	3,693,662	3,693,662	-	0.82	P-1/A-1
Corporate Bonds:					
Alabama Power Co	2,029,497	2,029,497	-	0.45	A1/A/A+
American Honda Finance Corp	7,833,901	-	7,833,901	1.73	A1/A+/NA
Apple Inc Global	1,025,285	-	1,025,285	0.23	Aa1/AA+
Bank of America	3,748,695	-	3,748,695	0.83	A1/A/A+
Bank of New York Mellon	6,271,298	-	6,271,298	1.39	A1/A+/AA-
Berkshire Hathaway Inc	2,101,573	-	2,101,573	0.46	Aa2/AA
Boeing Co	1,039,686	-	1,039,686	0.23	A2/AA
Branch Banking and Trust	2,905,977	-	2,905,977	0.64	A1/A/A+
Charles Schwab Corp	1,802,723	1,802,723	-	0.40	A2/A/A
Chevron Corp	1,967,969	-	1,967,969	0.44	Aa1/AA
Cisco Systems Inc	2,754,705	-	2,754,705	0.61	A1/AA-/NA
Conocophillips Company	304,778	-	304,778	0.07	A1/A
Daimler Finance Na LLC	2,007,866	-	2,007,866	0.44	A3/A-/A-
Exxon Mobile Corp	3,786,923	-	3,786,923	0.84	Aaa/AAA
General Electric Capital Corp	3,868,631	3,750,000	118,631	0.86	A1/AA+/NR
IBM Corp	4,191,256	-	4,191,256	0.93	Aa3/AA-
John Deere Capital	3,508,306	3,508,306	-	0.78	A2/A/NA
Johnson & Johnson	2,755,559	-	2,755,559	0.61	Aaa/AAA/AAA
JP Morgan Chase	7,069,607	115,331	6,954,276	1.56	A3/A/A+
Merck and Co Inc	3,499,895	3,499,895	-	0.77	A2/AA/A
Met Life Glob Funding Inc	2,994,411	-	2,994,411	0.66	Aa3/AA-/AA-
National Rural Utility Cooperative	3,269,730	3,269,730	-	0.72	A1/A/A+
Pepsico, Inc	2,239,823	-	2,239,823	0.50	A1/A
PNC Bank INA	3,948,812	2,638,710	1,310,102	0.87	A2/A/A+
Toyota Motor Credit Corp Note	545,524	-	545,524	0.12	Aa3/AA-
Union Bank INA	1,003,164	-	1,003,164	0.22	A2/A+/A
US Bankcorp	3,153,444	-	3,153,444	0.70	A1/A+/AA-
Volkswagen Group America	3,201,331	-	3,201,331	0.71	A2/A/NA
Wal-Mart Stores, Inc	627,722	-	627,722	0.14	Aa2/AA
Wells Fargo	2,706,410	200,000	2,506,410	0.60	A2/A+
Municipal Bonds:					
Arizona School Facilities Board	1,358,889	-	1,358,889	0.30	Aaa/AAA
Money Market Certificate of Deposit	42,206,106	16,055,106	26,151,000	9.33	
Money Market U.S. Treasuries & Agencies	34,121,826	34,121,826	-	7.54	Aaa/AAAm/NR
Total	\$ 452,343,798	\$ 164,235,021	\$ 288,108,777	100.00 %	

# CITY OF CHANDLER, ARIZONA

## Notes to the Financial Statements

June 30, 2015

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### NOTE 2 - Cash and Investments, concluded

*Interest Rate Risk.* In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the maturities of its investment portfolio to five years.

*Credit Risk.* The City's investment policy allows for investments in obligations guaranteed by the full faith and credit of the United States of America, government sponsored enterprises, government bonds with minimum credit ratings of Aa or AA, commercial paper with a minimum short term rating of P1 or A1, negotiable certificates of deposit, corporate bonds carrying a minimum credit rating of A, 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, 2015.

*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 2014-15, current property tax collections were \$27,510,723 or 99.1 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 2015 are not available for fiscal year 2014-15; accordingly, such taxes will not be recognized as revenue until fiscal year 2015-16.

**CITY OF CHANDLER, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2015**

**NOTE 4 - Capital Assets**

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

Governmental Activities	Balance July 1, 2014	Additions and Transfers In	Deletions and Transfers Out	Balance June 30, 2015
Capital assets, not being depreciated:				
Land	\$ 83,306,168	\$ 2,049,306	\$ -	85,355,474
Construction in progress	57,907,490	35,362,810	(31,728,810)	61,541,490
Total capital assets not being depreciated	<u>141,213,658</u>	<u>37,412,116</u>	<u>(31,728,810)</u>	<u>146,896,964</u>
Capital assets, being depreciated:				
Infrastructure	643,021,337	14,704,658	-	657,725,995
Building and improvements	363,644,414	17,963,456	-	381,607,870
Machinery and equipment	72,134,700	7,145,887	(742,235)	78,538,352
Total capital assets being depreciated	<u>1,078,800,451</u>	<u>39,814,001</u>	<u>(742,235)</u>	<u>1,117,872,217</u>
Less accumulated depreciation for:				
Infrastructure	(247,022,072)	(25,103,503)	-	(272,125,575)
Building and improvements	(120,326,188)	(16,875,571)	-	(137,201,759)
Machinery and equipment	(44,753,640)	(5,603,705)	546,467	(49,810,878)
Total accumulated depreciation	<u>(412,101,900)</u>	<u>(47,582,779)</u>	<u>546,467</u>	<u>(459,138,212)</u>
Total capital assets, being depreciated, net	<u>666,698,551</u>	<u>(7,768,778)</u>	<u>(195,768)</u>	<u>658,734,005</u>
Governmental activities capital assets, net	<u>\$ 807,912,209</u>	<u>\$ 29,643,338</u>	<u>\$ (31,924,578)</u>	<u>\$ 805,630,969</u>

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

	Expended to June 30, 2015	Remaining Commitments
Streets	\$ 43,325,121	\$ 15,773,550
Parks and recreation	4,169,172	2,726,768
Buildings and related improvements	14,047,197	3,629,797
Total	<u>\$ 61,541,490</u>	<u>\$ 22,130,115</u>

**CITY OF CHANDLER, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2015**

***NOTE 4 - Capital Assets, continued***

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

<u>Business-Type Activities</u>	<u>Balance July 1, 2014</u>	<u>Additions and Transfers In</u>	<u>Deletions and Transfers Out</u>	<u>Balance June 30, 2015</u>
Capital assets, not being depreciated:				
Land	\$ 41,306,107	\$ 8,523,640	\$ -	\$ 49,829,747
Construction in progress	250,073,118	35,261,652	(256,696,956)	28,637,814
Total capital assets not being depreciated	<u>291,379,225</u>	<u>43,785,292</u>	<u>(256,696,956)</u>	<u>78,467,561</u>
Capital assets, being depreciated:				
System improvements	893,664,437	248,601,142	-	1,142,265,579
Building and improvements	22,395,445	95,695	-	22,491,140
Vehicles, machinery and equipment	15,569,678	2,874,948	(83,346)	18,361,280
Land improvements	2,228,813	213,909	-	2,442,722
Total capital assets being depreciated	<u>933,858,373</u>	<u>251,785,694</u>	<u>(83,346)</u>	<u>1,185,560,721</u>
Less accumulated depreciation for:				
System improvements	(526,374,994)	(40,377,501)		(566,752,495)
Buildings and improvements	(13,374,739)	(554,785)		(13,929,524)
Vehicles, machinery and equipment	(14,106,474)	(423,100)	40,346	(14,489,228)
Land improvements	(1,847,036)	(104,970)		(1,952,006)
Total accumulated depreciation	<u>(555,703,243)</u>	<u>(41,460,356)</u>	<u>40,346</u>	<u>(597,123,253)</u>
Total capital assets, being depreciated, net	<u>378,155,130</u>	<u>210,325,338</u>	<u>(43,000)</u>	<u>588,437,468</u>
Business-type activities capital assets, net	<u>\$ 669,534,355</u>	<u>\$254,110,630</u>	<u>\$(256,739,956)</u>	<u>\$ 666,905,029</u>

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

	<u>Expended to June 30, 2015</u>	<u>Remaining Commitments</u>
Sewer system improvements	\$ 17,173,395	\$ 20,083,215
Water system improvements	10,190,322	4,282,287
Solid waste system improvements	188,839	60,002
Airport improvements	1,085,258	245,784
Total	<u>\$ 28,637,814</u>	<u>\$ 24,671,288</u>

**CITY OF CHANDLER, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2015**

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**NOTE 4 - Capital Assets, concluded**

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 5,885,707
Public safety	6,259,967
Community services	9,264,989
Transportation and development	<u>26,172,116</u>
Total depreciation expense - governmental activities	<u>\$ 47,582,779</u>
Business-type activities:	
Water	\$ 18,485,368
Wastewater	21,157,140
Solid waste	481,034
Airport	830,279
Chandler housing authority	<u>506,535</u>
Total depreciation expense - business-type activities	<u>\$ 41,460,356</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 \$362,215,000 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 83 percent of total 2014-15 ad valorem taxes. The total principal and interest remaining to be paid on the governmental activities portion of the bonds is \$285,101,583. Principal and interest paid for the current year and total ad valorem property taxes were \$24,144,028 and \$28,899,684 respectively.

**CITY OF CHANDLER, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2015**

**NOTE 5 - Long-Term Liabilities, continued**

General obligation bonds outstanding as reported in governmental and business-type activities at June 30, 2015 were as follows:

	<u>Outstanding June 30, 2015</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 an annual installment of \$2,900,000 on 7/1/15; interest at 4 percent.	2,900,000
\$30,905,000 Capital Improvement Bonds, Series 2006, due in annual installments of \$2,550,000 to \$6,675,000 through 7/1/17; interest at 4 percent to 4.5 percent.	14,225,000
\$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.	16,100,000
\$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.	18,260,000
\$252,000,000 Capital Improvement Bonds, Series 2009, due in annual installments of \$1,250,000 to \$17,000,000 through 7/1/28; interest at 2.5 percent to 4.25 percent.	25,504,000
\$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 installments of \$795,000 to \$1,710,000 through 7/1/18; interest at 2.25 percent to 4 percent.	3,340,000
\$214,540,000 Refunding Bonds, Series 2014, due in annual installments of \$275,000 to \$16,210,000 through 7/1/28; interest at 1.5 percent to 5 percent.	128,254,000
<b>Total Governmental Activities General Obligation Bonds</b>	<u><u>\$ 222,143,000</u></u>

**Business-Type Activity General Obligation Bonds**

Annual principal and interest payments on the business-type activities bonds are expected to require less than 56 percent of total 2014-15 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 \$178,609,826. Principal and interest paid for the current year and total net water and wastewater system and airport revenues and were \$16,395,244 and \$29,374,479 respectively.

**CITY OF CHANDLER, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2015**

**NOTE 5 - Long-Term Liabilities, continued**

	<u>Outstanding June 30, 2015</u>
Business-Type Activities General Obligation Bonds:	
\$16,265,000 Refunding Bonds, Series 2003, due in an annual installment of \$2,385,000 on 7/1/15; interest at 5 percent.	\$ 2,385,000
\$111,045,000 Capital Improvement Bonds, Series 2007, due in annual installments of \$2,000,000 to \$3,275,000 through 7/1/26; interest at 3 percent to 5 percent.	12,700,000
\$252,000,000 Capital Improvement Bonds, Series 2009, due in annual installments of \$6,525,000 to \$9,500,000 through 7/1/27; interest at 2.5 percent to 4.25 percent.	38,701,000
\$214,540,000 Refunding Bonds, Series 2014, due in annual installments of \$185,000 to \$11,036,000 beginning 7/1/15 through 7/1/28 interest at 1.5 percent to 5.0 percent.	86,286,000
<b>Total Business-Type Activities General Obligation Bonds</b>	<b><u><u>\$ 140,072,000</u></u></b>

**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 \$14,025,000 in outstanding street and highway user revenue bonds. Proceeds of the bonds were used for improvements and expansions to the City's streets and highways. The bonds are payable solely from state shared gasoline tax revenues and are payable through July 1, 2019. Annual principal and interest payments on the bonds are expected to require less than 31 percent of total 2014-15 street and highway user revenues. The total principal and interest remaining to be paid on the bonds is \$15,129,138. Principal and interest paid for the current year and street and highway user revenue taxes were \$4,432,047 and \$14,633,470, respectively.

**CITY OF CHANDLER, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2015**

**NOTE 5 - Long-Term Liabilities, continued**

Street and highway revenue bonds outstanding as reported in governmental activities at June 30, 2015 were as follows:

	<u>Outstanding June 30, 2015</u>
Governmental Activities Revenue Bonds:	
\$1,250,000 Street & Highway User Bonds, Series 1996B, due in an annual installment of \$25,000 on 7/1/15; interest at 5.5 percent.	\$ 25,000
\$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
\$10,450,000 Street & Highway User Refunding Bonds, Series 2010, due in annual installments of \$535,000 to \$770,000 through 7/1/19; interest at 2.25 percent to 3.5 percent.	3,340,000
\$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
<b>Total Governmental Activities Revenue Bonds</b>	<b><u>\$ 14,025,000</u></b>

**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 \$31,610,000 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 28 percent of net 2014-15 water and wastewater system revenue.

The total principal and interest remaining to be paid on the bonds is \$34,463,325. Principal and interest paid for the current year and net water and wastewater system revenues were \$8,039,398 and \$29,391,031 respectively.

**CITY OF CHANDLER, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2015**

**NOTE 5 - Long-Term Liabilities, continued**

Water and sewer revenue bonds outstanding as reported in business-type activities at June 30, 2015 were as follows:

	<u>Outstanding June 30, 2015</u>
Business-Type Activities Revenue Bonds:	
\$17,830,000 Water & Sewer Refunding Bonds, Series 2003, due in an annual installment of \$4,035,000 on 7/1/15; interest at 5 percent.	\$ 4,035,000
\$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.	2,275,000
\$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.	9,900,000
\$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
<b>Total Business-Type Activities Revenue Bonds</b>	<u><u>\$ 31,610,000</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 37 percent of net 2014-15 system revenues. The total principal and interest to be paid on the obligations is \$212,627,625. Principal and interest paid for the current year and net water and wastewater system revenues were \$10,814,175 and \$29,391,031, respectively. Total excise tax revenues collected were \$170,432,597. Principal and interest paid in 2014-15 equal less than 7 percent of total excise tax revenues collected.

**CITY OF CHANDLER, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2015**

**NOTE 5 - Long-Term Liabilities, continued**

	<u>Outstanding June 30, 2015</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 \$3,530,000 through 7/1/28; interest at 2.5 percent to 4.375 percent.	\$ 24,785,000
\$15,000,000 Water & Sewer Excise Tax Obligations, Series 2011, due in annual installments of \$740,000 to \$1,210,000 through 7/1/28; interest at 3 percent to 5 percent.	12,915,000
\$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
<b>Total Business-Type Activities Excise Tax Revenue Obligations</b>	<b><u><u>\$ 142,200,000</u></u></b>

**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, 2015, 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, 2015 were as follows:

	<u>Outstanding June 30, 2015</u>
Governmental Activities Special Assessment Bonds:	
\$7,370,000 Spectrum Improvement District Bonds, due in annual installments of \$480,000 to \$635,000 through 1/1/23; interest at 4 percent.	\$ 4,440,000
<b>Total Special Assessment Bonds with Governmental Commitment</b>	<b><u><u>\$ 4,440,000</u></u></b>

**CITY OF CHANDLER, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2015**

***NOTE 5 - Long-Term Liabilities, continued***

**Changes in Long-Term Liabilities**

Governmental Activities:	Balance	Additions	Reductions	Balance	Due Within
	July 1, 2014			June 30, 2015	One Year
Compensated absences	\$ 9,356,834	\$ 958,122	\$ (495,654)	\$ 9,819,302	\$ 87,369
Bonds payable:					
General obligation bonds	233,678,000	128,254,000	(139,789,000)	222,143,000	17,055,000
Revenue bonds	18,000,000	-	(3,975,000)	14,025,000	3,970,000
Special assessment bonds	4,905,000	-	(465,000)	4,440,000	480,000
Issuance premiums	4,346,195	17,045,635	(3,493,623)	17,898,207	1,732,917
Total bonds payable	260,929,195	145,299,635	(147,722,623)	258,506,207	23,237,917
Arbitrage liability	37,392	5,978	(12,392)	30,978	15,000
Claims payable	4,602,971	21,695,297	(20,655,885)	5,642,383	5,078,144
Net Pension Liability	197,196,450	18,146,226	(19,735,332)	195,607,344	
Post employment benefits	15,132,055	3,707,278	-	18,839,333	-
<b>Totals</b>	<b>\$ 487,254,897</b>	<b>\$ 189,812,536</b>	<b>\$ (188,621,886)</b>	<b>\$ 488,445,547</b>	<b>\$ 28,418,430</b>
<b>Business-Type Activities:</b>	<b>Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance</b>	<b>Due Within</b>
	<b>July 1, 2014</b>			<b>June 30, 2015</b>	<b>One Year</b>
Compensated absences	\$ 1,000,172	\$ 105,276	\$ (31,817)	\$ 1,073,631	\$ 9,462
Bonds & obligations payable:					
General obligation bonds	150,972,000	86,286,000	(97,186,000)	140,072,000	12,290,000
Revenue bonds	36,095,000	-	(4,485,000)	31,610,000	6,760,000
Excise tax revenue obligations	148,380,000	-	(6,180,000)	142,200,000	4,770,000
Issuance premiums	12,429,175	11,467,866	(2,965,136)	20,931,905	1,780,578
Total bonds & obligations payable	347,876,175	97,753,866	(110,816,136)	334,813,905	25,600,578
Arbitrage liability	42,608	4,022	(17,608)	29,022	5,000
Net Pension Liability	22,704,592	846,087	(4,531,598)	19,019,081	
Post employment benefits	1,277,762	367,203	-	1,644,965	-
Landfill closure/post closure	4,340,000	-	-	4,340,000	94,446
<b>Totals</b>	<b>\$ 377,241,309</b>	<b>\$ 99,076,454</b>	<b>\$ (115,397,159)</b>	<b>\$ 360,920,604</b>	<b>\$ 25,709,486</b>

**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, 2015, the 6 percent debt limitation was \$142,827,478, providing a debt margin of \$132,979,078 and the 20 percent debt limitation was \$476,091,596, providing a debt margin of \$123,724,996.

