

CITY OF CHANDLER
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2016



CHANDLER



**CITY OF CHANDLER, ARIZONA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2016**

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

Executive Staff

Marsha Reed, City Manager
Nachie Marquez, Assistant City Manager

Prepared by

Management Services Department
Dawn Lang, Management Services Director
Penny Malia, Accounting Manager



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**CITY OF CHANDLER, ARIZONA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED JUNE 30, 2016**

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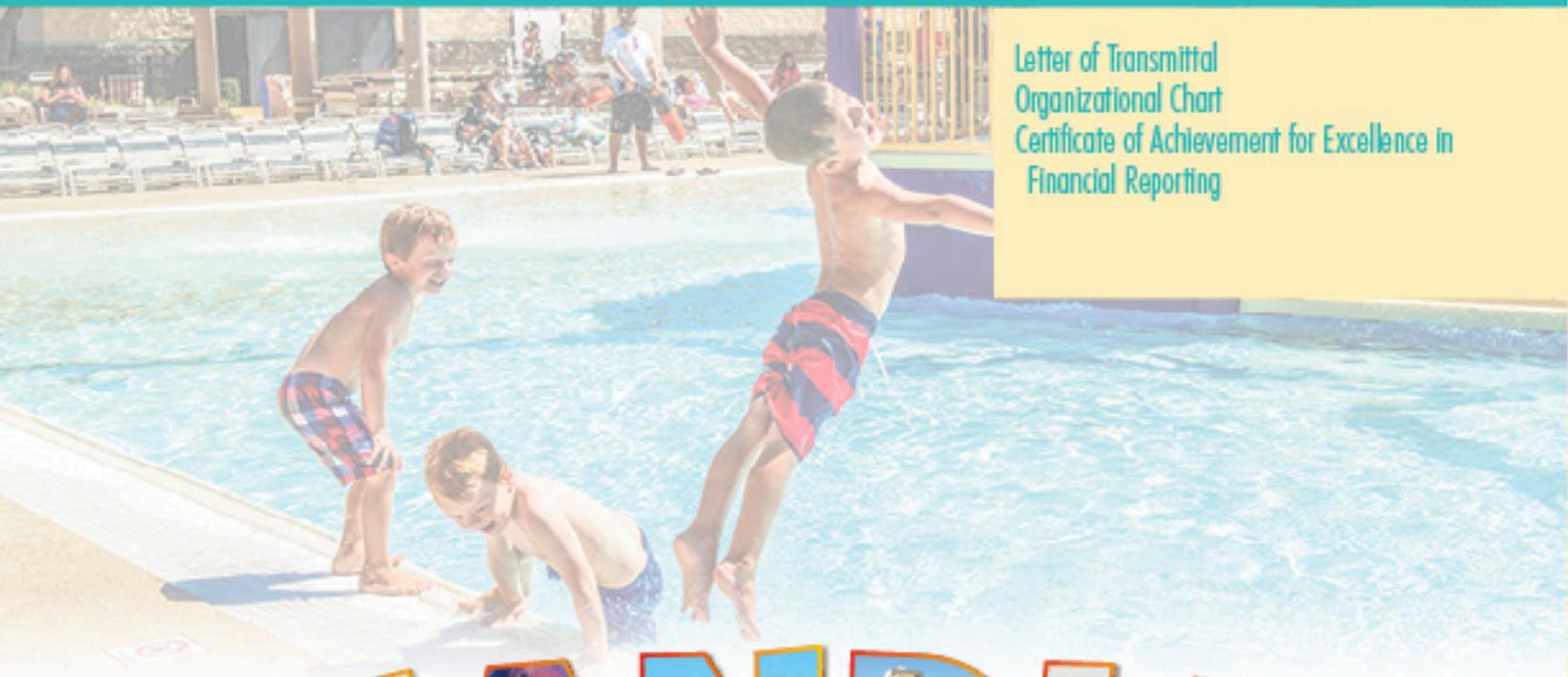
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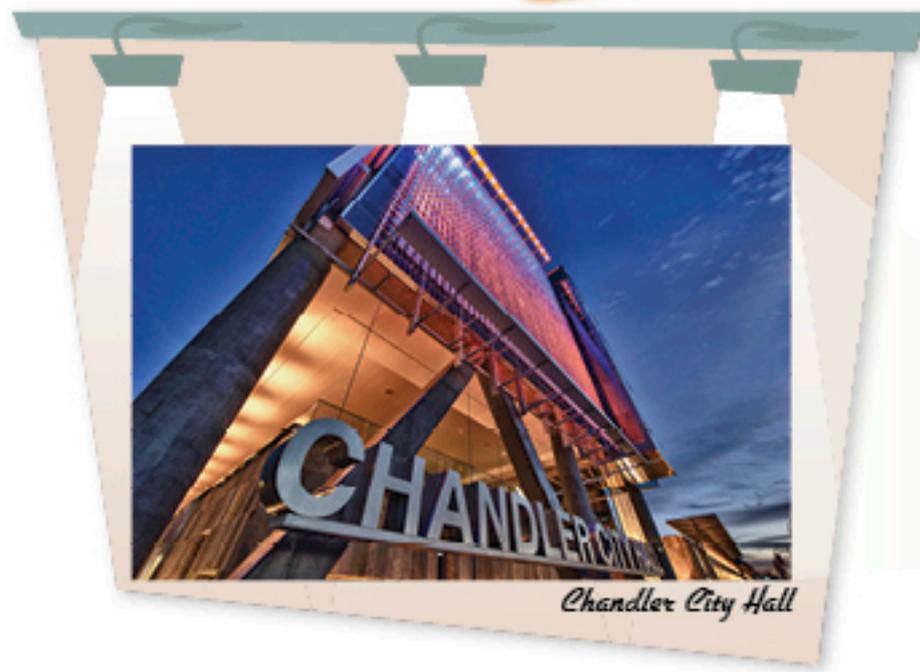
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INTRODUCTORY SECTION



Letter of Transmittal
Organizational Chart
Certificate of Achievement for Excellence in
Financial Reporting

CHANDLER



Chandler City Hall

An insightful place
Chandler City Hall is the nerve center for municipal policy planning and service delivery. The vision and goals of current and former elected leaders continue to serve the residents of Chandler well, and will continue to do so for generations to come.





December 16, 2016

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, 2016, 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 Uniform Guidance. 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.

Chandler 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 2015, the City's population increased by over 140 percent, from 100,416 to 244,687. The City's growth for nearly two decades prior to the recession was attributable to the growth in its manufacturing sector, which is led by high-tech industrial companies such as Intel, Orbital ATK, Microchip Technology and NXP Semiconductors (Formerly Freescale Semiconductor). These four companies combine to employ over 15,000 people in the City. A rapidly growing industry within the City in recent years has been financial services with companies such as Wells Fargo, Bank of America, PayPal, Toyota Financial Services and GM Financial Services employing over 11,000 people.



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Chandler, Arizona 85225

The City boasts a strong labor market serving the high technology field's demand for skilled workers. Chandler's median age is 34.9 years and median household incomes are \$75,633. In addition, approximately 75 percent of the population has a college degree or some college education. Over 80 percent of the City's manufacturing employees are in high technology fields while the national average is 23 percent, according to data from the Maricopa Association of Governments and Bureau of Labor Statistics.

The City's unemployment rate averaged 4.5 percent for calendar year 2015 compared with 5.2 percent for Maricopa County and 6.1% for the State of Arizona.

The City's sales tax revenues, which comprise over 50 percent of its general fund, increased by 3.5 percent for 2015-16 from the prior year actuals. The City continues to strengthen its financial position and has benefitted from one-time revenues created by new developments. With only slow and steady operating revenue growth anticipated, managing costs of services and maintaining existing infrastructure continues to be critical. 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.