**CITY OF CHANDLER, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2015**

***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, 2015:

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
2016	17,055,000	8,414,631	3,970,000	416,688	480,000	177,600	30,513,919
2017	13,615,000	7,808,794	3,370,000	316,044	500,000	158,400	25,768,238
2018	14,215,000	7,218,469	2,415,000	210,212	520,000	138,400	24,717,081
2019	16,719,000	6,665,337	2,220,000	121,594	545,000	117,600	26,388,531
2020	16,845,000	6,128,422	2,050,000	39,600	565,000	95,800	25,723,822
2021-2025	78,045,000	21,737,790	-	-	1,830,000	148,400	101,761,190
2026-2029	65,649,000	4,985,140	-	-	-	-	70,634,140
<b>Total</b>	<b>\$ 222,143,000</b>	<b>\$ 62,958,583</b>	<b>\$14,025,000</b>	<b>\$1,104,138</b>	<b>\$ 4,440,000</b>	<b>\$ 836,200</b>	<b>\$ 305,506,921</b>

BUSINESS-TYPE ACTIVITIES							
Years Ended June 30	General Obligation Principal	General Obligation Interest	Revenue Principal	Revenue Interest	Excise Tax Principal	Excise Tax Interest	Total
2016	12,290,000	5,007,650	6,760,000	1,103,400	4,770,000	5,976,450	35,907,500
2017	9,710,000	4,656,513	9,530,000	811,350	2,805,000	5,860,775	33,373,638
2018	10,015,000	4,328,137	7,475,000	500,675	3,605,000	5,743,750	31,667,562
2019	9,806,000	4,020,406	3,160,000	250,600	3,760,000	5,600,556	26,597,562
2020	9,640,000	3,740,300	2,345,000	140,500	4,975,000	5,417,212	26,258,012
2021-2025	47,530,000	13,547,635	2,340,000	46,800	31,320,000	23,208,963	117,993,398
2026-2030	41,081,000	3,237,185	-	-	43,465,000	14,737,419	102,520,604
2031-2034	-	-	-	-	47,500,000	3,882,500	51,382,500
<b>Total</b>	<b>\$140,072,000</b>	<b>\$38,537,826</b>	<b>\$31,610,000</b>	<b>\$ 2,853,325</b>	<b>\$142,200,000</b>	<b>\$70,427,625</b>	<b>\$425,700,776</b>

**CITY OF CHANDLER, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2015**

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**NOTE 5 - Long-Term Liabilities, concluded**

**Compensated Absences**

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

	<u>Balance</u> <u>July 1, 2014</u>	<u>Incurred</u>	<u>Satisfied</u>	<u>Balance</u> <u>June 30, 2015</u>	<u>Due Within</u> <u>One Year</u>
<b>Governmental Activities</b>					
Compensated Absences	<u>\$ 9,356,834</u>	<u>\$ 958,122</u>	<u>\$ (495,654)</u>	<u>\$ 9,819,302</u>	<u>\$ 87,369</u>
<b>Business-Type Activities</b>					
Compensated Absences	<u>\$ 1,000,172</u>	<u>\$ 105,276</u>	<u>\$ (31,817)</u>	<u>\$ 1,073,631</u>	<u>\$ 9,462</u>

**NOTE 6 - Defeased Debt**

**Current Year Defeasance**

On October 29, 2014, the City issued \$214,540,000 in General Obligation Refunding Bonds with an average interest rate of 2.354 percent. These proceeds were split between governmental funds in the amount of \$128,254,000 and business-type funds in the amount of \$86,286,000. This issuance was used to advance refund \$55,400,000 of Series 2007 General Obligation Bonds with an average interest rate of 4.73 percent and \$159,140,000 of Series 2009 General Obligation Bonds with an average interest rate of 4.4 percent. The advanced refunding portion of the total net proceeds totaling \$240,269,812 (after payment of \$1,208,233 in underwriting fees, insurance, and other issuance costs, receipt of \$28,513,501 in original issue premium and a \$1,575,455 deposit to city debt service fund) was used to purchase \$236,884,391 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 2007 and 2009 General Obligation Bonds. As a result, the liability for these bonds has been removed from the government-wide and proprietary funds statements of net position. The refunding issuance resulted in a deferred outflow of \$22,784,549. This difference will be allocated to operations through fiscal year 2028 using the straight-line amortization method. The City completed the refunding to decrease its total debt service payments over the next 14 years by \$11,611,797 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$11,450,618.

**CITY OF CHANDLER, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2015**

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**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, 2015:

<u>Refunded Debt Outstanding</u>	<u>Amount</u>
General Obligation Bonds, Series 1996 (Final Redemption 7/1/16)	\$ 2,910,000
General Obligation Bonds, Series 2007 (Final Redemption 7/1/17)	55,400,000
General Obligation Bonds, Series 2009 (Final Redemption 7/1/19)	<u>159,140,000</u>
Total Refunded Bonds Outstanding	<u>\$ 217,450,000</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, 2015, the City estimates total costs related to landfill closure and postclosure care is \$15,511,458 and has recognized that entire amount since the landfill no longer accepts waste. To date, \$11,171,458 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, \$15,511,458, 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, 2015. 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, 2014. 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, 2015**

**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 \$7,211,405 (Wastewater) for agreed reimbursements from Intel Corporation for certain City enterprise fund infrastructure projects directly related to Intel Corporation's FAB 42 expansion. Total capital contributions amounted to the following:

	System			Total
	Development Fees	Developer Contributions	Government Contributions	
Water	\$ 7,861,625	\$ 9,175,266	\$ -	\$ 17,036,891
Wastewater	9,047,613	8,322,598	-	17,370,211
Airport	-	-	808,560	808,560
Housing Authority	-	-	142,079	142,079
Total	<u>\$ 16,909,238</u>	<u>\$ 17,497,864</u>	<u>\$ 950,639</u>	<u>\$ 35,357,741</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, 2015**

***NOTE 9 - Fund Equity, concluded***

As of June 30, 2015 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
<b>Non-spendable:</b>					
Inventories	\$ 941,359	\$ -	\$ -	\$ -	\$ 941,359
Total non-spendable	941,359	-	-	-	941,359
<b>Restricted for:</b>					
Court enhancement	1,459,772	-	-	-	1,459,772
Judicial enhancement	332,408	-	-	-	332,408
Transportation and development	-	36,419,627	-	16,331,628	52,751,255
Debt service reserve	-	-	14,910,017	913,486	15,823,503
Community development	-	-	-	447,931	447,931
Community services	-	-	-	17,218,970	17,218,970
Other capital projects	-	-	-	20,932,155	20,932,155
Total restricted	1,792,180	36,419,627	14,910,017	55,844,170	108,965,994
<b>Committed to:</b>					
	-	-	-	-	-
Total committed	-	-	-	-	-
<b>Assigned to:</b>					
Domestic violence prevention	332,408	-	-	-	332,408
Self-insurance purposes	396,555	-	-	-	396,555
Infrastructure maintenance	21,100,000	-	-	-	21,100,000
Capital improvement projects	65,862,399	-	-	-	65,862,399
Economic development projects	14,531,104	-	-	-	14,531,104
Total assigned	102,222,466	-	-	-	102,222,466
Unassigned	80,152,269	-	-	(15,322,260)	64,830,009
Total unassigned	80,152,269	-	-	(15,322,260)	64,830,009
Total fund balances	<u>\$ 185,108,274</u>	<u>\$ 36,419,627</u>	<u>\$ 14,910,017</u>	<u>\$ 40,521,910</u>	<u>\$ 276,959,828</u>

The City's General Fund Reserve Policy requires an amount equal to 15 percent of adopted General Fund operating revenues, excluding transfers in for fiscal year 2014-15. This amounts to \$30,725,000 and is included in unassigned above.

**CITY OF CHANDLER, ARIZONA**  
**Notes to the Financial Statements**  
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**NOTE 10 - Retirement and Pension Plans**

The City of Chandler contributes to the pension plans described below. The City of Chandler also contributes to the Elected Officials Retirement Plan; however the plan is not described below because of its relative insignificance to the financial statements. The plans are component units of the State of Arizona.

The City of Chandler reported \$15,282,047 and \$1,318,297 of pension expenditures in its governmental and enterprise funds, respectively, related to all pension plans to which it contributed in the current fiscal year.

**Arizona State Retirement System**

**A. Plan Description**

The City of Chandler employees not covered by the other pension plans described after this section participate in the Arizona State Retirement System (ASRS). The ASRS administers a cost-sharing multiple-employer defined benefit pension plan, a cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan, and a cost-sharing multiple-employer defined benefit long-term disability (OPEB) plan. The Arizona State Retirement System Board governs the ASRS according to the provisions of A.R.S. Title 38, Chapter 5, Articles 2 and 2.1. The ASRS issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on the ASRS website at [www.azasrs.gov](http://www.azasrs.gov).

**B. Benefits Provided**

The ASRS provides retirement, health insurance premium supplement, long-term disability, and survivor benefits. State statute establishes benefit terms. Retirement benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

	Retirement Initial Membership Date:	
	Before July 1, 2011	On or After July 1, 2011
Years of service and age required to receive benefit	Sum of years and age equals 80 10 years age 62 5 years age 50* Any years age 65	30 years age 55 25 years age 60 10 years age 62 5 years age 50* Any years age 65
Final average salary is based on	Highest 36 months of last 120 months	Highest 60 months of last 120 months
Benefit percent per year of service	2.1% to 2.3%	2.1% to 2.3%

\*With actuarially reduced benefits

Retirement benefits for members who joined the ASRS prior to September 13, 2013, are subject to automatic cost-of-living adjustments based on excess investment earnings. Members with a membership date on or after September 13, 2013, are not eligible for cost-of-living adjustments. Survivor benefits are payable upon a members' death. For retired members, the survivor benefit is determined by the retirement benefit option chosen. For all other members, the beneficiary is entitled to the member's account balance that includes the member's contributions and employer's contributions, plus interest earned.

**CITY OF CHANDLER, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2015**

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***NOTE 10 - Retirement and Pension Plans, continued***

**C. Contributions**

In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the current fiscal year, active ASRS members were required by statute to contribute at the actuarially determined rate of 11.60 percent (11.48 percent for retirement and 0.12 percent for long-term disability) of the members' annual covered payroll, and the City of Chandler was required by statute to contribute at the actuarially determined rate of 11.60 percent (10.89 percent for retirement, 0.59 percent for health insurance premium benefit, and 0.12 percent for long-term disability) of the members' annual covered payroll.

In addition, the City of Chandler was required by statute to contribute at the actuarially determined rate of 9.57 percent (9.51 for retirement and 0.06 percent for long-term disability) of annual covered payroll of retired members who worked in positions that would typically be filled by an employee who contributes to ASRS.

The City of Chandler's contributions for the current and two preceding years for the Arizona State Retirement System OPEB, all of which were equal to the required contributions, were as follows:

	<u>Health Benefit Supplement Fund</u>	<u>Long-Term Disability Fund</u>
2015	393,591	80,598
2014	384,872	154,188
2013	439,370	161,241

**D. Pension Liability**

At June 30, 2015, the City of Chandler reported a liability of \$105,661,552 for its proportionate share of the net pension liability of the ASRS. The net pension liability was measured as of June 30, 2014. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2013, to the measurement date of June 30, 2014. The City of Chandler's proportion of the net pension liability was based on a projection of the City of Chandler's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2014, the City of Chandler's proportion was 0.71 percent, which was a decrease of 0.05 percent from its proportion measured as of June 30, 2013.

**E. Pension Expense and Deferred Outflows/Inflows of Resources**

For the year ended June 30, 2015, the City of Chandler recognized pension expense for ASRS of \$4,700,479 and reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**CITY OF CHANDLER, ARIZONA**  
**Notes to the Financial Statements**  
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**NOTE 10 - Retirement and Pension Plans, continued**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 5,370,029	\$ -
Changes of assumptions or other inputs	-	-
Net difference between projected and actual earnings on pension plan investments	-	18,476,943
Changes in proportion and differences between contributions and proportionate share of contributions	-	5,180,992
Contributions subsequent to the measurement date	7,323,872	-
Total	<u>\$ 12,693,901</u>	<u>\$ 23,657,935</u>

The deferred outflows of resources related to ASRS pensions resulting from contributions subsequent to the measurement date as reported in the table above will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pensions will be recognized in pension expense as follows:

Year Ending June 30:

2016	\$ (4,537,046)
2017	(4,537,046)
2018	(4,594,579)
2019	(4,619,235)
2020	-

**F. Actuarial Assumptions**

The significant actuarial assumptions used to measure the total ASRS pension liability are as follows:

Actuarial valuation date	June 30, 2013
Actuarial roll forward date	June 30, 2014
Actuarial cost method	Entry age normal
Discount rate	8.0%
Projected salary increases	3.0-6.75%
Inflation	3.0%
Permanent base increases	Included
Mortality rates	1994 GAM Scale BB

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2012. The purpose of the experience study was to review actual experience in relation to the actuarial assumptions in effect. The ASRS Board adopted the experience study recommended changes which were applied to the June 30, 2013, actuarial valuation. The study did not include an analysis of the assumed investment rate of return.

The long-term expected rate of return on ASRS pension plan investments was determined to be 8.79 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

**CITY OF CHANDLER, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2015**

**NOTE 10 - Retirement and Pension Plans, continued**

The target allocation and best estimates of arithmetic real rates of return for each major asset class of ASRS are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	63%	7.03%
Fixed income	25%	3.20
Real estate	8%	4.75
Commodities	4%	4.50
Total	100%	

**G. Discount Rate**

The discount rate used to measure the ASRS total pension liability was 8.0 percent, which is less than the long-term expected rate of return of 8.79 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board’s funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**H. Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following presents the City of Chandler’s proportionate share of the net pension liability calculated using the discount rate of 8.0 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (7.0%)	Current Discount Rate (8.0%)	1% Increase (9.0%)
City of Chandler's proportionate share of the net pension liability	133,550,783	105,661,552	90,530,244

**I. Pension Plan Fiduciary Net Position**

Detailed information about the pension plan’s fiduciary net position is available in the separately issued ASRS financial report. The report is available on the ASRS website at [www.azasrs.gov](http://www.azasrs.gov).

**Public Safety Personnel Retirement System**

**A. Plan Description**

City of Chandler public safety employees who are regularly assigned hazardous duty participate in the Public Safety Personnel Retirement System (PSPRS). The PSPRS administers an agent multiple-employer defined benefit pension plan and an agent multiple-employer defined benefit health insurance premium benefit (OPEB) plan. A seven-member board known as the Board of Trustees and the participating local boards govern the PSPRS according to the provisions of A.R.S. Title 38, Chapter 5, Article 4.

**CITY OF CHANDLER, ARIZONA**  
**Notes to the Financial Statements**  
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**NOTE 10 - Retirement and Pension Plans, continued**

The PSPRS issues a publicly available financial report that includes their financial statements and required supplementary information. The report is available on the PSPRS website at [www.psprs.com](http://www.psprs.com).

**B. Benefits Provided**

The PSPRS provides retirement, health insurance premium supplement, disability, and survivor benefits. State statute establishes benefits terms. Certain retirement and disability benefits are calculated on the basis of age, average monthly compensation, and service credit as follows. See the publicly available PSPRS financial report for additional benefits information.

	Retirement Initial Membership Date:	
	Before January 1, 2012	On or After January 1, 2012
Years of service and age required to receive benefit	20 years any age 15 years age 62	25 years and age 52.5
Final average salary is based on	Highest 36 months of last 20 years	Highest 60 months of last 20 years
Normal retirement	50% less 2.0% for each year of credited service less than 20 years or plus 2.0% to 2.5% for each year of credited service over 20 years, not to exceed 80%	2.5% per year of credited service, not to exceed 80%
Accidental disability retirement	50% or normal retirement, whichever is greater	
Survivor benefit:		
Retired members	80% of retired member's pension benefit	
Active members	80% of accidental disability retirement benefit or 100% of average monthly compensation if death was the result of injuries received on the job	

Retirement and survivor benefits are subject to automatic cost-of-living adjustments based on excess investment earning. PSPRS also provides temporary disability benefits of 50 percent of the member's compensation for up to 12 months.

**C. Employees Covered by Benefit Terms**

At June 30, 2015, the following employees were covered by the agent pension plan's benefit terms:

**CITY OF CHANDLER, ARIZONA**  
**Notes to the Financial Statements**  
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***NOTE 10 - Retirement and Pension Plans, continued***

	<u>PSPRS - Police</u>	<u>PSPRS - Fire</u>
Inactive employees or beneficiaries currently receiving benefits	101	48
Inactive employees entitled to but not yet receiving benefits	32	21
Active employees	<u>291</u>	<u>179</u>
Total	<u><u>424</u></u>	<u><u>248</u></u>

**D. Contributions and Annual OPEB Cost**

State statutes establish the pension contribution requirements for active PSPRS employees. In accordance with state statutes, annual actuarial valuations determine employer contribution requirements for PSPRS pension and health insurance premium benefits. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. Contributions rates for the year ended June 30, 2015, are indicated below. Rates are a percentage of active members' annual covered payroll.

	<u>PSPRS - Police</u>	<u>PSPRS - Fire</u>
Active members - pension	11.05%	11.05%
City of Chandler		
Pension	23.39%	20.26%
Health Insurance	1.34%	1.19%

In addition, the City of Chandler was required by statute to contribute at the actuarially determined rate of 19.65 percent for the PSPRS of annual covered payroll of retired members who worked in positions that would typically be filled by an employee who contributes to the PSPRS.

For the agent plans, the contributions to the pension plan and annual OPEB cost and contributions for the health insurance premium benefit for the year ended were:

	<u>PSPRS - Police</u>	<u>PSPRS - Fire</u>
Pension:		
Contributions made	\$ 6,083,333	\$ 3,193,139
Health insurance premium benefit:		
Annual OPEB costs	388,298	168,060
Contributions made	388,298	168,060

**E. Pension Liability**

At June 30, 2015, the City of Chandler reported \$73,019,189 in net pension liability for police and \$35,945,682 in net pension liability for fire. The net pension liabilities were measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability as of June 30, 2014, reflects changes of benefit terms and actuarial assumptions for a court ruling for funding permanent benefit increases and a decrease in the wage growth assumption.

**CITY OF CHANDLER, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2015**

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***NOTE 10 - Retirement and Pension Plans, continued***

**F. Actuarial Assumptions**

The significant actuarial assumptions used to measure the total pension liability are as follows:

Actuarial valuation date	June 30, 2014
Actuarial cost method	Entry age normal
Discount rate	7.85%
Projected salary increases	5.0 - 8.0%
Inflation	4.0%
Permanent benefit increase	Included
Mortality rates	RP-2000 mortality table, adjusted by 105% for both males and females

Actuarial assumptions used in the June 30, 2014, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2011.

The long-term expected rate of return on PSPRS pension plan investments was determined to be 7.85 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Short-term investments	2%	3.25%
Absolute return	4%	6.75%
Risk parity	4%	6.04%
Fixed income	7%	4.75%
Real assets	8%	5.96%
GTAA	10%	5.73%
Private equity	11%	9.50%
Real estate	11%	6.50%
Credit opportunities	13%	8.00%
Non-U.S. equity	14%	8.63%
U.S. equity	16%	7.60%
Total	100%	

**CITY OF CHANDLER, ARIZONA**  
**Notes to the Financial Statements**  
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***NOTE 10 - Retirement and Pension Plans, continued***

**G. Pension Discount Rates**

The discount rate of 7.85% was used to measure the total pension liability.

The projection of cash flows used to determine the PSPRS discount rates assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments for these plans to determine the total pension liability.

	Increase/Decrease		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
<b>PSPRS - Police</b>			
Balances at June 30, 2014	\$ 152,068,214	\$ 90,271,860	\$ 61,796,354
Changes for the year:			
Service cost	\$ 4,602,603	-	\$ 4,602,603
Interest on the total pension liability	11,841,118	-	11,841,118
Changes of benefit terms	1,741,535	-	1,741,535
Differences between expected and actual experience in the measurement of the pension liability	567,380	-	567,380
Changes of assumptions or other inputs	13,082,165	-	13,082,165
Contributions - employer	-	5,465,059	(5,465,059)
Contributions - employee	-	2,675,724	(2,675,724)
Net investment income	-	12,429,421	(12,429,421)
Benefit payments, including refunds of employee contributions	(7,054,499)	(7,054,499)	-
Administrative Expenses		(100,102)	100,102
Other changes	-	141,864	(141,864)
Net annual changes	<u>\$ 24,780,302</u>	<u>\$ 13,557,467</u>	<u>\$ 11,222,835</u>
Balances at June 30, 2015	<u>\$ 176,848,516</u>	<u>\$ 103,829,327</u>	<u>\$ 73,019,189</u>

**CITY OF CHANDLER, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2015**

***NOTE 10 - Retirement and Pension Plans, continued***

	Increase/Decrease		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
<b>PSPRS - Fire</b>			
Balances at June 30, 2014	\$ 91,765,966	\$ 59,797,901	\$ 31,968,065
Changes for the year:			
Service cost	\$ 2,949,507	-	\$ 2,949,507
Interest on the total pension liability	7,191,487	-	7,191,487
Changes of benefit terms	930,663	-	930,663
Differences between expected and actual experience in the measurement of the pension liability	(409,426)	-	(409,426)
Changes of assumptions or other inputs	6,465,545	-	6,465,545
Contributions - employer	-	3,152,694	(3,152,694)
Contributions - employee	-	1,775,319	(1,775,319)
Net investment income	-	8,284,553	(8,284,553)
Benefit payments, including refunds of employee contributions	(3,258,846)	(3,258,846)	-
Administrative expense	-	(66,721)	66,721
Other changes	-	4,314	(4,314)
Net annual changes	\$ 13,868,930	\$ 9,891,313	\$ 3,977,617
Balances at June 30, 2015	<u>\$ 105,634,896</u>	<u>\$ 69,689,214</u>	<u>\$ 35,945,682</u>

**H. Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following presents the City of Chandler's net pension liability calculated using the discount rates noted above, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
<b>PSPRS - Police:</b>			
Rate	6.85%	7.85%	8.85%
Net pension liability	\$ 95,953,404	\$ 73,019,189	\$ 54,058,072
<b>PSPRS - Fire:</b>			
Rate	6.85%	7.85%	8.85%
Net pension liability	\$ 49,600,978	\$ 35,945,682	\$ 24,580,833

**CITY OF CHANDLER, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2015**

***NOTE 10 - Retirement and Pension Plans, continued***

**I. Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued PSPRS financial report. The report is available on the PSPRS website at [www.psprs.com](http://www.psprs.com).

**J. Pension Expense**

For the year ended June 30, 2015, the City of Chandler recognized the following as pension expense:

	<u>Pension Expense</u>
PSPRS - Police	\$ 12,434,519
PSPRS - Fire	6,401,989

**K. Pension Deferred Outflows/Inflows of Resources**

At June 30, 2015, the City of Chandler reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<b>PSPRS - Police</b>		
Differences between expected and actual experience	\$ 465,309	\$ -
Changes of assumptions or other inputs	10,728,707	-
Net difference between projected and actual earnings on pension plan investments	-	4,145,622
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	6,083,333	-
Total	<u>\$ 17,277,349</u>	<u>\$ 4,145,622</u>
<b>PSPRS - Fire</b>		
Differences between expected and actual experience	\$ -	\$ 354,330
Changes of assumptions or other inputs	5,595,479	-
Net difference between projected and actual earnings on pension plan investments	-	2,763,172
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	3,193,139	-
Total	<u>\$ 8,788,618</u>	<u>\$ 3,117,502</u>

**CITY OF CHANDLER, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2015**

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***NOTE 10 - Retirement and Pension Plans, continued***

The amounts reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:	<u>PSPRS - Police</u>	<u>PSPRS - Fire</u>
2016	\$ 1,439,144	\$ 137,521
2017	1,439,144	137,521
2018	1,439,144	137,521
2019	1,439,144	137,521
2020	1,291,818	761,593
Thereafter	-	1,166,300

**L. Agent Plan OPEB Trend Information**

The table below presents the annual OPEB cost information for the health insurance premium benefit for the current and two preceding years:

<u>Fiscal Year End</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual Cost Contributed</u>	<u>Net OPEB Obligation</u>
<b>PSPRS - Police:</b>			
June 30, 2015	388,298	100%	\$ -
June 30, 2014	307,173	100%	-
June 30, 2013	317,028	100%	-
<b>PSPRS - Fire:</b>			
June 30, 2015	168,060	100%	-
June 30, 2014	175,987	100%	-
June 30, 2013	176,845	100%	-

**M. Agent Plan OPEB Actuarial Assumptions**

Actuarial valuations involve estimates of the reported amounts' value and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions are subject to continual revision as actual results are compared to past expectations and new estimates are made. The required schedule of funding progress for the health insurance premium benefit presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of the plan's assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**CITY OF CHANDLER, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2015**

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***NOTE 10 - Retirement and Pension Plans, continued***

Projections of benefits are based on (1) the plan as understood by the City of Chandler and plan's members and include the types of benefits enforce at the valuation date, and (2) the pattern of sharing benefit costs between the City of Chandler and plan's members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The actuarial methods and assumptions used to establish the fiscal year 2015 contribution requirements are as follows:

Actuarial valuation date	June 30, 2013
Actuarial cost method	Entry age normal
Amortization method	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period	23 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	7-year smoothed market value (80%/120% market)
Actuarial assumptions:	
Investment rate of return	7.85%
Projected salary increases includes inflation at	4.5%-8.5% 4.5%

The funded status of the PSPRS health insurance premium benefit plan in the June 30, 2015, actuarial valuation was determined using the following actuarial methods and assumptions, applied to all periods included in the measurement.

Actuarial valuation date	June 30, 2015
Actuarial cost method	Entry age normal
Amortization method	Level percent of pay closed
Remaining amortization period	21 years for underfunded 20 years for overfunded
Asset valuation method	7-year smoothed market value (80%/120% market)
Actuarial assumptions:	
Investment rate of return	7.85%
Projected salary increases includes inflation at	4.0%-8.0% 4.0%

**CITY OF CHANDLER, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2015**

***NOTE 10 - Retirement and Pension Plans, continued***

**N. Agent Plan OPEB Funding Status**

The following table presents the funded status of the health insurance premium benefit plan as of the most recent valuation date, June 30, 2015.

	<u>PSPRS - Police</u>	<u>PSPRS - Fire</u>
Actuarial value of assets	\$ 3,836,997	\$ 2,363,835
Actuarial accrued liability	4,834,826	2,659,680
Unfunded actuarial accrued liability (funding excess)	997,829	295,845
Funded ratio	79.36%	88.88%
Annual covered payroll	26,432,406	15,789,534
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll	3.78%	1.87%

**Beginning Net Position Restatement**

The implementation of GASB Statement No. 68, Accounting and Financial Reporting for Pensions, as amended by GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date, represents a change in accounting principle. Net position as of July 1, 2014, has been restated as follows for this change in accounting principle:

	<u>Statement of Activities</u>	
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Net position, June 30, 2014, as previously reported	\$ 851,845,947	\$ 595,121,942
Net pension liability	182,930,829	21,464,817
Net position, July 1, 2014, as restated	<u>\$ 668,915,118</u>	<u>\$ 573,657,125</u>

**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, 2015, 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.

**CITY OF CHANDLER, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2015**

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**NOTE 10 - Retirement and Pension Plans, concluded**

**B. Funding Policy**

There were no contributions to the Volunteer Firemen's Pension and Relief Fund by the City in fiscal year 2014-15. 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.

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, 2015, retirees contributed \$1,275,060 and the City contributed \$1,645,573 (implied subsidy). For both the governmental and proprietary activities, the corresponding fund is used to liquidate the OPEB liability. In prior years the general fund, streets capital project fund, water enterprise fund, and wastewater enterprise fund have each had to liquidate a portion of the net other postemployment benefit obligation when an employee of that fund has retired.

**CITY OF CHANDLER, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2015**

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

**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, 2015:

Annual Required Contribution (ARC)	\$ 5,806,989
ARC Adjustment	(743,327)
Interest Adjustment to Net OPEB Obligation	<u>656,393</u>
Annual OPEB Cost	\$ 5,720,055
Contributions Made	<u>(1,645,573)</u>
Increase in Net OPEB Obligation	\$ 4,074,482
Net OPEB Obligation - Beginning of year	<u>16,409,817</u>
Net OPEB Obligation - End of year	<u><u>\$ 20,484,299</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 2015 were as follows:

<u>Fiscal Year</u> <u>Ended June, 30</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Employer</u> <u>Contributions</u>	<u>Percentage of</u> <u>OPEB Cost</u> <u>Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
2015	\$ 5,720,055	\$ 1,645,573	28.77%	\$ 20,484,299
2014	\$ 5,743,316	\$ 1,352,308	23.55%	\$ 16,409,817
2013	\$ 4,199,727	\$ 980,252	23.34%	\$ 12,018,809

**E. Funded Status and Funding Progress**

The funded status of the plan as of June 30, 2015, the most recent actuarial valuation, is as follows:

Actuarial Accrued Liability	\$ 50,002,842
Actuarial Value of Plan Assets	<u>-</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u><u>\$ 50,002,842</u></u>
Funded Ratio	0.0%
Covered Payroll	<u><u>\$ 103,252,770</u></u>
UAAL as a percentage of covered payroll	48.45%

**CITY OF CHANDLER, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2015**

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

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

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

Actuarial calculations reflect a long-term perspective.

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

1. The actuarial cost method used is the projected unit credit method.
2. As of the valuation date, July 1, 2015, 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, 2015 actuarial valuation, the projected unit credit actuarial cost method was used along with a discount rate of 4.5 percent. In addition, the actuarial assumptions included: an inflation rate of 3.0 percent, an annual healthcare inflation rate of 7 percent initially, reduced by decrements to an ultimate rate of 5 percent after 8 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.

**CITY OF CHANDLER, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2015**

**NOTE 13 - Risk Management, concluded**

In fiscal year 2014-15, 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 2014-15, 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.

The City also has commercial stop loss insurance that provides specific (by individual member) coverage for health insurance claims incurred in excess of \$300,000 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 \$5,642,382 reported as claims payable in the Self-Insurance Fund at June 30, 2015, 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 2014 and 2015 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
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>
2015	Workers' compensation	\$ 1,198,989	\$ 2,542,528	\$ (2,267,111)	\$ 1,474,406
	Property and liability	962,170	421,672	(111,545)	1,272,297
	Health	2,297,992	17,012,979	(16,553,159)	2,757,812
	Dental	143,820	1,718,117	(1,724,070)	137,867
		<u>\$ 4,602,971</u>	<u>\$ 21,695,296</u>	<u>\$ (20,655,885)</u>	<u>\$ 5,642,382</u>

**CITY OF CHANDLER, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2015**

**NOTE 14 - Interfund Transfers**

The interfund transfers in and out at June 30, 2015 are as follows:

<u>Fund</u>	<u>Transfer Detail</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	Capital projects-streets	\$ -	\$ 643,526
	Non-major governmental	-	22,886,943
	Non-major enterprise	-	554,780
	Internal service	-	950,000
	Total general fund	<u>-</u>	<u>25,035,249</u>
Capital projects-streets	General	<u>643,526</u>	<u>-</u>
	Total capital projects	<u>643,526</u>	<u>-</u>
Non-major governmental	General	22,886,943	-
	Non-major governmental	4,605,416	4,605,416
	Enterprise-water	302,256	-
	Enterprise-wastewater	153,574	-
	Non-major enterprise	111,516	135,916
	Internal service	14,759	-
	Total non-major governmental funds	<u>28,074,464</u>	<u>4,741,332</u>
Water	Non-major governmental	<u>-</u>	<u>302,256</u>
	Total water fund	<u>-</u>	<u>302,256</u>
Wastewater	Non-major governmental	<u>-</u>	<u>153,574</u>
	Total wastewater fund	<u>-</u>	<u>153,574</u>
Non-major enterprise	General	554,780	-
	Non-major enterprise	583,441	583,441
	Non-major governmental	135,916	111,516
	Total non-major enterprise funds	<u>1,274,137</u>	<u>694,957</u>
Internal service	General	950,000	-
	Non-major governmental	-	14,759
	Total internal service fund	<u>950,000</u>	<u>14,759</u>
		<u>Total \$ 30,942,127</u>	<u>\$ 30,942,127</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, 2015**

**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	\$ 13,282,082
	Capital projects-streets	2,814,300
	Capital projects-public buildings	<u>3,489,427</u>
	Total general fund	<u>19,585,809</u>
Enterprise Water	Enterprise-wastewater	<u>3,900,000</u>
	Total	<u>\$ 23,485,809</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. \$500,000 of the public safety buildings and improvements capital projects fund advance and \$400,000 of the public buildings capital projects fund advance 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	Capital projects-Grants	\$ 3,888,790
General	Special revenue-community development	229,211
General	Non-major enterprise-Chandler housing authority	<u>72,478</u>
		<u>\$ 4,190,479</u>

Interfund due to/due from other funds was made as a short term loan until the grants capital projects fund, 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, 2015**

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**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, 2015, 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, 2015, was:

City of Chandler's Share	\$62,611,174
Town of Gilbert's Share	<u>68,904,567</u>
	<u><u>\$131,515,741</u></u>

**NOTE 17 - Deficit in Fund Balances**

The police confiscated property special revenue fund and grants capital projects fund had deficit fund balances of \$53,209 and \$2,862,939 respectively. The deficits will be covered by future revenues. The public buildings capital projects fund and the public safety buildings and improvements capital projects fund had deficit fund balances of \$3,434,845 and \$8,971,267 respectively. The funds were financed by advances of interfund loans and will be paid back by future impact fee revenues.

**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, 2015

	Budgeted Amounts		Non-GAAP Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ 6,964,900	\$ 6,964,900	\$ 7,099,821	\$ 134,921
Sales taxes	99,250,000	99,250,000	108,657,130	9,407,130
Franchise fees	2,990,000	2,990,000	3,300,129	310,129
State shared	57,907,000	57,907,000	59,236,588	1,329,588
Grants and entitlements	147,000	147,000	153,397	6,397
Licenses and permits	3,580,400	3,580,400	5,146,556	1,566,156
Charges for services	18,970,960	18,970,960	19,981,917	1,010,957
Fines and forfeitures	3,477,100	3,477,100	3,629,008	151,908
Rentals	1,078,400	1,078,400	751,163	(327,237)
Contributions	150,000	150,000	150,000	-
Interest revenue	670,300	670,300	901,638	231,338
Miscellaneous	230,000	230,000	241,051	11,051
<b>Total revenues</b>	<b>195,416,060</b>	<b>195,416,060</b>	<b>209,248,398</b>	<b>13,832,338</b>
<b>EXPENDITURES:</b>				
General government				
City manager	28,833,461	30,660,810	29,862,194	798,616
City clerk	788,201	836,270	797,624	38,646
Communications and public affairs	2,073,811	2,296,995	2,104,873	192,122
Law	3,552,717	3,608,219	3,367,230	240,989
City magistrate	4,183,379	4,242,231	3,879,603	362,628
Management services	57,407,297	46,489,209	10,002,604	36,486,605
Mayor and council	784,819	822,853	789,806	33,047
Public safety				
Fire	30,409,131	31,255,820	30,683,794	572,026
Police	60,777,605	64,080,640	62,744,184	1,336,456
Transportation and development	18,735,955	21,357,319	20,079,498	1,277,821
Community services	19,024,437	20,484,527	19,654,153	830,374
<b>Total expenditures</b>	<b>226,570,813</b>	<b>226,134,893</b>	<b>183,965,563</b>	<b>42,169,330</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(31,154,753)</b>	<b>(30,718,833)</b>	<b>25,282,835</b>	<b>56,001,668</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	(39,572,449)	(39,572,449)	(25,035,249)	14,537,200
<b>Total other financing sources (uses)</b>	<b>(39,572,449)</b>	<b>(39,572,449)</b>	<b>(25,035,249)</b>	<b>14,537,200</b>
<b>Change in fund balance</b>	<b>(70,727,202)</b>	<b>(70,291,282)</b>	<b>247,586</b>	<b>70,538,868</b>
<b>Fund balances, July 1, 2014</b>	<b>179,697,796</b>	<b>179,697,796</b>	<b>179,697,796</b>	<b>-</b>
<b>Fund balances, June 30, 2015</b>	<b>\$ 108,970,594</b>	<b>\$ 109,406,514</b>	<b>\$ 179,945,382</b>	<b>\$ 70,538,868</b>

See accompanying notes to this schedule.

**City of Chandler**  
**Schedule for the Proportionate Share of the Net Pension Liability**  
**Arizona State Retirement System**  
**For the year ended June 30, 2015**

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	<u>2015</u>
City's proportion of the net pension liability (asset)	0.71%
City's proportionate share of the net pension liability (asset)	\$ 105,661,552
City's covered-employee payroll	\$ 64,263,236
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	164.42%
Plan fiduciary net position as a percentage of the total pension liability	69.49%

**City of Chandler**  
**Schedule of Contributions**  
**All Pension Plans**  
**For the year ended June 30, 2015**

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	<u>2015</u>
<b>Arizona State Retirement System:</b>	
Actuarially determined contribution	\$ 7,323,872
Contributions in relation to the actuarially determined contribution	<u>7,323,872</u>
Contribution deficiency (excess)	<u>\$ -</u>
City's covered-employee payroll	\$ 67,230,465
Contributions as a percentage of covered-employee payroll	10.89%
 <b>Public Safety Personnel Retirement System - Police:</b>	
Actuarially determined contribution	\$ 6,083,333
Contributions in relation to the actuarially determined contribution	<u>6,083,333</u>
Contribution deficiency (excess)	<u>\$ -</u>
City's covered-employee payroll	\$ 26,187,641
Contributions as a percentage of covered-employee payroll	23.23%
 <b>Public Safety Personnel Retirement System - Fire:</b>	
Actuarially determined contribution	\$ 3,193,139
Contributions in relation to the actuarially determined contribution	<u>3,193,139</u>
Contribution deficiency (excess)	<u>\$ -</u>
City's covered-employee payroll	\$ 15,671,133
Contributions as a percentage of covered-employee payroll	20.38%

**City of Chandler**  
**Schedule of Funding Progress**  
**Last Three Actuarial Valuations**  
**For the year ended June 30, 2015**

<u>Actuarial Valuation Date</u>	<u>Actuarial Valuation of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a percentage of Covered Payroll</u>
<b>PSPRS - Police:</b>						
2015	\$ 3,836,997	\$ 4,834,826	\$ 997,829	79.36%	\$ 26,432,405	3.78%
2014	3,466,256	4,500,038	1,033,782	77.03%	24,120,110	4.29%
2013	-	4,246,573	4,246,573	-	23,985,615	17.70%
<b>PSPRS - Fire:</b>						
2015	\$ 2,363,835	\$ 2,659,680	\$ 295,845	88.88%	\$ 15,789,534	1.87%
2014	2,155,271	2,503,120	347,849	86.10%	15,201,535	2.29%
2013	-	2,459,475	2,459,475	-	15,395,116	15.98%
<b>Post Employment Benefits Other than Pensions(1):</b>						
2015	\$ -	\$ 52,022,842	\$ 52,022,842	-	\$ 103,252,770	48.45%
2013	-	52,300,279	52,300,279	-	96,935,187	53.95%
2011	-	33,009,726	33,009,726	-	93,253,195	35.40%

(1) The actuarial cost method used is projected unit credit method.

# City of Chandler

## Schedule of Changes in the Net Pension Liability and Related Ratios

### Public Safety Personnel Retirement System - Police

For the year ended June 30, 2015

	<u>2015</u>
<b>Total pension liability</b>	
Service cost	\$ 4,602,603
Interest	11,841,118
Changes of benefit terms	1,741,535
Differences between expected and actual experience	567,380
Changes of assumptions	13,082,165
Benefit payments, including refunds	(7,054,499)
<b>Net change in total pension liability</b>	<u>24,780,302</u>
<b>Total pension liability – beginning</b>	<u>152,068,214</u>
<b>Total pension liability – ending</b>	<u><u>\$ 176,848,516</u></u>
<b>Plan fiduciary net position</b>	
Contributions – employer	\$ 5,465,059
Contributions – employee	2,675,724
Net investment income	12,429,421
Benefit payments, including refunds	(7,054,499)
Administrative expense	(100,102)
Other	141,864
<b>Net change in plan fiduciary net position</b>	<u>13,557,467</u>
<b>Plan fiduciary net position – beginning</b>	<u>90,271,860</u>
<b>Plan fiduciary net position – ending</b>	<u><u>\$ 103,829,327</u></u>
<b>Net pension liability – ending</b>	<u><u>\$ 73,019,189</u></u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	58.71%
<b>Covered-employee payroll</b>	24,120,118
<b>Net pension liability as a percentage of covered-employee payroll</b>	302.73%

# City of Chandler

## Schedule of Changes in the Net Pension Liability and Related Ratios

### Public Safety Personnel Retirement System - Fire

For the year ended June 30, 2015

	<u>2015</u>
<b>Total pension liability</b>	
Service cost	\$ 2,949,507
Interest	7,191,487
Changes of benefit terms	930,663
Differences between expected and actual experience	(409,426)
Changes of assumptions	6,465,545
Benefit payments, including refunds	(3,258,846)
<b>Net change in total pension liability</b>	<u>13,868,930</u>
<b>Total pension liability – beginning</b>	<u>91,765,966</u>
<b>Total pension liability – ending</b>	<u><u>\$ 105,634,896</u></u>
<b>Plan fiduciary net position</b>	
Contributions – employer	\$ 3,152,694
Contributions – employee	1,775,319
Net investment income	8,284,553
Benefit payments, including refunds	(3,258,846)
Administrative expense	(66,721)
Other	4,314
<b>Net change in plan fiduciary net position</b>	<u>9,891,313</u>
<b>Plan fiduciary net position – beginning</b>	<u>59,797,901</u>
<b>Plan fiduciary net position – ending</b>	<u><u>\$ 69,689,214</u></u>
<b>Net pension liability – ending</b>	<u><u>\$ 35,945,682</u></u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	65.97%
<b>Covered-employee payroll</b>	15,201,530
<b>Net pension liability as a percentage of covered-employee payroll</b>	236.46%

**CITY OF CHANDLER, ARIZONA**  
**Required Supplementary Information**  
**June 30, 2015**

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**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	\$ 5,410,478
Reserved encumbrances at June 30, 2015 recognized as budgetary expenditures in fiscal year ended June 30, 2015	<u>(5,162,892)</u>
Budgetary Comparison Schedule for the General Fund	<u>\$ 247,586</u>

**NOTE 2 - Pension Plan Schedules**

**Actuarial Assumptions for Valuations Performed**

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated, which is the most recent actuarial valuation. The actuarial assumptions used are disclosed in the notes to the financial statements.