2015-2016 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;
- Conducted the fifth online budget meeting, "Budget Connect" enhancing citizen involvement in the budget process;
- Wrote Chandler Insider articles distributed to 35,000 households monthly and published the Chandler News and Events pages monthly in two local newspapers that are distributed to 65,000 households. Both are 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 over 1,000,000 square feet of completed office and industrial development, including Mach One, Park Place Building 10, Chandler Corporate Center IV, Ascend at Chandler Airport, Willis/AZ Avenue Corporate Park, Tiburon at Chandler Airport, Kyrene 202 Building VI, and Metro Chandler Airport Center;
- Entered into a partnership with the Export-Import Bank of the United States through its Regional Export Promotion Program to facilitate access to export financing for Chandler companies;
- Entered into a contract with Northern Arizona Center for Entrepreneurship and Technology (NACET) to provide an array of programming and services for startups, entrepreneurs and small businesses in Chandler;
- Completed development agreements with Ryan Companies to bring needed office space into the Downtown area and with Vintage Partners to bring additional retail/entertainment into the core of the Historic Square;
- Designed a pilot mentoring program to further the City's emphasis on professional development;
- Negotiated four contracts with labor and trades (SEIU), Fire, Police Officer and Police Sergeant bargaining groups;
- Chandler Public Library installed digital signage on screens at all four locations using free open source RiseVision software and will showcase programming, info-graphics and subscription database information;

- Constructed Citrus Vista Park and the Downtown State. Completed upgrades at Folley Park, Americans with Disabilities Act improvements at Desert Oasis Aquatic Center, installed artificial turf at Nozomi Aquatic Center and installed ball field shade at Desert Breeze and Espee Parks;
- Chandler earned the national designation of Playful City USA for the tenth consecutive year;
- The Arizona Parks and Recreation Association (APRA) awarded Mayor Jay Tibshraeny the 2015 Outstanding Public Official award and the Chandler Tennis Center received the United States Tennis Association's highest tennis facility honor, being named the 2015 Featured Facility Award winner;
- Saved 15,772,000 gallons of water through the Water Conservation Residential Audit Program;
- Implemented special event recycling for City events via the purchase of recycling containers and a specialized roll-off used specifically for special events;
- Implemented a Veterans Affairs pilot program utilizing Chandler Fire, Health & Medical Community Paramedics. Service increased healthcare access to veterans living in Chandler by treating and evaluating in their home using innovative technology;
- Recipient of the American Heart Association Mission: Lifeline Gold Award. This distinguished award recognizes exceptional evaluation and treatment times for cardiac patients. Chandler Fire, Health & Medical was a Silver Award recipient last year, one of only two municipalities in the State of Arizona; and
- The Crime Analysis and Research Unit introduced a new crime-fighting instrument called Real-time Electronic Area Canvassing Tool (REACT), which provides a continuously updated map for police canvassing efforts related to searches, notifications and evacuations.

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 continue to strengthen the City. The City Council's new strategic goals are:

- **Be the Most Connected City**

Connect our community using enhanced communication technologies to share information by increasing electronic availability of City information. Continually strive to utilize new technology that enhances citizen engagement, technological capabilities, and efficiency. Connect our community by increasing connectivity through enhanced intermodal transportation.

- **Be a Leader in Transparency**

Provide timely and accurate data and reports to maintain accountability and provide support for effective decision making. Promote opportunities that encourage city engagement and input.

- **Maintain Fiscal Sustainability**

Manage the City's diverse portfolio of revenue sources to maximize and expand them. Continue adherence to and improve upon fiscal policies. Maintain strong bond ratings with all three rating agencies for all types of debt. Manage expenditure growth through periodic review of programs and services.

- **Attract a Range of Private Sector Businesses**

Position Chandler to be recognized by corporate real estate executives, site selectors, regional partners, and the development industry as a premiere location for new investment. Coordinate and facilitate the revitalization of the City core.

- **Possess a Contemporary Culture to Capitalize on Cultural and Ethnic Diversity**

Promote Chandler as a contemporary and inclusive community that values its rich diversity, history, and culture. Continue to implement City employment practices that highlight and promote diversity. Invest in employees, support systems, and innovation strategies that ensure Chandler remains a leader in the delivery of high quality services.

- **Be Safe and Beautiful**

Implement a multifaceted approach to address the needs of aging neighborhoods from the physical, safety, and community perspectives. Construct and maintain public infrastructure in an aesthetically pleasing manner. Ensure Chandler remains a safe community by employing best practices.

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 2015-16, \$ \$910,614,017). 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 Uniform Guidance. Auditing standards generally accepted in the United States of America and the standards set forth in the General Accountability 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, 2015, marking the thirty fourth 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, 2016 from the GFOA, marking the twenty-eighth 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; 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, City Manager, Assistant City Manager, Directors and City Staff for their continued support in promoting sound financial policies and internal controls.