**Factors that Affect Trends - ASRS**

The actuarial assumptions used in the June 30, 2013, valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2012. The purpose of the experience study was to review actual experience in relation to the actuarial assumptions in effect. The ASRS Board adopted the experience study recommended changes which were applied to the June 30, 2013, actuarial valuation. The study did not include an analysis of the assumed investment rate of return.

**Factors that Affect Trends - PSPRS**

The total pension liability as of June 30, 2014, reflects changes of benefit terms and actuarial assumptions for a court ruling for funding permanent benefit increases and a decrease in the wage growth assumption.

## **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, 2015**

	Budgeted Amounts		Non-GAAP Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Interest revenue	\$ 218,000	\$ 218,000	\$ 199,080	\$ (18,920)
System development fees	4,126,180	4,126,180	5,114,796	988,616
Regional transportation tax	5,516,122	5,516,122	10,106,891	4,590,769
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<b>9,860,302</b>	<b>9,860,302</b>	<b>15,420,767</b>	<b>5,560,465</b>
<b>EXPENDITURES:</b>				
General government	4,200,000	4,200,000	-	4,200,000
Transportation and development	17,899,261	1,143,963	512,453	631,510
Capital outlay	11,639,559	31,741,618	19,303,778	12,437,840
<b>Total expenditures</b>	<b>33,738,820</b>	<b>37,085,581</b>	<b>19,816,231</b>	<b>17,269,350</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(23,878,518)</b>	<b>(27,225,279)</b>	<b>(4,395,464)</b>	<b>22,829,815</b>
<b>Other financing sources (uses):</b>				
Transfers in	5,527,122	5,527,122	643,526	(4,883,596)
Transfers out	(5,527,122)	(5,527,122)	-	5,527,122
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>643,526</b>	<b>643,526</b>
<b>Change in fund balances</b>	<b>(23,878,518)</b>	<b>(27,225,279)</b>	<b>(3,751,938)</b>	<b>23,473,341</b>
<b>Fund balances, July 1, 2014</b>	<b>32,546,267</b>	<b>32,546,267</b>	<b>32,546,267</b>	<b>-</b>
<b>Fund balances, June 30, 2015</b>	<b>\$ 8,667,749</b>	<b>\$ 5,320,988</b>	<b>\$ 28,794,329</b>	<b>\$ 23,473,341</b>

# 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, 2015

	Budgeted Amounts		Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ 21,257,000	\$ 21,257,000	\$ 21,799,863	\$ 542,863
Interest revenue	107,000	107,000	126,187	19,187
<b>Total revenues</b>	<u>21,364,000</u>	<u>21,364,000</u>	<u>21,926,050</u>	<u>562,050</u>
<b>EXPENDITURES:</b>				
Principal	15,020,000	15,020,000	17,055,000	(2,035,000)
Interest and fiscal charges	9,494,169	9,494,169	7,089,028	2,405,141
Bond issuance costs	-	-	722,293	(722,293)
<b>Total expenditures</b>	<u>24,514,169</u>	<u>24,514,169</u>	<u>24,866,321</u>	<u>(352,152)</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(3,150,169)</u>	<u>(3,150,169)</u>	<u>(2,940,271)</u>	<u>209,898</u>
<b>Other financing sources (uses):</b>				
Bond premium	-	-	17,045,635	(17,045,635)
Face amount of bonds issued	-	-	128,254,000	(128,254,000)
Payment to escrow agent	-	-	(143,635,520)	143,635,520
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>1,664,115</u>	<u>(1,664,115)</u>
<b>Change in fund balances</b>	<u>(3,150,169)</u>	<u>(3,150,169)</u>	<u>(1,276,156)</u>	<u>(1,454,217)</u>
<b>Fund balances, July 1, 2014</b>	<u>16,186,172</u>	<u>16,186,172</u>	<u>16,186,172</u>	<u>-</u>
<b>Fund balances, June 30, 2015</b>	<u>\$ 13,036,003</u>	<u>\$ 13,036,003</u>	<u>\$ 14,910,016</u>	<u>\$ (1,454,217)</u>



***Chandler + Arizona***  
*Where Values Make The Difference*

# City of Chandler

## Non-Major Governmental Funds

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### 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

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### 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, 2015**

	Special Revenue						
	Local			Police			
	Highway User	Transportation Assistance	Grants	Community Development	Confiscated Property	Parks and Recreation	Library
<b>ASSETS</b>							
Equity in pooled cash and investments	\$10,152,697	\$ 3,499,620	\$ 1,512,026	\$ -	\$ 1,760,299	\$275,456	\$ 59,994
Receivables (net of allowance for uncollectible):							
Accounts	-	-	113	-	-	-	-
Special assessments	-	-	-	-	-	-	-
Notes	-	-	-	448,503	-	-	-
Accrued interest	24,281	6,901	3,332	-	3,353	546	136
Due from other governments	1,367,068	-	232,879	285,797	419,735	-	-
<b>Total assets</b>	<b>\$11,544,046</b>	<b>\$ 3,506,521</b>	<b>\$ 1,748,350</b>	<b>\$ 734,300</b>	<b>\$ 2,183,387</b>	<b>\$276,002</b>	<b>\$ 60,130</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>							
<b>Liabilities:</b>							
Accounts payable	\$ 60,613	\$ 318	\$ 182,423	\$ 46,251	\$ 34,760	\$ 19,061	\$ -
Accrued payroll	182,522	-	41,413	10,903	-	-	-
Trust liabilities and deposits	-	-	-	4	2,201,836	-	-
Accrued interest	-	-	-	-	-	-	-
Due to other funds	-	-	-	229,211	-	-	-
Advances from other funds	-	-	-	-	-	-	-
Arbitrage liability - current	-	-	-	-	-	-	-
Bonds payable - current	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>243,135</b>	<b>318</b>	<b>223,836</b>	<b>286,369</b>	<b>2,236,596</b>	<b>19,061</b>	<b>-</b>
<b>Deferred inflows of resources:</b>							
Unavailable revenues - special assessments	-	-	-	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>							
Nonspendable	-	-	-	-	-	-	-
Restricted	11,300,911	3,506,203	1,524,514	447,931	-	256,941	60,130
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	(53,209)	-	-
<b>Total fund balances (deficits)</b>	<b>11,300,911</b>	<b>3,506,203</b>	<b>1,524,514</b>	<b>447,931</b>	<b>(53,209)</b>	<b>256,941</b>	<b>60,130</b>
<b>Total liabilities, deferred inflows and fund balances</b>	<b>\$11,544,046</b>	<b>\$ 3,506,521</b>	<b>\$ 1,748,350</b>	<b>\$ 734,300</b>	<b>\$ 2,183,387</b>	<b>\$276,002</b>	<b>\$ 60,130</b>

(Continued)

**City of Chandler**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds**  
**June 30, 2015**

	Debt Service		Capital Projects		
	Highway User Revenue Bonds	Special Assessment Bonds	General Government	Public Buildings	Grants
<b>ASSETS</b>					
Equity in pooled cash and investments	\$ 4,410,216	\$ 799,892	\$ 1,422,420	\$ 54,219	\$ -
Receivables (net of allowance for uncollectible):					
Accounts	-	-	-	-	-
Special assessments	-	4,043,375	-	-	-
Notes	-	-	-	-	-
Accrued interest	-	1,484	-	363	-
Due from other governments	-	-	-	-	3,084,656
<b>Total assets</b>	<b>\$ 4,410,216</b>	<b>\$ 4,844,751</b>	<b>\$ 1,422,420</b>	<b>\$ 54,582</b>	<b>\$ 3,084,656</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ -	\$ 8,006	\$ 1,419,186	\$ -	\$ 2,058,424
Accrued payroll	-	-	3,234	-	381
Trust liabilities and deposits	-	-	-	-	-
Accrued interest	228,863	88,800	-	-	-
Due to other funds	-	-	-	-	3,888,790
Advances from other funds	-	-	-	3,489,427	-
Arbitrage liability - current	5,000	-	-	-	-
Bonds payable - current	3,970,000	-	-	-	-
<b>Total liabilities</b>	<b>4,203,863</b>	<b>96,806</b>	<b>1,422,420</b>	<b>3,489,427</b>	<b>5,947,595</b>
<b>Deferred inflows of resources:</b>					
Unavailable revenues - special assessments	-	4,040,812	-	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>4,040,812</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>					
Nonspendable	-	-	-	-	-
Restricted	206,353	707,133	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	(3,434,845)	(2,862,939)
<b>Total fund balances (deficits)</b>	<b>206,353</b>	<b>707,133</b>	<b>-</b>	<b>(3,434,845)</b>	<b>(2,862,939)</b>
<b>Total liabilities, deferred inflows and fund balances</b>	<b>\$ 4,410,216</b>	<b>\$ 4,844,751</b>	<b>\$ 1,422,420</b>	<b>\$ 54,582</b>	<b>\$ 3,084,656</b>

Capital Projects

Community Services	Public Safety Buildings and Improvements	Vehicle and Capital Equipment Replacement	Special Assessments	Technology Replacement	Municipal Arts	Total Other Governmental Funds
\$ 17,177,408	\$ 4,329,999	\$ 13,137,757	\$ 4,536,227	\$ 3,422,769	\$ 31,359	\$ 66,582,358
-	-	-	-	-	-	113
-	-	-	-	-	-	4,043,375
-	-	-	-	-	-	448,503
33,184	8,409	25,873	8,920	6,755	62	123,599
-	-	-	-	-	-	5,390,135
<u>\$ 17,210,592</u>	<u>\$ 4,338,408</u>	<u>\$ 13,163,630</u>	<u>\$ 4,545,147</u>	<u>\$ 3,429,524</u>	<u>\$ 31,421</u>	<u>\$ 76,588,083</u>
\$ 333,234	\$ 25,213	\$ 203,958	\$ 34	\$ -	\$ -	\$ 4,391,481
642	66	-	2,154	-	-	241,315
-	-	-	-	-	-	2,201,840
-	-	-	-	-	-	317,663
-	-	-	-	-	-	4,118,001
-	13,282,082	-	-	-	-	16,771,509
6,238	2,314	-	-	-	-	13,552
-	-	-	-	-	-	3,970,000
<u>340,114</u>	<u>13,309,675</u>	<u>203,958</u>	<u>2,188</u>	<u>-</u>	<u>-</u>	<u>32,025,361</u>
-	-	-	-	-	-	4,040,812
-	-	-	-	-	-	4,040,812
-	-	-	-	-	-	-
16,870,478	-	12,959,672	4,542,959	3,429,524	31,421	55,844,170
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	(8,971,267)	-	-	-	-	(15,322,260)
<u>16,870,478</u>	<u>(8,971,267)</u>	<u>12,959,672</u>	<u>4,542,959</u>	<u>3,429,524</u>	<u>31,421</u>	<u>40,521,910</u>
<u>\$ 17,210,592</u>	<u>\$ 4,338,408</u>	<u>\$ 13,163,630</u>	<u>\$ 4,545,147</u>	<u>\$ 3,429,524</u>	<u>\$ 31,421</u>	<u>\$ 76,588,083</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, 2015**

	Special Revenue						
	Highway	Local		Community	Police	Parks and	
	User	Transportation	Grants	Development	Confiscated	Recreation	Library
	Assistance			Property			
<b>REVENUES:</b>							
Highway user taxes	\$ 14,633,470	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants and entitlements	-	707,939	1,894,952	1,454,968	-	81,951	71,950
System development fees	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-
Charges for services	-	96,128	-	-	-	-	-
Fines and forfeitures	-	-	-	-	971,417	-	-
Interest revenue	61,371	18,627	10,571	230	-	1,448	607
Miscellaneous	36,862	3,300	-	-	-	-	-
<b>Total revenues</b>	<b>14,731,703</b>	<b>825,994</b>	<b>1,905,523</b>	<b>1,455,198</b>	<b>971,417</b>	<b>83,399</b>	<b>72,557</b>
<b>EXPENDITURES:</b>							
Current:							
General government	-	-	321,382	1,320,978	-	-	-
Public safety	-	-	872,951	-	550,590	-	-
Transportation and development	7,505,569	1,161,922	-	-	-	-	-
Community services	-	-	271,056	-	-	77,434	4,611
Capital outlay	751,509	364,825	229,164	-	438,789	9,111	121,449
Debt service:							
Principal	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>8,257,078</b>	<b>1,526,747</b>	<b>1,694,553</b>	<b>1,320,978</b>	<b>989,379</b>	<b>86,545</b>	<b>126,060</b>
<b>REVENUES OVER (UNDER)</b>							
<b>EXPENDITURES</b>	<b>6,474,625</b>	<b>(700,753)</b>	<b>210,970</b>	<b>134,220</b>	<b>(17,962)</b>	<b>(3,146)</b>	<b>(53,503)</b>
<b>OTHER FINANCING SOURCES (USES):</b>							
Proceeds from disposal of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	(4,601,415)	(4,001)	-	(135,916)	-	-	-
<b>Total other financing sources (uses)</b>	<b>(4,601,415)</b>	<b>(4,001)</b>	<b>-</b>	<b>(135,916)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>							
	1,873,210	(704,754)	210,970	(1,696)	(17,962)	(3,146)	(53,503)
<b>FUND BALANCES (DEFICITS):</b>							
Beginning of year	9,427,701	4,210,957	1,313,544	449,627	(35,247)	260,087	113,633
End of year	\$ 11,300,911	\$ 3,506,203	\$ 1,524,514	\$ 447,931	\$ (53,209)	\$ 256,941	\$ 60,130

Debt Service		Capital Projects			
Highway User Revenue Bonds	Special Assessment Bonds	General Government	Public Buildings	Grants	Community Services
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	6,273,674	-
-	-	-	229,413	-	3,734,090
-	573,438	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	3,801	-	1,199	-	87,970
-	25	248,214	-	-	473
-	577,264	248,214	230,612	6,273,674	3,822,533
-	-	779,505	-	4,712	-
-	-	332,814	-	-	-
-	-	325,483	-	-	-
-	-	44,658	-	1,860	161,597
-	-	16,967,217	-	9,678,366	3,112,332
3,970,000	465,000	-	-	-	-
462,046	186,900	-	-	-	-
4,432,046	651,900	18,449,677	-	9,684,938	3,273,929
(4,432,046)	(74,636)	(18,201,463)	230,612	(3,411,264)	548,604
-	-	-	-	-	-
4,432,317	-	18,201,463	-	-	-
-	-	-	-	-	-
4,432,317	-	18,201,463	-	-	-
271	(74,636)	-	230,612	(3,411,264)	548,604
206,082	781,769	-	(3,665,457)	548,325	16,321,874
\$ 206,353	\$ 707,133	\$ -	\$ (3,434,845)	\$ (2,862,939)	\$ 16,870,478

(Continued)

**City of Chandler**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Non-Major Governmental Funds**  
**For the year ended June 30, 2015**

	Capital Projects					Total Other Governmental Funds
	Public Safety Buildings and Improvements	Vehicle and Capital Equipment Replacement	Special Assessments	Technology Replacement	Municipal Arts	
<b>REVENUES:</b>						
Highway user taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,633,470
Grants and entitlements	-	-	-	-	-	10,485,434
System development fees	1,507,324	-	-	-	-	5,470,827
Special assessments	-	-	-	-	-	573,438
Charges for services	-	-	-	-	31,991	128,119
Fines and forfeitures	-	-	-	-	-	971,417
Interest income	26,239	76,011	24,098	23,020	128	335,320
Miscellaneous	-	34,558	-	-	-	323,432
<b>Total revenues</b>	<b>1,533,563</b>	<b>110,569</b>	<b>24,098</b>	<b>23,020</b>	<b>32,119</b>	<b>32,921,457</b>
<b>EXPENDITURES:</b>						
Current:						
General government	-	-	53,575	323,901	-	2,804,053
Public safety	1,406	-	-	-	-	1,757,761
Transportation and development	-	-	-	-	-	8,992,974
Community services	-	-	-	-	49,912	611,128
Capital outlay	3,170,107	3,466,756	-	3,068,359	-	41,377,984
Debt service:						
Principal	-	-	-	-	-	4,435,000
Interest and fiscal charges	-	-	-	-	-	648,946
<b>Total expenditures</b>	<b>3,171,513</b>	<b>3,466,756</b>	<b>53,575</b>	<b>3,392,260</b>	<b>49,912</b>	<b>60,627,846</b>
<b>REVENUES OVER (UNDER)</b>						
<b>EXPENDITURES</b>	<b>(1,637,950)</b>	<b>(3,356,187)</b>	<b>(29,477)</b>	<b>(3,369,240)</b>	<b>(17,793)</b>	<b>(27,706,389)</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Proceeds from disposal of capital assets	-	103,964	-	-	-	103,964
Transfers in	-	2,808,810	-	2,631,874	-	28,074,464
Transfers out	-	-	-	-	-	(4,741,332)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>2,912,774</b>	<b>-</b>	<b>2,631,874</b>	<b>-</b>	<b>23,437,096</b>
<b>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<b>(1,637,950)</b>	<b>(443,413)</b>	<b>(29,477)</b>	<b>(737,366)</b>	<b>(17,793)</b>	<b>(4,269,293)</b>
<b>FUND BALANCES (DEFICITS):</b>						
Beginning of year	(7,333,317)	13,403,085	4,572,436	4,166,890	49,214	44,791,203
End of year	<u>\$ (8,971,267)</u>	<u>\$ 12,959,672</u>	<u>\$ 4,542,959</u>	<u>\$ 3,429,524</u>	<u>\$ 31,421</u>	<u>\$ 40,521,910</u>

(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, 2015

	Budgeted Amounts		Non-GAAP	Positive
	Original	Final	Actual	(Negative)
			Amounts	Variance with
				Final Budget
<b>REVENUES:</b>				
Highway user taxes	\$ 13,000,000	\$ 13,000,000	\$ 14,633,470	\$ 1,633,470
Charges for services	-	-	-	-
Interest revenue	63,000	63,000	61,370	(1,630)
Miscellaneous	-	-	36,862	36,862
<b>Total revenues</b>	<b>13,063,000</b>	<b>13,063,000</b>	<b>14,731,702</b>	<b>1,668,702</b>
<b>EXPENDITURES:</b>				
General government	4,177,700	3,067,648	-	3,067,648
Transportation and development	9,334,776	8,706,766	8,127,054	579,712
Capital outlay	2,401,364	3,106,772	1,892,325	1,214,447
<b>Total expenditures</b>	<b>15,913,840</b>	<b>14,881,186</b>	<b>10,019,379</b>	<b>4,861,807</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(2,850,840)</b>	<b>(1,818,186)</b>	<b>4,712,323</b>	<b>6,530,509</b>
<b>Other financing sources (uses):</b>				
Transfers out	(4,846,123)	(4,846,123)	(4,601,415)	244,708
<b>Total other financing sources (uses)</b>	<b>(4,846,123)</b>	<b>(4,846,123)</b>	<b>(4,601,415)</b>	<b>244,708</b>
<b>Change in fund balances</b>	<b>(7,696,963)</b>	<b>(6,664,309)</b>	<b>110,908</b>	<b>6,775,217</b>
<b>Fund balances, July 1, 2014</b>	<b>9,427,701</b>	<b>9,427,701</b>	<b>9,427,701</b>	<b>-</b>
<b>Fund balances, June 30, 2015</b>	<b>\$ 1,730,738</b>	<b>\$ 2,763,392</b>	<b>\$ 9,538,609</b>	<b>\$ 6,775,217</b>

# 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, 2015

	Budgeted Amounts		Non-GAAP	Positive
	Original	Final	Actual	(Negative)
			Amounts	Variance with
				Final Budget
<b>REVENUES:</b>				
Grants and entitlements	\$ 694,355	\$ 694,355	\$ 707,939	\$ 13,584
Charges for services	88,000	88,000	96,128	8,128
Interest revenue	20,000	20,000	18,625	(1,375)
Miscellaneous	-	-	3,300	3,300
<b>Total revenues</b>	<b>802,355</b>	<b>802,355</b>	<b>825,992</b>	<b>23,637</b>
<b>EXPENDITURES:</b>				
General government	2,001,800	1,552,707	-	1,552,707
Transportation and development	1,537,992	1,937,398	1,165,020	772,378
Capital outlay	13,278	415,106	370,866	44,240
<b>Total expenditures</b>	<b>3,553,070</b>	<b>3,905,211</b>	<b>1,535,886</b>	<b>2,369,325</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(2,750,715)</b>	<b>(3,102,856)</b>	<b>(709,894)</b>	<b>2,392,962</b>
<b>Other financing sources (uses):</b>				
Transfers out	(4,001)	(4,001)	(4,001)	-
<b>Total other financing sources (uses)</b>	<b>(4,001)</b>	<b>(4,001)</b>	<b>(4,001)</b>	<b>-</b>
<b>Change in fund balances</b>	<b>(2,754,716)</b>	<b>(3,106,857)</b>	<b>(713,895)</b>	<b>2,392,962</b>
<b>Fund balances, July 1, 2014</b>	<b>4,210,957</b>	<b>4,210,957</b>	<b>4,210,957</b>	<b>-</b>
<b>Fund balances, June 30, 2015</b>	<b>\$ 1,456,241</b>	<b>\$ 1,104,100</b>	<b>\$ 3,497,062</b>	<b>\$ 2,392,962</b>

# City of Chandler

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

### Grants Special Revenue

For the year ended June 30, 2015

	Budgeted Amounts		Non-GAAP	Positive
	Original	Final	Actual	(Negative)
			Amounts	Variance with
				Final Budget
<b>REVENUES:</b>				
Grants and entitlements	\$ 4,315,053	\$ 4,315,053	\$ 1,894,952	\$ (2,420,101)
Interest revenue	-	-	10,573	10,573
<b>Total revenues</b>	<b>4,315,053</b>	<b>4,315,053</b>	<b>1,905,525</b>	<b>(2,409,528)</b>
<b>EXPENDITURES:</b>				
General government	766,460	478,352	323,886	154,466
Public safety	2,750,250	2,718,602	915,253	1,803,349
Transportation and development	-	-	-	-
Community services	751,743	741,454	299,417	442,037
Capital outlay	1,785,050	2,002,321	398,452	1,603,869
<b>Total expenditures</b>	<b>6,053,503</b>	<b>5,940,729</b>	<b>1,937,008</b>	<b>4,003,721</b>
<b>Change in fund balances</b>	<b>(1,738,450)</b>	<b>(1,625,676)</b>	<b>(31,483)</b>	<b>1,594,193</b>
<b>Fund balances, July 1, 2014</b>	<b>1,313,544</b>	<b>1,313,544</b>	<b>1,313,544</b>	<b>-</b>
<b>Fund balances (deficits), June 30, 2015</b>	<b>\$ (424,906)</b>	<b>\$ (312,132)</b>	<b>\$ 1,282,061</b>	<b>\$ 1,594,193</b>

# 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, 2015

	Budgeted Amounts		Non-GAAP	Positive
	Original	Final	Actual Amounts	(Negative) Variance with Final Budget
<b>REVENUES:</b>				
Grants and entitlements	\$ 2,935,000	\$ 2,935,000	\$ 1,454,968	\$ (1,480,032)
Interest revenue	-	-	229	229
<b>Total revenues</b>	<u>2,935,000</u>	<u>2,935,000</u>	<u>1,455,197</u>	<u>(1,479,803)</u>
<b>EXPENDITURES:</b>				
General government	3,902,500	3,610,695	1,650,639	1,960,056
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<u>3,902,500</u>	<u>3,610,695</u>	<u>1,650,639</u>	<u>1,960,056</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(967,500)</u>	<u>(675,695)</u>	<u>(195,442)</u>	<u>480,253</u>
<b>Other financing sources (uses):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	(135,916)	(135,916)
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>(135,916)</u>	<u>(135,916)</u>
<b>Change in fund balances</b>	<u>(967,500)</u>	<u>(675,695)</u>	<u>(331,358)</u>	<u>344,337</u>
<b>Fund balances, July 1, 2014</b>	<u>449,627</u>	<u>449,627</u>	<u>449,627</u>	<u>-</u>
<b>Fund balances (deficits), June 30, 2015</b>	<u>\$ (517,873)</u>	<u>\$ (226,068)</u>	<u>\$ 118,269</u>	<u>\$ 344,337</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, 2015

	Budgeted Amounts		Non-GAAP Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Fines and forfeitures	\$ 3,000,000	\$ 3,000,000	\$ 971,417	\$ (2,028,583)
<b>Total revenues</b>	<u>3,000,000</u>	<u>3,000,000</u>	<u>971,417</u>	<u>(2,028,583)</u>
<b>EXPENDITURES:</b>				
General government	300,000	-	-	-
Public safety	1,605,000	1,920,131	614,069	1,306,062
Capital outlay	1,395,000	1,144,386	751,086	393,300
<b>Total expenditures</b>	<u>3,300,000</u>	<u>3,064,517</u>	<u>1,365,155</u>	<u>1,699,362</u>
<b>Change in fund balances</b>	<u>(300,000)</u>	<u>(64,517)</u>	<u>(393,738)</u>	<u>(329,221)</u>
<b>Fund balances (deficits), July 1, 2014</b>	<u>(35,247)</u>	<u>(35,247)</u>	<u>(35,247)</u>	<u>-</u>
<b>Fund balances (deficits), June 30, 2015</b>	<u>\$ (335,247)</u>	<u>\$ (99,764)</u>	<u>\$ (428,985)</u>	<u>\$ (329,221)</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, 2015

	Budgeted Amounts		Non-GAAP	Positive
	Original	Final	Actual	(Negative)
			Amounts	Variance with
				Final Budget
<b>REVENUES:</b>				
Grants and entitlements	\$ 103,602	\$ 103,602	\$ 81,951	\$ (21,651)
Interest revenue	2,000	2,000	1,446	(554)
<b>Total revenues</b>	<b>105,602</b>	<b>105,602</b>	<b>83,397</b>	<b>(22,205)</b>
<b>EXPENDITURES:</b>				
Community services	252,736	201,794	77,434	124,360
Capital outlay	-	-	9,111	(9,111)
<b>Total expenditures</b>	<b>252,736</b>	<b>201,794</b>	<b>86,545</b>	<b>115,249</b>
<b>Change in fund balances</b>	<b>(147,134)</b>	<b>(96,192)</b>	<b>(3,148)</b>	<b>93,044</b>
<b>Fund balances, July 1, 2014</b>	<b>260,087</b>	<b>260,087</b>	<b>260,087</b>	<b>-</b>
<b>Fund balances, June 30, 2015</b>	<b>\$ 112,953</b>	<b>\$ 163,895</b>	<b>\$ 256,939</b>	<b>\$ 93,044</b>

# City of Chandler

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

### Library Special Revenue

For the year ended June 30, 2015

	Budgeted Amounts		Non-GAAP Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Grants and entitlements	\$ 93,000	\$ 93,000	\$ 71,950	\$ (21,050)
Interest revenue	1,000	1,000	606	(394)
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<b>94,000</b>	<b>94,000</b>	<b>72,556</b>	<b>(21,444)</b>
<b>EXPENDITURES:</b>				
Community services	93,000	25,672	4,806	20,866
Capital outlay	-	-	9,111	(9,111)
<b>Total expenditures</b>	<b>93,000</b>	<b>25,672</b>	<b>13,917</b>	<b>11,755</b>
<b>Change in fund balances</b>	<b>1,000</b>	<b>68,328</b>	<b>58,639</b>	<b>(9,689)</b>
<b>Fund balances, July 1, 2014</b>	<b>113,633</b>	<b>113,633</b>	<b>113,633</b>	<b>-</b>
<b>Fund balances, June 30, 2015</b>	<b>\$ 114,633</b>	<b>\$ 181,961</b>	<b>\$ 172,272</b>	<b>\$ (9,689)</b>

# 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, 2015

	Budgeted Amounts		Total Non-GAAP Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Miscellaneous	\$ 250,000	\$ 250,000	\$ 248,213	\$ (1,787)
<b>Total revenues</b>	<u>250,000</u>	<u>250,000</u>	<u>248,213</u>	<u>(1,787)</u>
<b>EXPENDITURES:</b>				
General government	13,353,145	7,733,957	1,073,388	\$ 6,660,569
Public safety	4,662,086	432,370	348,145	84,225
Transportation and development	2,068,958	415,000	481,680	(66,680)
Community services	1,080,051	76,943	62,033	14,910
Capital outlay	20,273,190	34,117,815	20,895,675	13,222,140
<b>Total expenditures</b>	<u>41,437,430</u>	<u>42,776,085</u>	<u>22,860,921</u>	<u>19,915,164</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(41,187,430)</u>	<u>(42,526,085)</u>	<u>(22,612,708)</u>	<u>(19,916,951)</u>
<b>Other financing sources (uses):</b>				
Transfers in	41,187,430	41,187,430	18,201,463	(22,985,967)
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>41,187,430</u>	<u>41,187,430</u>	<u>18,201,463</u>	<u>(22,985,967)</u>
<b>Change in fund balances</b>	-	(1,338,655)	(4,411,245)	(42,902,918)
<b>Fund balances, July 1, 2014</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balances (deficits), June 30, 2015</b>	<u>\$ -</u>	<u>\$ (1,338,655)</u>	<u>\$ (4,411,245)</u>	<u>\$ (42,902,918)</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, 2015

	Budgeted Amounts		Non-GAAP Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
System development fees	\$ 162,490	\$ 162,490	\$ 229,413	\$ 66,923
Interest revenue	1,200	1,200	1,199	(1)
<b>Total revenues</b>	<u>163,690</u>	<u>163,690</u>	<u>230,612</u>	<u>66,922</u>
<b>EXPENDITURES:</b>				
General government	20,000	20,000	-	20,000
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<u>20,000</u>	<u>20,000</u>	<u>-</u>	<u>20,000</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>143,690</u>	<u>143,690</u>	<u>230,612</u>	<u>86,922</u>
<b>Change in fund balances</b>	(286,235)	(286,235)	230,612	516,847
<b>Fund balances (deficits), July 1, 2014</b>	<u>(3,665,457)</u>	<u>(3,665,457)</u>	<u>(3,665,457)</u>	<u>-</u>
<b>Fund balances (deficits), June 30, 2015</b>	<u>\$ (3,951,692)</u>	<u>\$ (3,951,692)</u>	<u>\$ (3,434,845)</u>	<u>\$ 516,847</u>

# City of Chandler

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

### Grants Capital Projects

For the year ended June 30, 2015

	Budgeted Amounts		Non-GAAP	Positive
	Original	Final	Actual	(Negative)
			Amounts	Variance with
				Final Budget
<b>REVENUES:</b>				
Grants and entitlements	\$ 11,768,570	\$ 11,768,570	\$ 6,273,671	\$ (5,494,899)
<b>Total revenues</b>	<u>11,768,570</u>	<u>11,768,570</u>	<u>6,273,671</u>	<u>(5,494,899)</u>
<b>EXPENDITURES:</b>				
General government	1,352,150	436,211	4,712	431,499
Transportation and development	12,827,982	14,500	-	14,500
Community services	1,813,924	97,708	1,860	95,848
Capital outlay	6,111,368	23,016,479	15,683,278	7,333,201
<b>Total expenditures</b>	<u>22,105,424</u>	<u>23,564,898</u>	<u>15,689,850</u>	<u>7,875,048</u>
<b>Change in fund balances</b>	<u>(10,336,854)</u>	<u>(11,796,328)</u>	<u>(9,416,179)</u>	<u>2,380,149</u>
<b>Fund balances, July 1, 2014</b>	<u>548,325</u>	<u>548,325</u>	<u>548,325</u>	<u>-</u>
<b>Fund balances (deficits), June 30, 2015</b>	<u>\$ (9,788,529)</u>	<u>\$ (11,248,003)</u>	<u>\$ (8,867,854)</u>	<u>\$ 2,380,149</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, 2015

	Budgeted Amounts		Non-GAAP Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
System development fees	\$ 2,548,050	\$ 2,548,050	\$ 3,734,090	\$ 1,186,040
Interest revenue	93,100	93,100	87,971	(5,129)
Miscellaneous	-	-	473	473
<b>Total revenues</b>	<u>2,641,150</u>	<u>2,641,150</u>	<u>3,822,534</u>	<u>1,181,384</u>
<b>EXPENDITURES:</b>				
General government	5,571,050	5,676,926	-	(5,676,926)
Community services	6,143,825	408,467	165,947	(242,520)
Capital outlay	1,771,080	5,751,627	4,972,895	(778,732)
<b>Total expenditures</b>	<u>13,485,955</u>	<u>11,837,020</u>	<u>5,138,842</u>	<u>(6,698,178)</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(10,844,805)</u>	<u>(9,195,870)</u>	<u>(1,316,308)</u>	<u>(5,516,794)</u>
<b>Change in fund balances</b>	<u>(10,844,805)</u>	<u>(9,195,870)</u>	<u>(1,316,308)</u>	<u>7,879,562</u>
<b>Fund balances, July 1, 2014</b>	<u>16,321,874</u>	<u>16,321,874</u>	<u>16,321,874</u>	<u>-</u>
<b>Fund balances, June 30, 2015</b>	<u>\$ 5,477,069</u>	<u>\$ 7,126,004</u>	<u>\$ 15,005,566</u>	<u>\$ 7,879,562</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, 2015

	Budgeted Amounts		Non-GAAP Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
System development fees	\$ 862,460	\$ 862,460	\$ 1,507,324	\$ 644,864
Interest revenue	31,000	31,000	26,240	(4,760)
<b>Total revenues</b>	<u>893,460</u>	<u>893,460</u>	<u>1,533,564</u>	<u>640,104</u>
<b>EXPENDITURES:</b>				
General government	260,000	260,000	-	260,000
Public safety	4,650,450	968,271	1,406	966,865
Capital outlay	-	3,683,311	3,318,337	364,974
<b>Total expenditures</b>	<u>4,910,450</u>	<u>4,911,582</u>	<u>3,319,743</u>	<u>1,591,839</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(4,016,990)</u>	<u>(4,018,122)</u>	<u>(1,786,179)</u>	<u>2,231,943</u>
<b>Change in fund balances</b>	(4,016,990)	(4,018,122)	(1,786,179)	2,231,943
<b>Fund balances (deficits), July 1, 2014</b>	<u>(7,333,317)</u>	<u>(7,333,317)</u>	<u>(7,333,317)</u>	<u>-</u>
<b>Fund balances (deficits), June 30, 2015</b>	<u>\$ (11,350,307)</u>	<u>\$ (11,351,439)</u>	<u>\$ (9,119,496)</u>	<u>\$ 2,231,943</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, 2015

	Budgeted Amounts		Non-GAAP Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Interest revenue	\$ 94,000	\$ 94,000	\$ 76,014	\$ (17,986)
Miscellaneous	15,000	15,000	34,558	19,558
<b>Total revenues</b>	<u>109,000</u>	<u>109,000</u>	<u>110,572</u>	<u>1,572</u>
<b>EXPENDITURES:</b>				
General government	2,632,100	2,500,312	-	2,500,312
Capital outlay	6,843,591	8,381,882	4,496,368	3,885,514
<b>Total expenditures</b>	<u>9,475,691</u>	<u>10,882,194</u>	<u>4,496,368</u>	<u>6,385,826</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(9,366,691)</u>	<u>(10,773,194)</u>	<u>(4,385,796)</u>	<u>6,387,398</u>
<b>Other financing sources (uses):</b>				
Proceeds from disposal of capital assets	70,000	70,000	103,964	33,964
Transfers in	2,773,594	2,773,594	2,808,810	35,216
<b>Total other financing sources (uses)</b>	<u>2,843,594</u>	<u>2,843,594</u>	<u>2,912,774</u>	<u>69,180</u>
<b>Change in fund balances</b>	<u>(6,523,097)</u>	<u>(7,929,600)</u>	<u>(1,473,022)</u>	<u>6,456,578</u>
<b>Fund balances, July 1, 2014</b>	<u>13,403,085</u>	<u>13,403,085</u>	<u>13,403,085</u>	<u>-</u>
<b>Fund balances, June 30, 2015</b>	<u>\$ 6,879,988</u>	<u>\$ 5,473,485</u>	<u>\$ 11,930,063</u>	<u>\$ 6,456,578</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, 2015

	Budgeted Amounts		Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Interest revenue	\$ 26,000	\$ 26,000	\$ 24,097	\$ (1,903)
<b>Total revenues</b>	<u>26,000</u>	<u>26,000</u>	<u>24,097</u>	<u>(1,903)</u>
<b>EXPENDITURES:</b>				
General government	76,534	73,544	53,575	19,969
<b>Total expenditures</b>	<u>76,534</u>	<u>73,544</u>	<u>53,575</u>	<u>19,969</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(50,534)</u>	<u>(47,544)</u>	<u>(29,478)</u>	<u>18,066</u>
<b>Change in fund balances</b>	(50,534)	(47,544)	(29,478)	18,066
<b>Fund balances, July 1, 2014</b>	<u>4,572,436</u>	<u>4,572,436</u>	<u>4,572,436</u>	<u>-</u>
<b>Fund balances, June 30, 2015</b>	<u>\$ 4,521,902</u>	<u>\$ 4,524,892</u>	<u>\$ 4,542,958</u>	<u>\$ 18,066</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, 2015

	Budgeted Amounts		Non-GAAP Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Interest revenue	\$ 28,000	\$ 28,000	\$ 23,021	\$ (4,979)
<b>Total revenues</b>	<u>28,000</u>	<u>28,000</u>	<u>23,021</u>	<u>(4,979)</u>
<b>EXPENDITURES:</b>				
General government	1,489,699	1,395,185	412,194	982,991
Capital outlay	3,424,071	3,612,082	3,093,479	518,603
<b>Total expenditures</b>	<u>4,913,770</u>	<u>5,007,267</u>	<u>3,505,673</u>	<u>1,501,594</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(4,885,770)</u>	<u>(4,979,267)</u>	<u>(3,482,652)</u>	<u>(1,506,573)</u>
<b>Other financing sources (uses):</b>				
Transfers in	2,587,395	2,587,395	2,631,874	44,479
<b>Total other financing sources (uses)</b>	<u>2,587,395</u>	<u>2,587,395</u>	<u>2,631,874</u>	<u>44,479</u>
<b>Change in fund balances</b>	<u>(2,298,375)</u>	<u>(2,391,872)</u>	<u>(850,778)</u>	<u>(1,462,094)</u>
<b>Fund balances, July 1, 2014</b>	<u>4,166,890</u>	<u>4,166,890</u>	<u>4,166,890</u>	<u>-</u>
<b>Fund balances, June 30, 2015</b>	<u>\$ 1,868,515</u>	<u>\$ 1,775,018</u>	<u>\$ 3,316,112</u>	<u>\$ (1,462,094)</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, 2015

	Budgeted Amounts		Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Charges for services	\$ -	\$ -	\$ 31,991	\$ 31,991
Interest revenue	200	200	127	(73)
<b>Total revenues</b>	<u>200</u>	<u>200</u>	<u>32,118</u>	<u>31,918</u>
<b>EXPENDITURES:</b>				
Community services	<u>50,000</u>	<u>51,000</u>	<u>49,912</u>	<u>1,088</u>
<b>Total expenditures</b>	<u>52,000</u>	<u>52,000</u>	<u>49,912</u>	<u>2,088</u>
<b>Change in fund balances</b>	(51,800)	(51,800)	(17,794)	34,006
<b>Fund balances, July 1, 2014</b>	<u>49,214</u>	<u>49,214</u>	<u>49,214</u>	<u>-</u>
<b>Fund balances (deficits), June 30, 2015</b>	<u>\$ (2,586)</u>	<u>\$ (2,586)</u>	<u>\$ 31,420</u>	<u>\$ 34,006</u>



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## **City of Chandler**

### **Non-Major Proprietary Funds**

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#### **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, 2015**

	Solid Waste	Airport	Chandler Housing Authority	Total Other Proprietary Funds
<b>ASSETS</b>				
Current assets:				
Equity in pooled cash and investments	\$ 13,360,908	\$ 158,235	\$ 4,688,839	\$ 18,207,982
Accounts receivable	1,604,078	51,288	55,016	1,710,382
Due from other governments	-	-	68,611	68,611
Inventories	-	18,560	-	18,560
Prepaid items	-	-	315,702	315,702
Accrued interest receivable	25,341	151	-	25,492
Other receivables	61,788	-	-	61,788
<b>Total current assets</b>	<b>15,052,115</b>	<b>228,234</b>	<b>5,128,168</b>	<b>20,408,517</b>
Long-term assets:				
Notes receivable	-	-	336,450	336,450
Capital assets:				
Non-depreciable	7,277,757	19,963,633	1,751,537	28,992,927
Depreciable, net	8,082,083	9,807,307	7,514,852	25,404,242
<b>Total capital assets</b>	<b>15,359,840</b>	<b>29,770,940</b>	<b>9,266,389</b>	<b>54,397,169</b>
<b>Total long-term assets</b>	<b>15,359,840</b>	<b>29,770,940</b>	<b>9,602,839</b>	<b>54,733,619</b>
<b>Total assets</b>	<b>30,411,955</b>	<b>29,999,174</b>	<b>14,731,007</b>	<b>75,142,136</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows of pension plan items	126,939	126,939	253,878	507,756

**LIABILITIES**

## Current liabilities:

Accounts payable	882,268	41,353	54,045	977,666
Accrued payroll	67,242	20,021	73,981	161,244
Trust liabilities and deposits	15,527	41,980	208,642	266,149
Accrued interest	-	1,469	-	1,469
Due to other funds	-	-	72,478	72,478
Customer advances	123,600	30,183	17,111	170,894
Compensated absences payable	604	247	779	1,630
Bonds payable	-	25,196	-	25,196
Landfill closure and postclosure liability	94,446	-	-	94,446
<b>Total current liabilities</b>	<b>1,183,687</b>	<b>160,449</b>	<b>427,036</b>	<b>1,771,172</b>

## Long-term liabilities:

Compensated absences payable	67,305	27,490	96,947	191,742
Bonds payable	-	78,351	-	78,351
Net pension liability	1,056,616	1,056,616	2,113,231	4,226,463
OPEB liability	183,123	63,801	-	246,924
Landfill closure and postclosure liability	4,245,554	-	-	4,245,554
<b>Total long-term liabilities</b>	<b>5,552,598</b>	<b>1,226,258</b>	<b>2,210,178</b>	<b>8,989,034</b>
<b>Total liabilities</b>	<b>6,736,285</b>	<b>1,386,707</b>	<b>2,637,214</b>	<b>10,760,206</b>

**DEFERRED INFLOWS OF RESOURCES**

Deferred inflows of pension plan items	236,579	236,579	473,159	946,317
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**NET POSITION**

Investment in capital assets	15,359,840	29,738,795	9,266,389	54,365,024
Restricted for Family Self Sufficiency escrow accounts	-	-	119,075	119,075
Unrestricted	8,206,190	(1,235,968)	2,489,048	9,459,270
<b>Total net position</b>	<b>\$ 23,566,030</b>	<b>\$ 28,502,827</b>	<b>\$ 11,874,512</b>	<b>\$ 63,943,369</b>

# City of Chandler

## Combining Statement of Revenues, Expenses, and Changes in Net Position

### Non-Major Proprietary Funds

For the year ended June 30, 2015

	Solid Waste	Airport	Chandler Housing Authority	Total Other Proprietary Funds
<b>OPERATING REVENUES:</b>				
Service fees	\$ 14,140,246	\$ 1,010,288	\$ -	\$ 15,150,534
Grants and entitlements	-	-	5,862,477	5,862,477
Rentals	-	-	877,380	877,380
Sales taxes	-	10,865	-	10,865
Miscellaneous	1	5,049	459,238	464,288
<b>Total operating revenues</b>	<b>14,140,247</b>	<b>1,026,202</b>	<b>7,199,095</b>	<b>22,365,544</b>
<b>OPERATING EXPENSES:</b>				
General and administrative	1,088,333	100,000	-	1,188,333
Personal services	1,475,243	482,349	1,638,487	3,596,079
Contractual services	10,432,862	18,952	282,770	10,734,584
Commodities	603,308	425,539	493,444	1,522,291
Housing assistance payments	-	-	4,512,048	4,512,048
Depreciation and amortization expense	481,034	830,279	506,535	1,817,848
<b>Total operating expenses</b>	<b>14,080,780</b>	<b>1,857,119</b>	<b>7,433,284</b>	<b>23,371,183</b>
<b>OPERATING INCOME (LOSS)</b>	<b>59,467</b>	<b>(830,917)</b>	<b>(234,189)</b>	<b>(1,005,639)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Interest revenue	68,200	410	13,374	81,984
Interest expense	-	(2,938)	-	(2,938)
Accretion of bond premium	-	196	-	196
Gain (loss) on disposal of capital assets	(7,000)	-	-	(7,000)
<b>Total nonoperating revenues (expenses)</b>	<b>61,200</b>	<b>(2,332)</b>	<b>13,374</b>	<b>72,242</b>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	<b>120,667</b>	<b>(833,249)</b>	<b>(220,815)</b>	<b>(933,397)</b>
<b>CAPITAL CONTRIBUTION AND TRANSFERS:</b>				
Capital contributions	-	808,560	142,079	950,639
Transfers in	-	269,780	1,004,357	1,274,137
Transfers out	(95,643)	(15,873)	(583,441)	(694,957)
<b>Total transfers</b>	<b>(95,643)</b>	<b>1,062,467</b>	<b>562,995</b>	<b>1,529,819</b>
<b>Change in net position</b>	<b>25,024</b>	<b>229,218</b>	<b>342,180</b>	<b>596,422</b>
<b>NET POSITION</b>				
Beginning of year, restated	23,541,006	28,273,609	11,532,332	63,346,947
End of year	<u>\$ 23,566,030</u>	<u>\$ 28,502,827</u>	<u>\$ 11,874,512</u>	<u>\$ 63,943,369</u>



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**City of Chandler**  
**Combining Statement of Cash Flows**  
**Non-Major Proprietary Funds**  
**For the year ended June 30, 2015**

	Solid Waste	Airport	Chandler Housing Authority	Total Other Proprietary Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash received from customers	\$ 14,071,957	\$ 1,051,007	\$ 1,309,027	\$ 16,431,991
Cash received from grantors	-	-	5,906,170	5,906,170
Cash payments to suppliers	(12,072,179)	(491,111)	(5,383,304)	(17,946,594)
Cash payments to employees for services	(1,440,101)	(499,103)	(1,649,092)	(3,588,296)
<b>Net cash provided (used) by operating activities</b>	<u>559,677</u>	<u>60,793</u>	<u>182,801</u>	<u>803,271</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Transfers in	-	269,780	1,004,357	1,274,137
Transfers out	(95,643)	(15,873)	(583,441)	(694,957)
<b>Net cash provided (used) by noncapital financing activities</b>	<u>(95,643)</u>	<u>253,907</u>	<u>420,916</u>	<u>579,180</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Acquisition and construction of capital assets	(248,041)	(214,892)	(434,601)	(897,534)
Principal paid on bond maturities	-	(20,000)	-	(20,000)
Interest paid on bonds	-	(3,167)	-	(3,167)
Capital contributions	-	-	142,079	142,079
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(248,041)</u>	<u>(238,059)</u>	<u>(292,522)</u>	<u>(778,622)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Investment income	42,859	260	13,373	56,492
<b>Net cash provided (used) by investing activities</b>	<u>42,859</u>	<u>260</u>	<u>13,373</u>	<u>56,492</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>258,852</u>	<u>76,901</u>	<u>324,568</u>	<u>660,321</u>
<b>CASH AND CASH EQUIVALENTS:</b>				
Beginning of year	13,102,056	81,334	4,364,271	17,547,661
End of year	<u>\$ 13,360,908</u>	<u>\$ 158,235</u>	<u>\$ 4,688,839</u>	<u>\$ 18,207,982</u>

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

Operating income (loss)	\$ 59,467	\$ (830,917)	\$ (234,189)	\$ (1,005,639)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	481,034	830,279	506,535	1,817,848
Changes in assets, liabilities and deferred items:				
(Increase) decrease in receivables	(114,721)	13,594	6,440	(94,687)
(Increase) decrease in inventories	-	15,334	-	15,334
(Increase) decrease in other assets	-	-	24,296	24,296
Increase (decrease) in payables	52,324	38,046	(42,581)	47,789
Increase (decrease) in accrued payroll and compensated absences	16,822	(5,875)	-	10,947
Increase (decrease) in deposits	-	(13)	(25,133)	(25,146)
Increase (decrease) in customer advances	46,431	11,224	(100)	57,555
Increase (decrease) in net pension items	(26,234)	(26,234)	(52,467)	(104,935)
Increase (decrease) in OPEB liability	44,554	15,355	-	59,909
Total adjustments	500,210	891,710	416,990	1,808,910
<b>Net cash provided (used) by operating activities</b>	<b>\$ 559,677</b>	<b>\$ 60,793</b>	<b>\$ 182,801</b>	<b>\$ 803,271</b>

**NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:**

Contributions of capital assets from city government	\$ -	\$ 808,560	\$ -	\$ 808,560
Loss on disposal of assets	7,000	-	-	7,000
Accretion of bond premiums	-	196	-	196

# City of Chandler

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

### Fiduciary Funds

For the year ended June 30, 2015

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	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
<b><u>Miscellaneous Deposit Fund</u></b>				
<b>Assets:</b>				
Equity in pooled cash and investments	\$ 7,000	\$ 3,000	\$ (2,000)	\$ 8,000
<b>Total assets</b>	<b>\$ 7,000</b>	<b>\$ 3,000</b>	<b>\$ (2,000)</b>	<b>\$ 8,000</b>
<b>Liabilities:</b>				
Due to others	\$ 7,000	\$ 3,000	\$ (2,000)	\$ 8,000
<b>Total liabilities</b>	<b>\$ 7,000</b>	<b>\$ 3,000</b>	<b>\$ (2,000)</b>	<b>\$ 8,000</b>



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***Chandler + Arizona***  
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**City of Chandler**  
**Financial Data Schedule**  
**Housing and Redevelopment**  
**For the year ended June 30, 2015**

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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, 2015**

Combining Statement of Net Position - All HUD Programs

Low Rent Public Housing

FDS Line #	Account description	Low Rent Public Housing		
		AMP 1 14.850a	AMP 2 14.850a	All AMPs 14.850a
<b>ASSETS</b>				
111	Cash - unrestricted	\$ 1,493,702	\$ 1,303,972	\$ 2,797,674
113	Cash - restricted for FSS escrow accounts	17,264	8,669	25,933
114	Cash - security deposits	59,800	58,620	118,420
122	Accounts receivable - HUD other projects	50,406	-	50,406
125	Accounts receivable - miscellaneous	-	-	-
126	Accounts receivable - tenants - dwelling rents	5,513	6,541	12,054
126.1	Allowance for doubtful accounts - dwelling rents	(1,604)	(4,009)	(5,613)
142	Prepaid expenses and other assets	-	-	-
161	Land	2,249,977	1,590,642	3,840,619
162	Buildings	5,374,706	9,461,129	14,835,835
164	Furniture, equipment, machinery - admin	161,884	69,163	231,047
166	Accumulated depreciation	(5,854,772)	(5,274,454)	(11,129,226)
171	Notes and mortgages receivable - non-current	-	-	-
200	Deferred outflow of resources	81,241	40,619	121,860
	<b>TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES</b>	<u>3,638,117</u>	<u>7,260,892</u>	<u>10,899,009</u>
<b>LIABILITIES</b>				
312	Accounts payable	29,254	12,200	41,454
321	Accrued wage/payroll taxes payable	22,375	11,877	34,252
322	Accrued compensated absences - current	159	103	262
333	Accounts payable - other government	21,391	-	21,391
341	Tenant security deposits	59,800	58,620	118,420
345	Other current liabilities	10,588	6,523	17,111
353	Noncurrent liabilities - other	17,264	8,669	25,933
354	Accrued compensated absences - noncurrent	17,759	11,477	29,236
357	Accrued Pension and OPEB liabilities	676,234	338,117	1,014,351
400	Deferred inflow of resources	151,411	75,705	227,116
	<b>TOTAL LIABILITIES AND DEFERRED INFLOW OF RESOURCES</b>	<u>1,006,235</u>	<u>523,291</u>	<u>1,529,526</u>
<b>NET POSITION</b>				
508.4	Net investment in capital assets	1,931,795	5,846,480	7,778,275
511.4	Restricted net position	17,264	8,669	25,933
512.4	Unrestricted net position	682,823	882,452	1,565,275
	<b>TOTAL NET POSITION</b>	<u>2,631,882</u>	<u>6,737,601</u>	<u>9,369,483</u>
	<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 3,638,117</u>	<u>\$ 7,260,892</u>	<u>\$ 10,899,009</u>

Central Office 14.850a	Business Activities		Housing Choice Vouchers 14.871	Total
	Other Business	Total Business Activities		
\$ 203,695	\$ 1,440,621	\$ 1,644,316	\$ 4,872	\$ 4,446,862
-	-	-	107,860	133,793
-	5,966	5,966	-	124,386
-	-	-	18,205	68,611
-	-	-	47,727	47,727
-	848	848	-	12,902
-	-	-	-	(5,613)
-	-	-	315,702	315,702
-	353,640	353,640	-	4,194,259
-	1,227,704	1,227,704	-	16,063,539
32,718	129,671	162,389	35,470	428,906
(25,718)	(229,901)	(255,619)	(35,470)	(11,420,315)
-	336,450	336,450	-	336,450
78,702	-	78,702	53,314	253,876
<u>289,397</u>	<u>3,264,999</u>	<u>3,554,396</u>	<u>547,680</u>	<u>15,001,085</u>
3,450	3,229	6,679	5,911	54,044
22,591	-	22,591	17,047	73,890
471	3	474	134	870
-	-	-	-	21,391
-	5,966	5,966	-	124,386
-	1,550	1,550	49,537	68,198
-	-	-	58,323	84,256
52,505	339	52,844	14,867	96,947
655,102	-	655,102	443,779	2,113,232
146,679	-	146,679	99,363	473,158
<u>880,798</u>	<u>11,087</u>	<u>90,104</u>	<u>688,961</u>	<u>3,110,372</u>
7,000	1,481,114	1,488,114	-	9,266,389
-	-	-	93,142	119,075
(598,401)	1,772,798	1,174,397	(234,423)	2,505,249
<u>(591,401)</u>	<u>3,253,912</u>	<u>2,662,511</u>	<u>(141,281)</u>	<u>11,890,713</u>
<u>\$ 289,397</u>	<u>\$ 3,264,999</u>	<u>\$ 2,752,615</u>	<u>\$ 547,680</u>	<u>\$ 15,001,085</u>

**City of Chandler**  
**Financial Data Sheet**  
**Housing and Redevelopment**  
**For the year ended June 30, 2015**

Statement of Revenues, Expenses, and Changes in Fund Net Position - All HUD Programs

		Low Rent Public Housing		
		AMP 1	AMP 2	All AMPs
		14.850a	14.850a	14.850a
FDS Line #	Account description			
<b>REVENUES</b>				
70300	Net tenant rental revenue	\$ 391,092	\$ 406,037	\$ 797,129
70400	Tenant revenue - other	8,025	-	8,025
70600	HUD operating grants	761,856	398,176	1,160,032
70610	HUD capital grants	140,100	66,957	207,057
70710	Management fees earned	-	-	-
70720	Asst management fees earned	-	-	-
70730	Bookkeeping fees earned	-	-	-
71100	Investment income - unrestricted	10,659	9,629	20,288
71400	Fraud recovery	-	-	-
71500	Other revenue	32,872	16,482	49,354
	<b>TOTAL REVENUES</b>	<b>1,344,604</b>	<b>897,281</b>	<b>2,241,885</b>
<b>EXPENSES</b>				
91100	Administrative salaries	\$ 145,128	\$ 84,836	\$ 229,964
91200	Auditing fees	2,525	2,066	4,591
91300	Management fees	118,823	102,898	221,721
91310	Bookkeeping fees	14,423	12,510	26,933
91500	Employee benefit contributions - administrative	61,681	40,690	102,371
91600	Office expenses	2,696	2,592	5,288
91900	Other operating - administrative	20,883	15,901	36,784
92000	Asset management fees	19,560	16,800	36,360
92100	Tenant services - salaries	27,796	-	27,796
92300	Employee benefit contributions - tenant services	2,417	-	2,417
92400	Tenant services - other	782	300	1,082
93100	Water	35,385	2,184	37,569
93200	Electricity	48,789	6,287	55,076
93300	Gas	974	57	1,031
93800	Other utility expenditures	45,369	3,151	48,520
94100	Ordinary maintenance and operations - labor	171,284	82,824	254,108
94200	Ordinary maintenance and operations - materials	69,801	55,609	125,410
94300	Ordinary maintenance and operations - contract costs	104,041	90,329	194,370
94500	Ordinary maintenance and operations - ordinary maintenance	75,057	38,863	113,920
96100	Insurance	11,824	17,735	29,559
96200	Other general expenditures	11,446	9,735	21,181
96210	Compensated absences	17,918	11,580	29,498
96300	Payments in lieu of taxes	-	-	-
96400	Bad debt - tenant rents	5,288	3,991	9,279
	<b>Total operating expenditures</b>	<b>1,013,890</b>	<b>600,938</b>	<b>1,614,828</b>
	<b>Other expenditures:</b>			
97300	Housing assistance payments	-	-	-
97350	HAP portability-in	-	-	-
97400	Depreciation	185,314	290,529	475,843
	<b>TOTAL EXPENDITURES</b>	<b>1,199,204</b>	<b>891,467</b>	<b>2,090,671</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE OTHER FINANCING SOURCES (USES)</b>		<b>145,400</b>	<b>5,814</b>	<b>151,214</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
10030	Operating transfers in from primary government	135,916	-	135,916
11040	Prior period adjustments and equity transfers	(756,194)	(388,597)	(1,144,791)
	<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(620,278)</b>	<b>(388,597)</b>	<b>(1,008,875)</b>
<b>CHANGE IN NET POSITION</b>		<b>(474,878)</b>	<b>(382,783)</b>	<b>(857,661)</b>
<b>TOTAL NET POSITION, BEGINNING OF YEAR RESTATED</b>		<b>3,106,760</b>	<b>7,120,384</b>	<b>10,227,144</b>
<b>NET POSITION, END OF YEAR</b>		<b>\$ 2,631,882</b>	<b>\$ 6,737,601</b>	<b>\$ 9,369,483</b>
<b>OTHER MEMORANDUM AMOUNTS</b>				
11170	Administrative fee equity	-	-	-
11180	Hosing assistance payment equity	-	-	-
11190	Unit months available	1,956	1,680	3,636
11210	Number of unit months leased	1,923	1,668	3,591
11270	Excess cash	1,381,513	1,227,287	2,608,800
11640	Furniture & equipment - administrative purchases	8,837	31,751	40,588
11650	Leashold improvement purchases	102,275	52,181	154,456

Business Activities			Housing Choice Vouchers 14.871	PIH Family Self-Sufficiency Program 14.896	Eliminations	Total
Central Office 14.850a	Other Business	Total Business Activities				
\$ -	\$ 80,251	\$ 80,251	\$ -	\$ -	\$ -	\$ 877,380
-	-	-	-	-	-	8,025
-	-	-	4,570,363	67,104	-	5,797,499
-	-	-	-	-	-	207,057
296,707	-	296,707	-	-	(296,707)	-
36,360	-	36,360	-	-	(36,360)	-
71,235	-	71,235	-	-	(71,235)	-
2,692	3,655	6,347	2,940	-	-	29,575
-	-	-	8,765	-	-	8,765
-	2,071	2,071	391,023	-	-	442,448
<u>406,994</u>	<u>85,977</u>	<u>492,971</u>	<u>4,973,091</u>	<u>67,104</u>	<u>(404,302)</u>	<u>7,370,749</u>
\$ 326,714	\$ 7,634	\$ 334,348	\$ 171,974	\$ -	\$ -	\$ 736,286
-	-	-	3,445	-	-	8,036
-	5,350	5,350	69,636	-	(296,707)	-
-	780	780	43,522	-	(71,235)	-
110,129	509	110,638	87,155	-	-	300,164
-	-	-	12,760	-	-	18,048
16,361	2,934	19,295	73,091	-	-	129,170
-	-	-	-	-	(36,360)	-
-	-	-	25,154	48,654	-	101,604
-	-	-	13,721	-	-	16,138
-	-	-	-	18,450	-	19,532
-	-	-	-	-	-	37,569
-	515	515	-	-	-	55,591
-	-	-	-	-	-	1,031
-	55	55	-	-	-	48,575
-	-	-	-	-	-	254,108
1,299	2,400	3,699	-	-	-	129,109
-	79,794	79,794	-	-	-	274,164
-	-	-	-	-	-	113,920
-	-	-	-	-	-	29,559
-	2,145	2,145	11,624	-	-	34,950
52,976	342	53,318	15,001	-	-	97,817
-	51	51	-	-	-	51
-	-	-	-	-	-	9,279
<u>507,479</u>	<u>102,509</u>	<u>609,988</u>	<u>527,083</u>	<u>67,104</u>	<u>(404,302)</u>	<u>2,414,701</u>
-	-	-	4,169,139	-	-	4,169,139
-	-	-	342,909	-	-	342,909
-	30,692	30,692	-	-	-	506,535
<u>507,479</u>	<u>133,201</u>	<u>640,680</u>	<u>5,039,131</u>	<u>67,104</u>	<u>(404,302)</u>	<u>7,433,284</u>
<u>(100,485)</u>	<u>(47,224)</u>	<u>(147,709)</u>	<u>(66,040)</u>	<u>-</u>	<u>-</u>	<u>(62,535)</u>
135,000	-	135,000	150,000	-	-	420,916
(1,322,785)	583,441	(739,344)	(500,846)	-	-	(2,384,981)
<u>(1,187,785)</u>	<u>583,441</u>	<u>(604,344)</u>	<u>(350,846)</u>	<u>-</u>	<u>-</u>	<u>(1,964,065)</u>
(1,288,270)	536,217	(752,053)	(416,886)	-	-	(2,026,600)
<u>696,869</u>	<u>2,717,695</u>	<u>3,414,564</u>	<u>275,605</u>	<u>-</u>	<u>-</u>	<u>13,917,313</u>
<u>\$ (591,401)</u>	<u>\$ 3,253,912</u>	<u>\$ 2,662,511</u>	<u>\$ (141,281)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,890,713</u>
-	-	-	(234,423)	-	-	(234,423)
-	-	-	93,142	-	-	93,142
-	108	108	5,832	-	-	9,576
-	99	99	5,802	-	-	9,492
-	-	-	-	-	-	2,608,800
-	-	-	-	-	-	40,588
-	-	-	-	-	-	154,456



***Chandler + Arizona***  
*Where Values Make The Difference*

# STATISTICAL SECTION

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



STRENGTH THROUGH  
TRANSPARENCY;  
VISION FOR THE FUTURE



Chandler · Arizona





# CITY OF CHANDLER, ARIZONA

## Statistical Section

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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>
<b>Financial Trends</b>	142
Schedules 1-6 contain information to help the reader understand how the City’s financial performance and well-being have changed over time.	
<b>Revenue Capacity</b>	158
Schedules 7-9 contain information to help the reader assess the factors affecting the City’s ability to generate its sales and use tax.	
<b>Debt Capacity</b>	162
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.	
<b>Demographic and Economic Information</b>	169
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.	
<b>Operating Information</b>	172
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			
	2006	2007	2008	2009
<b>Governmental activities</b>				
Net investment in capital assets	\$ 260,653,345	\$ 288,893,354	\$ 353,996,843	\$ 433,851,899
Restricted	106,396,966	115,343,816	56,979,639	117,712,539
Unrestricted	208,727,675	265,645,323	341,971,306	271,690,158
Total governmental activities net position	<u>575,777,986</u>	<u>669,882,493</u>	<u>752,947,788</u>	<u>823,254,596</u>
<b>Business-type activities</b>				
Net investment in capital assets	325,992,618	347,306,362	427,130,654	387,401,986
Restricted	52,511,899	57,835,328	24,319,427	-
Unrestricted	76,090,729	78,718,941	45,300,009	98,413,928
Total business-type activities net position	<u>454,595,246</u>	<u>483,860,631</u>	<u>496,750,090</u>	<u>485,815,914</u>
<b>Primary government</b>				
Net investment in capital assets	586,645,963	636,199,716	781,127,497	821,253,885
Restricted	158,908,865	173,179,144	81,299,066	117,712,539
Unrestricted	284,818,404	344,364,264	387,271,315	370,104,086
Total primary government net position	<u>\$ 1,030,373,232</u>	<u>\$ 1,153,743,124</u>	<u>\$ 1,249,697,878</u>	<u>\$ 1,309,070,510</u>

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 537,576,346	\$ 534,292,488	\$ 545,926,100	\$ 558,279,485	\$ 563,033,503	\$ 567,041,560
94,440,806	41,906,129	44,047,942	112,307,412	105,723,768	108,965,994
198,059,181	260,307,288	259,783,598	179,518,042	183,088,676	7,709,550
<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>	<u>683,717,104</u>
298,938,820	281,936,017	280,440,445	355,015,004	388,837,444	380,427,606
-	-	-	-	-	119,075
163,103,784	168,164,942	179,339,498	176,961,822	206,284,498	217,824,645
<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>	<u>598,371,326</u>
836,515,166	816,228,505	826,366,545	913,294,489	951,870,947	947,469,166
94,440,806	41,906,129	44,047,942	112,307,412	105,723,768	109,085,069
361,162,965	428,472,230	439,123,096	356,479,864	389,373,174	225,534,195
<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>	<u>\$ 1,282,088,430</u>

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

	Fiscal Year			
	2006	2007	2008	2009
<b>Expenses</b>				
Governmental activities:				
General government	\$ 36,669,140	\$ 42,317,392	\$ 54,459,719	\$ 52,293,004
Public safety	63,840,179	76,200,082	80,860,917	87,609,165
Community development	8,706,473	9,154,407	11,692,559	10,429,826
Public works	31,940,075	32,402,242	39,241,652	47,180,197
Transportation and development	-	-	-	-
Community services	24,087,695	29,464,039	33,086,565	34,278,998
Interest and fiscal charges	11,658,090	11,479,112	14,880,604	12,938,524
Total governmental activities expenses	<u>176,901,652</u>	<u>201,017,274</u>	<u>234,222,016</u>	<u>244,729,714</u>
Business-type activities:				
Water	38,582,431	40,687,283	53,554,653	53,201,379
Wastewater	25,294,189	27,230,862	30,657,939	36,079,767
Solid waste	8,154,317	9,843,824	6,845,979	12,076,998
Airport	1,765,772	1,757,279	1,602,268	2,269,691
Chandler housing authority	6,713,829	9,133,427	7,593,242	7,239,185
Total business-type activities expenses	<u>80,510,538</u>	<u>88,652,675</u>	<u>100,254,081</u>	<u>110,867,020</u>
Total primary government expenses	<u>\$ 257,412,190</u>	<u>\$ 289,669,949</u>	<u>\$ 334,476,097</u>	<u>\$ 355,596,734</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					
2010	2011	2012	2013	2014	2015
\$ 48,920,813	\$ 67,808,567	\$ 88,876,901	\$ 90,143,339	\$ 99,231,501	\$ 104,456,315
92,421,801	90,738,477	89,141,559	95,974,126	94,738,371	102,050,425
11,715,276	- (1)	-	-	-	-
56,155,939	- (1)	-	-	-	-
-	50,909,361 (1)	52,111,019	55,846,316	52,183,052	51,714,085
35,299,676	28,919,560	28,966,271	30,979,208	32,331,286	31,784,321
13,541,708	12,767,934	12,425,819	11,777,701	10,044,363	6,986,490
<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>	<u>296,991,636</u>
62,556,496	57,452,876	56,277,327	55,440,712	55,877,774	55,470,724
38,227,999	37,896,180	38,804,360	40,401,849	41,969,764	50,823,497
14,605,448	13,443,102	13,756,352	13,974,858	14,131,202	14,087,780
1,797,991	2,107,354	1,941,752	1,960,788	1,980,706	1,860,057
7,654,449	7,580,783	7,642,503	7,473,891	7,616,301	7,433,284
<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>129,675,342</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>	<u>\$ 426,666,978</u>

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

	Fiscal Year			
	2006	2007	2008	2009
<b>Program Revenues</b>				
Governmental activities:				
Charges for services:				
General government	\$ 12,359,183	\$ 12,793,179	\$ 12,629,779	\$ 14,349,483
Public safety	3,303,895	4,178,941	4,317,843	4,802,272
Community development	8,338,156	10,405,425	5,488,535	3,581,458
Public works	24,529,838	13,145,192	15,831,165	5,226,726
Transportation and development	-	-	-	-
Community services	2,272,309	2,272,826	2,699,469	5,235,864
Operating grants and contributions	2,167,327	3,707,115	1,897,300	2,337,910
Capital grants and contributions	12,751,519	26,428,112	36,104,151	23,902,360
Total governmental activities program revenues	<u>65,722,227</u>	<u>72,930,790</u>	<u>78,968,242</u>	<u>59,436,073</u>
Business-type activities:				
Charges for services:				
Water	38,112,680	39,054,531	40,613,727	39,707,910
Wastewater	20,499,458	21,083,587	25,145,258	25,922,530
Solid waste	12,218,720	12,769,423	12,979,695	12,762,120
Airport	1,005,728	974,190	773,449	741,556
Community services - housing authority	648,766	661,509	1,061,658	595,420
Operating grants and contributions	6,634,435	6,312,438	6,114,138	6,225,928
Capital grants and contributions	23,547,210	28,014,518	19,782,193	9,110,319
Total business-type activities program revenues	<u>102,666,997</u>	<u>108,870,196</u>	<u>106,470,118</u>	<u>95,065,783</u>
Total primary government program revenues	<u>\$ 168,389,224</u>	<u>\$ 181,800,986</u>	<u>\$ 185,438,360</u>	<u>\$ 154,501,856</u>
Net (expense)/revenue				
Governmental activities	\$ (111,179,425)	\$ (128,086,484)	\$ (155,253,774)	\$ (185,293,641)
Business-type activities	22,156,459	20,217,521	6,216,037	(15,801,237)
Total primary government net (expense)	<u>\$ (89,022,966)</u>	<u>\$ (107,868,963)</u>	<u>\$ (149,037,737)</u>	<u>\$ (201,094,878)</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

2010	2011	2012	2013	2014	2015
\$ 16,621,003	\$ 22,548,679	\$ 31,381,062	\$ 35,898,378	\$ 38,832,217	\$ 39,207,061
7,110,304	5,658,628	5,794,329	7,375,050	5,861,044	6,469,215
3,336,188	-	(1)	-	-	-
6,025,846	-	(1)	-	-	-
-	11,884,554	(1)	27,905,311	16,145,692	14,438,138
4,515,980	4,079,359	4,136,285	8,240,732	7,744,507	7,551,166
5,510,710	5,890,147	6,162,320	3,999,536	4,744,636	3,514,714
8,159,960	16,041,213	11,016,136	9,116,635	10,170,236	13,133,637
<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>	<u>84,313,931</u>
42,276,145	43,708,974	49,565,071	48,258,282	49,588,376	48,045,103
28,406,808	31,610,009	35,907,085	37,690,400	40,509,289	45,666,777
12,891,628	13,277,403	13,890,957	13,836,363	14,034,894	14,140,246
815,751	995,307	996,605	976,102	961,067	1,010,288
521,404	457,781	466,556	637,329	806,540	877,380
6,367,024	6,297,200	6,341,087	5,785,335	5,457,991	5,862,477
8,484,239	8,659,772	19,118,567	81,572,568	72,176,582	35,357,741
<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>150,960,012</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>	<u>\$ 235,273,943</u>
\$ (206,775,222)	\$ (185,041,319)	\$ (185,126,126)	\$ (209,940,257)	\$ (205,030,041)	\$ (212,677,705)
(25,079,384)	(13,473,849)	7,863,634	69,504,281	61,958,992	21,284,670
<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>	<u>\$ (191,393,035)</u>

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

	Fiscal Year			
	2006	2007	2008	2009
<b>Governmental Revenues and Other Changes in Net Position</b>				
Governmental activities:				
Taxes:				
Property taxes	\$ 25,016,760	\$ 26,921,292	\$ 34,063,123	\$ 38,957,986
Sales taxes	82,327,461	95,410,460	97,226,841	85,897,334
Franchise fees	2,198,738	3,230,429	3,937,952	3,264,093
Highway user taxes	-	16,490,129	15,856,863	13,849,284
Other taxes	-	3,481,086	3,786,677	7,921,275
State shared revenues	45,853,506	57,716,644	62,970,459	61,211,289
Investment income	12,286,630	17,868,181	20,823,059	10,045,274
Miscellaneous	10,736	1,822,070	767,221	995,606
Westcor contract payment	34,500,000	-	-	-
Transfers in (out)	478,441	469,201	534,086	(1,542,346)
Total governmental activities	<u>202,672,272</u>	<u>223,409,492</u>	<u>239,966,281</u>	<u>220,599,795</u>
Business-type activities:				
Sales tax	-	-	-	-
Investment income	6,424,600	6,876,399	5,906,545	2,536,237
Miscellaneous	532,354	1,043,407	1,792,816	788,478
Transfers in (out)	(478,441)	(469,200)	(534,086)	1,542,346
Total business-type activities:	<u>6,478,513</u>	<u>7,450,606</u>	<u>7,165,275</u>	<u>4,867,061</u>
Total primary government	<u>\$ 209,150,785</u>	<u>\$ 230,860,098</u>	<u>\$ 247,131,556</u>	<u>\$ 225,466,856</u>
<b>Change in Net Position</b>				
Governmental activities	\$ 22,796,183	\$ 95,323,008	\$ 84,712,507	\$ 35,306,154
Business-type activities	<u>28,634,972</u>	<u>27,668,127</u>	<u>13,381,312</u>	<u>(10,934,176)</u>
Total primary government	<u>\$ 51,431,155</u>	<u>\$ 122,991,135</u>	<u>\$ 98,093,819</u>	<u>\$ 24,371,978</u>

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 40,617,269	\$ 36,158,574	\$ 31,877,716	\$ 29,656,415	\$ 28,348,952	\$ 28,708,033
83,019,726	86,523,295	97,485,387	102,200,517	103,880,801	108,657,130
3,174,390	2,819,521	2,988,456	2,936,533	3,145,449	3,300,129
13,116,481	13,287,878	11,823,280	12,929,504	13,352,622	14,633,470
13,965,973	88,561	5,979,715	6,295,212	3,243,937	10,106,891
54,492,427	47,732,614	45,958,627	51,347,206	55,423,759	59,236,588
3,487,145	1,841,244	1,221,923	2,843,417	1,869,128	1,763,585
850,191	3,071,588	1,116,832	2,181,627	819,766	1,197,215
-	-	-	-	-	-
873,357	(244,702)	(74,075)	(102,875)	(132,082)	(123,350)
<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>	<u>227,479,691</u>
-	-	-	-	70,065	10,865
756,641	533,313	389,446	1,180,290	788,025	819,556
1,422,790	946,507	1,351,829	1,409,437	1,683,332	2,475,760
(873,357)	244,702	74,075	102,875	132,082	123,350
<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>3,429,531</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>	<u>\$ 230,909,222</u>
\$ 6,821,737	\$ 6,237,254	\$ 13,251,735	\$ 347,299	\$ 4,922,291	\$ 14,801,986
(23,773,310)	(11,749,327)	9,678,984	72,196,883	64,632,496	24,714,201
<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>	<u>\$ 39,516,187</u>

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

	Fiscal Year			
	2006	2007	2008	2009
General fund				
Reserved	\$ 15,211,490	\$ 12,349,638	\$ 28,237,521	\$ 30,482,311
Unreserved	148,606,301	189,087,760	196,093,067	194,457,561
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total general fund	<u>\$ 163,817,791</u>	<u>\$ 201,437,398</u>	<u>\$ 224,330,588</u>	<u>\$ 224,939,872</u>
All other governmental funds				
Reserved	\$ 100,167,158	\$ 109,777,210	\$ 43,039,742	\$ 97,267,450
Unreserved, reported in:				
Special revenue funds	8,089,144	14,064,542	17,752,306	18,786,740
Capital projects funds	253,903	9,158,971	11,608,190	7,868,412
Restricted	-	-	-	-
Unassigned	-	-	-	-
Total all other governmental funds	<u>\$ 108,510,205</u>	<u>\$ 133,000,723</u>	<u>\$ 72,400,238</u>	<u>\$ 123,922,602</u>

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

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 62,149,646	\$ - (1)	\$ -	\$ -	\$ -	\$ -
137,041,044	- (1)	-	-	-	-
-	893,067 (1)	947,804	938,549	892,533	941,359
-	844,754 (1)	939,867	939,867	1,166,105	1,792,180
-	61,733,537 (1)	102,635,587	101,115,766	95,185,696	102,222,466
-	98,872,954 (1)	69,223,074	66,077,714	82,453,462	80,152,269
<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>	<u>\$ 185,108,274</u>
\$ 61,355,662	\$ - (1)	\$ -	\$ -	\$ -	
18,103,651	- (1)	-	-	-	-
7,379,375	- (1)	-	-	-	-
-	105,756,072 (1)	111,378,788	111,367,545	104,557,663	107,173,814
-	(12,315,197) (1)	(12,798,348)	(13,646,428)	(11,034,021)	(15,322,260)
<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>	<u>\$ 91,851,554</u>

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

	Fiscal Year			
	2006	2007	2008	2009
Taxes - local	\$ 109,141,434	\$ - (1)	\$ -	\$ -
Taxes - intergovernmental	60,107,031	- (1)	-	-
Property taxes	-	26,909,841 (1)	33,844,181	38,677,156
Sales taxes	-	95,410,460 (1)	97,226,841	85,897,334
Franchise fees	-	3,230,429	3,937,952	3,264,093
Highway user taxes	-	16,490,129	15,856,863	13,849,284
Other taxes	-	3,481,086 (1)	3,786,677	7,921,275
State shared revenues	-	57,716,644	62,970,459	61,211,289
Grants and entitlements	9,296,423	7,610,807	10,553,680	18,168,904
System development fees	10,322,313	11,871,969	8,111,597	4,475,029
Special assessments	303,336	309,386	426,428	863,747
License and permits	5,541,215	6,728,309	3,894,368	2,667,720
Charges for current services	15,475,362	18,216,653	17,254,859	19,492,740
Fines and forfeitures	4,231,306	4,058,090	4,342,621	4,912,159
Rentals	8,363	89,875	94,575	138,667
Contributions	500	50,000	50,000	50,000
Investment income	10,699,944	15,589,318	18,334,581	8,825,695
Miscellaneous	1,632,785	1,830,328	1,255,681	1,661,772
<b>Total revenues</b>	<b>\$ 226,760,012</b>	<b>\$ 269,593,324</b>	<b>\$ 281,941,363</b>	<b>\$ 272,076,864</b>

(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					
2010	2011	2012	2013	2014	2015
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
40,259,579	36,301,709	32,329,560	29,841,739	28,442,823	28,899,684
83,019,726	86,523,295	97,485,387	102,200,517	103,880,801	108,657,130
3,174,390	2,819,521	2,988,456	2,936,533	3,145,449	3,300,129
13,116,481	13,287,878	11,823,280	12,929,504	13,352,622	14,633,470
13,965,973	88,561	5,979,715	6,295,212	3,243,937	10,106,891
54,492,427	47,732,614	45,958,627	51,347,206	55,423,759	59,236,588
10,377,502	14,759,620	13,826,606	9,480,090	10,187,895	10,638,831
4,768,306	6,739,920	11,724,823	7,781,083	11,846,275	10,585,623
663,209	673,064	678,027	676,127	678,843	573,438
2,758,392	3,208,944	6,955,605	4,887,466	5,479,384	5,146,556
19,420,434	18,002,168	19,938,566	19,786,513	20,269,976	20,110,036
5,336,294	4,697,317	4,700,430	5,825,098	4,622,215	4,601,501
101,322	387,952	455,842	570,638	732,807	751,163
50,000	100,000	100,000	100,000	100,000	150,000
3,171,308	1,635,258	1,034,895	2,529,078	1,623,973	1,562,241
1,913,571	4,593,104	1,392,691	1,384,123	650,117	572,252
<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>	<u>\$ 279,525,533</u>

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

	Fiscal Year			
	2006	2007	2008	2009
General government	\$ 33,729,455	\$ 38,124,478	\$ 51,261,849	\$ 40,503,113
Public safety	64,090,649	75,800,634	78,306,604	84,493,816
Community development	8,740,380	8,989,308	11,593,642	10,509,467
Public works	32,555,171	22,987,692	19,306,381	19,283,643
Transportation and development	-	-	-	-
Community services	22,738,420	25,714,032	28,830,926	29,916,002
Capital improvements	49,884,875	75,524,840	104,836,442	124,680,957
Debt service:				
Principal retirement	17,122,071	12,374,500	16,659,500	15,275,000
Interest and fiscal charges	10,465,983	10,669,877	14,437,346	13,059,295
Bond issuance costs	135,437	189,840	179,201	961,100
<b>Total expenditures</b>	<b>\$ 239,462,441</b>	<b>\$ 270,375,201</b>	<b>\$ 325,411,891</b>	<b>\$ 338,682,393</b>
Debt service as a percentage of noncapital expenditures	15.9%	12.1%	14.1%	12.5%

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

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 44,663,091	\$ 43,636,784	\$ 48,894,811	\$ 44,512,533	\$ 46,807,747	\$ 46,895,106
85,390,303	84,007,752	82,820,106	89,587,613	90,068,218	93,773,306
11,614,214	- (1)	-	-	-	-
17,664,633	- (1)	-	-	-	-
-	22,126,233 (1)	25,532,739	24,807,578	23,418,175	24,769,553
30,078,856	22,836,317	23,255,568	23,554,854	23,771,925	24,569,283
106,366,737	67,299,941	29,787,069	41,793,319	45,657,265	56,539,116
17,260,000	15,090,000	15,970,000	26,870,000	15,955,000	21,490,000
13,646,479	12,901,616	12,550,323	11,908,025	10,682,206	7,737,974
183,969	278,512	-	-	145,970	722,293
<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>	<u>\$ 276,496,631</u>
13.3%	13.3%	13.5%	16.4%	11.6%	11.7%

**CITY OF CHANDLER, ARIZONA**  
**OTHER FINANCING SOURCES AND USES AND NET CHANGES IN FUND BALANCE,**  
**GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
(modified accrual basis of accounting)

	Fiscal Year			
	2006	2007	2008	2009
<b>Other Financing Sources (Uses)</b>				
Bond premium	\$ 515,129	\$ 1,975,876	\$ 165,431	\$ 2,348,878
Face amount of bonds issued	30,905,000	88,405,000	7,370,000	120,513,000
Proceeds from sale of capital assets	205,936	173,742	280,969	219,793
Payment to escrow agent	-	(24,335,292)	-	-
Westcor contract payment	34,500,000	-	-	-
Transfers in	37,204,132	31,525,563	38,442,603	40,593,319
Transfers out	(39,584,767)	(34,246,951)	(41,108,342)	(44,937,903)
Total other financing sources and (uses)	63,745,430	63,497,938	5,150,661	118,737,087
Net change in fund balances	\$ (17,956,999)	\$ 62,716,055	\$ (38,319,867)	\$ 52,131,648

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 290,569	\$ 1,047,424	\$ -	\$ -	\$ 562,052	\$ 17,045,635
10,450,000	20,285,000	-	-	8,660,000	128,254,000
97,609	108,929	89,007	76,381	161,126	103,964
(10,556,600)	(10,816,839)	-	-	(9,061,800)	(143,635,520)
-	-	-	-	-	-
46,309,016	41,605,646	20,576,188	32,849,979	24,586,418	28,717,990
(39,144,322)	(56,040,439)	(22,685,504)	(33,997,394)	(25,653,741)	(29,776,581)
7,446,272	(3,810,279)	(2,020,309)	(1,071,034)	(745,945)	709,488
\$ (62,833,096)	\$ (30,436,509)	\$ 16,541,585	\$ (5,533,759)	\$ 6,428,425	\$ 3,738,390

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

	Fiscal Year			
	2006	2007	2008	2009
Amusements	\$ 611,352	\$ 679,666	\$ 660,985	\$ 623,159
Contracting	16,580,509	15,665,738	15,519,590	9,352,480
General Retail	38,501,000	41,719,797	41,253,934	36,851,140
Hotel/Motel	1,716,055	1,938,442	2,103,714	1,672,893
Miscellaneous Related Revenue <sup>1</sup>	1,898,671	2,765,527	3,329,891	2,774,033
Publishing	699,456	723,532	492,770	389,046
Rentals - Personal Property	1,743,393	1,935,981	2,177,125	2,474,464
Rentals - Real Property	7,141,065	7,883,794	8,449,059	8,520,878
Restaurant/Bar	6,994,533	7,655,093	7,908,883	7,267,718
Telecommunications	3,603,977	3,709,781	3,978,715	4,057,982
Use Tax	989,767	1,044,225	950,808	930,636
Utilities	8,910,538	9,688,886	10,401,302	10,982,905
<b>Total Sales and Use Taxes</b>	<b>\$ 89,390,316</b>	<b>\$ 95,410,462</b>	<b>\$ 97,226,776</b>	<b>\$ 85,897,334</b>
 City Direct Sales Tax Rate <sup>2</sup>	 1.72%	 1.72%	 1.72%	 1.75%

**Source:** Tax & License Division

<sup>1</sup> Includes license application fees, annual license fees, audit assessments, penalties, and interest.

<sup>2</sup> 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					
2010	2011	2012	2013	2014	2015
\$ 602,027	\$ 673,666	\$ 714,641	\$ 717,442	\$ 728,110	\$ 895,730
6,573,348	6,380,957	10,869,566	10,408,518	9,780,645	8,870,092
36,560,075	38,741,270	42,844,871	45,331,307	47,454,682	49,740,000
1,611,912	1,973,790	2,255,786	2,288,989	2,472,754	2,892,470
2,911,821	2,551,354	2,334,179	2,937,426	2,660,201	2,815,040
382,080	351,250	352,550	334,981	258,547	260,712
2,389,241	2,462,219	2,606,371	2,884,618	2,949,421	3,261,716
8,921,788	9,479,850	10,025,726	10,817,611	11,058,203	11,967,509
7,436,900	7,971,183	8,670,199	9,069,109	9,542,714	10,188,718
3,974,448	3,524,076	3,628,007	3,731,350	3,533,636	3,435,949
869,092	1,000,342	1,054,968	1,315,599	1,090,428	1,145,534
10,786,994	11,413,338	12,128,475	12,363,565	12,421,526	13,194,526
<u>\$ 83,019,726</u>	<u>\$ 86,523,295</u>	<u>\$ 97,485,337</u>	<u>\$ 102,200,515</u>	<u>\$ 103,950,867</u>	<u>\$ 108,667,995</u>
1.75%	1.77%	1.76%	1.75%	1.75%	1.76%

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

Schedule 8

Fiscal Year	City Direct Tax Rate <sup>1</sup>	Overlapping Rates		
		Maricopa County Tax Rate <sup>2</sup>	State of Arizona Tax Rate <sup>3</sup>	Tourism & Sports Authority Tax Rate <sup>4</sup>
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%	5.10%	0.02%
2010	1.75%	0.67%	5.86%	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%	0.67%	4.99%	0.02%
2015	1.76%	0.67%	4.96%	0.03%

**Source:** Tax & License Division

<sup>1</sup> 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.

<sup>2</sup> 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.

<sup>3</sup> 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 5.5% to 5.6%. State tax rate increases during the past ten fiscal years: 1.0% effective 6/01/2010 through 5/31/2013.

<sup>4</sup> 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 2015			Fiscal Year 2006		
		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	\$ 9,999,771	1	9.20%	\$ 6,371,347	1	7.13%
Taxpayer B	Department Store	3,461,960	2	3.19%	1,819,618	3	2.04%
Taxpayer C	Grocery Store	2,182,473	3	2.01%	2,090,935	2	2.34%
Taxpayer D	Department Store	2,000,503	4	1.84%	-	-	-
Taxpayer E	Home Improvement	1,937,620	5	1.78%	1,472,368	4	1.65%
Taxpayer F	Telecommunications	1,405,314	6	1.29%	-	-	-
Taxpayer G	Vehicle Dealer	1,373,539	7	1.26%	-	-	-
Taxpayer H	Department Store	1,302,605	8	1.20%	-	-	-
Taxpayer I	Utility	1,274,998	9	1.17%	1,144,181	10	1.28%
Taxpayer J	Vehicle Dealer	1,064,700	10	0.98%	-	-	-
Taxpayer K	Grocery Store	-	-	-	1,397,810	5	1.56%
Taxpayer L	Department Store	-	-	-	1,369,867	6	1.53%
Taxpayer M	Home Improvement	-	-	-	1,323,773	7	1.48%
Taxpayer N	Vehicle Dealer	-	-	-	1,214,528	8	1.36%
Taxpayer O	Construction	-	-	-	1,210,522	9	1.35%
		<u>\$ 26,003,482</u>		<u>23.93%</u>	<u>\$ 19,414,949</u>		<u>21.72%</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
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	-
2015	222,143,000	14,025,000	4,440,000	-

**Business-type Activities**

Fiscal Year	General Obligation Bonds	Revenue Bonds	Certificates of Participation	Excise Tax Revenue Obligations	Intergovernmental Loans	Total Primary Government <sup>2</sup>	Percentage of Personal Income <sup>1</sup>	Per Capita <sup>1</sup>
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
2015	140,072,000	31,610,000	-	142,200,000	-	554,490,000	6.68%	2,240

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
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%
2015	362,215,000	14,910,017	347,304,983	29,230,173,658	1.19%

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

<sup>1</sup> Population and personal income data can be found in Schedule 14.

<sup>2</sup> 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, 2015**

Schedule 11

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
<b>Debt repaid with property taxes</b>			
State of Arizona	None	4.05%	None
Maricopa County	None	6.75	None
Maricopa County Community College District	\$ 709,690,000	6.75	\$ 47,902,285
East Valley Institute of Technology	None	13.52	None
Chandler Unified School District No. 80	197,985,000	71.08	140,724,208
Mesa Unified School District No. 4	246,950,000	4.96	12,252,454
Gilbert Unified School District No. 41	116,680,000	1.99	2,318,537
Kyrene Elementary School District No. 28	146,365,000	21.97	32,161,046
Tempe Union High School District No. 213	75,475,000	16.21	12,230,724
Subtotal, overlapping debt			247,589,254
<b>City direct debt</b>	258,506,207	100.00	258,506,207
<b>Total direct and overlapping debt</b>			<u>\$ 506,095,461</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 2014-15 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			
	2006	2007	2008	2009
<b><u>6% General Obligation Bond Limitation</u></b>				
Debt limit	\$ 116,449,443	\$ 179,351,393	\$ 207,310,517	\$ 210,484,297
Total net debt applicable to limit	<u>74,720,000</u>	<u>66,460,000</u>	<u>7,795,000</u>	<u>10,934,000</u>
Legal debt margin	<u>\$ 41,729,443</u>	<u>\$ 112,891,393</u>	<u>\$ 199,515,517</u>	<u>\$ 199,550,297</u>
Total net debt applicable to the limit as a percentage of the debt limit	64%	37%	(1)	4%
<b><u>20% General Obligation Bond Limitation</u></b>				
Debt limit	\$ 388,164,810	\$ 597,837,975	\$ 691,035,056	\$ 701,614,322
Total net debt applicable to limit	<u>84,825,000</u>	<u>193,025,000</u>	<u>240,245,000</u>	<u>472,266,000</u>
Legal debt margin	<u>\$ 303,339,810</u>	<u>\$ 404,812,975</u>	<u>\$ 450,790,056</u>	<u>\$ 229,348,322</u>
Total net debt applicable to the limit as a percentage of the debt limit	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 2015

Net secondary assessed valuation as of June 30, 2015	\$ 2,380,457,981
Debt limit (6% of assessed value)	142,827,478
Debt applicable to limit:	
6% general obligation bonds	9,848,400
Legal 6% debt margin	<u>\$ 132,979,078</u>
Debt limit (20% of assessed value)	\$ 476,091,596
Debt applicable to limit:	
20% general obligation bonds	352,366,600
Legal 20% debt margin	<u>\$ 123,724,996</u>

Fiscal Year

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 210,484,297	\$ 148,117,597	\$ 135,310,758	\$ 130,522,600	\$ 142,895,404	\$ 142,827,478
<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>9,848,400</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>	<u>\$ 132,979,078</u>
5%	9%	9%	8%	7%	7%
\$ 701,614,322	\$ 493,725,323	\$ 451,035,860	\$ 435,075,335	\$ 476,318,016	\$ 476,091,596
<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>352,366,600</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>	<u>\$ 123,724,996</u>
65%	90%	95%	94%	79%	74%

**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	
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
2015	14,633,470	8,257,078	6,376,392	3,970,000	462,047	1.44

**Water Revenue Bonds**

Fiscal Year	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
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
2015	48,045,103	27,645,076	20,400,027	3,205,000	730,854	5.18

**Excise Tax Revenue Obligations**

Fiscal Year	Excise Tax Collections	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
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
2015	170,432,597	-	170,432,597	4,770,000	6,044,175	15.76

**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

<b>Wastewater Revenue Bonds</b>						
<b>Fiscal Year</b>	<b>Utility Service Charges</b>	<b>Less: Operating Expenses</b>	<b>Net Available Revenue</b>	<b>Debt Service</b>		<b>Coverage</b>
				<b>Principal</b>	<b>Interest</b>	
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
2015	45,666,777	22,907,111	22,759,666	3,555,000	548,545	5.55

**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.



***Chandler + Arizona***  
*Where Values Make The Difference*

**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>
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 (4)	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
2015	247,552	8,297,943,040	34.9	4.7%	33,520

**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 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**

<b>Employer</b>	<b>2015</b>		
	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>
Intel Corporation	11,300	1	8.75%
Chandler Unified School District	4,900	2	3.79%
Bank of America	3,800	3	2.94%
Wells Fargo	2,600	4	2.01%
Verizon Wireless	2,400	5	1.86%
City of Chandler	2,175	6	1.68%
Chandler Regional Hospital	2,100	7	1.63%
Paypal	2,000	8	1.55%
Orbital ATK	1,650	9	1.28%
Microchip Technology	1,626	10	1.26%
Freescale Semiconductors	-	-	-
Motorola	-	-	-
Countrywide Home Mortgage	-	-	-
<b>Total</b>	<b>34,551</b>		<b>26.75%</b>

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

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2006		
<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
9,500	1	7.50%
2,400	2	1.89%
-	-	-
2,200	4	1.74%
-	-	-
1,701	6	1.34%
1,188	8	0.94%
-	-	-
1,100	10	0.87%
1,485	7	1.17%
1,800	5	1.42%
1,100	9	0.87%
2,350	3	1.85%
<u>24,824</u>		<u>19.59%</u>

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

	Fiscal Year			
	2006	2007	2008	2009
<b>Full Time Equivalent Personnel</b>				
Mayor and council	5	5	5	5
City clerk	5	6	6	6
City manager	74	79	104	(1) 103
Communications/public affairs	18	17	18	18
City magistrate	39	44	48	43
Law	25	27	29	28
Management services	95	101	106	105
<b>Total General Government</b>	261	279	316	308
<b>Total Planning and Development</b>	108	111	114	103
<b>Total Transportation and Development</b>				
<b>Total Community Services</b>	182	219	243	207
Public works administration	3	3	3	3
Streets	55	59	64	57
Airport	6	6	6	6
Engineering, development and Real estate	71	76	85	80
<b>Total Public Works</b>	135	144	158	146
Police	460	487	496	483
Fire	207	219	228	223
<b>Total Public Safety</b>	667	706	724	706
Municipal utilities administration	5	5	5	5
Water	85	85	88	86
Wastewater	41	42	43	41
Solid waste	21	21	20	18
<b>Total Municipal Utilities</b>	152	153	156	150
<b>Total Primary Government</b>	1,505	1,612	1,711	1,620

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						
2010	2011	2012	2013	2014	2015	
5	5	6	4	4	4	
6	5	4	5	6	6	
96	122	124	178	174	176	
15	12	14	19	13	13	
41	40	38	39	35	37	
27	27	30	29	29	31	
95	(2)	85	72	66	69	
285	296	288	346	327	336	
80	(2)	-	(3)	-	-	-
	172	(3)	170	163	159	165
226	(2)	229	231	192	199	198
3	-	(3)	-	-	-	-
50	-	(3)	-	-	-	-
6	-	(3)	-	-	-	-
	-					
74	-	(3)	-	-	-	-
133	-	-	-	-	-	-
478	467	467	468	467	483	
219	218	238	234	224	237	
697	685	705	702	691	720	
6	5	5	4	5	5	
80	88	89	85	87	87	
42	42	42	46	46	62	
20	20	19	18	16	20	
148	155	155	153	154	174	
1,569	1,537	1,549	1,556	1,530	1,593	

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

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

Fiscal Year						
2009	2010	2011	2012	2013	2014	2015
23,460	22,715	23,821	25,726	27,387	27,467	28,224
479	481	506	599	584	564	544
1,055	977	848	908	834	780	867
66	40	43	26	43	53	51
2.50	2.10	2.22	2.07	1.89	2.10	1.57
3,800	3,883	2,330	5,462	3,785	5,490	5,170
2,506,602	2,592,243	2,494,009	2,489,741	2,395,192	2,332,758	2,163,076
977	335 (1)	1,050	1,000	1,003	938	939
35.2	31.8	34.4	33.2	28.0	26.7	23.2
157,039	146,508	141,279	137,170	137,485	145,400	139,177
18,474	16,904	17,892	17,950	18,474	18,865	22,785
3,891	3,208	4,424	5,188	5,029	5,442	4,692
49	43	46	34	22	16	27
77,596	76,894	77,408	77,626	79,278	79,766	80,401
29	31	30	28	26	27	28
66,020,000	70,700,000	64,460,000	61,920,000	64,790,000	64,710,000	64,400,000
60,000,000	72,000,000 (2)	72,000,000	72,000,000	72,000,000	72,000,000	72,000,000
71,880	73,042	73,118	73,712	74,606	75,564	76,492
857	862	866	868	869	890	911
67,902	68,362	69,480	70,179	70,667	71,269	71,860
89,408	85,160	88,466	85,257	86,557	83,950	84,209
24,596	22,245	20,832	21,096	20,680	21,046	22,442

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

Function/Program	Fiscal Year			
	2006	2007	2008	2009
<b>Community Services</b>				
Developed parks	53	54	58	59
Developed acres	889	959	1,099	1,133
Undeveloped acres	535 (1)	468	455	407
Swimming pools	5	5	5	6
Other recreational facilities (lighted fields)	33	34	34	34
Library bookstock	469,000	483,128	469,023	472,266
<b>Transportation and Development</b>				
Total miles streets (center line)	785	812	822	832
Street lights	25,100	25,307	26,326	26,500
Signalized intersections	189	192	200	205
<b>Public Safety</b>				
Police stations	2	2	3	3
Fire stations	9	10	10	10
<b>General Government</b>				
Based aircraft	457	499	442	449
<b>Municipal Utilities</b>				
Water mains (miles)	1,063	1,080	1,117	1,189
Fire hydrants	10,952	12,291	13,033	13,750
Average daily treatment (mgd)	22	24	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

Fiscal Year						
2010	2011	2012	2013	2014	2015	
61	61	61	61	62	64	
1,198	1,192	1,196	1,198	1,208	1,232	
336	342	338	336	325	309	
6	6	6	6	6	6	
34	34	34	39	39	41	
446,675	429,604	555,924	550,857	595,969	396,773	
829	829	829	831	838	841	
26,600	26,600	26,600	26,900	27,100	27,700	
208	208	212	216	216	218	
3	3	3	3	3	3	
10	10	10	10	10	10	
449	437	399	388	415	425	
1,194	1,223	1,227	1,227	1,227	1,278	
12,318 (2)	12,925	10,877	12,553	12,717	13,118	
22	24	24	26	26	28	



***Chandler + Arizona***  
*Where Values Make The Difference*



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Mayor Jay Tibshraeny & City Council