Respectfully submitted,

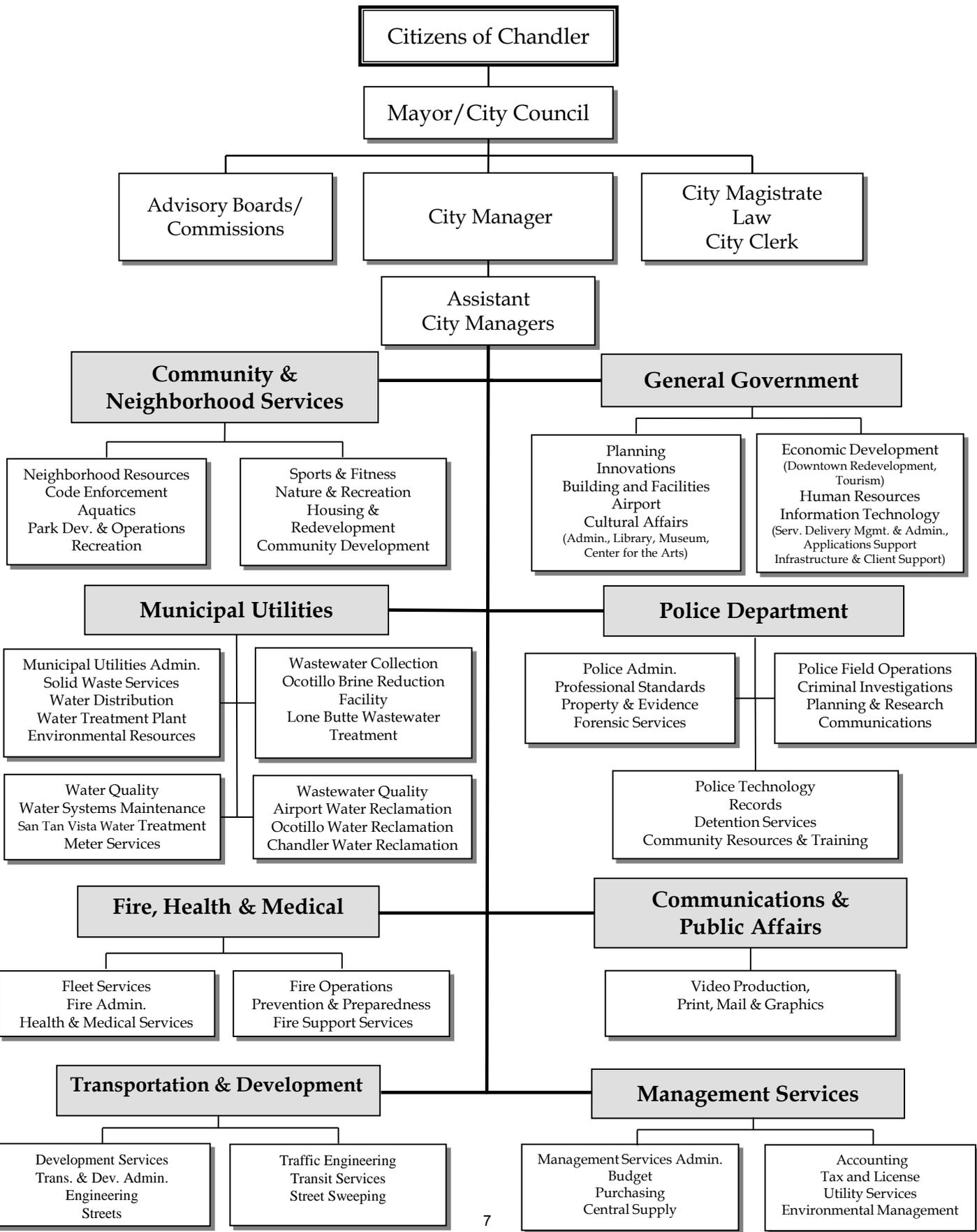


Dawn Lang
Management Services Director



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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, 2015

Executive Director/CEO



Independent Auditor's Report
Management's Discussion and Analysis (MD&A)
Basic Financial Statements
Required Supplementary Information
Other Financial Statements
Other Supplemental Information

CHANDLER



Chandler Celebration Plaza

A prudent place

Decades of sensible financial management has led to Chandler being just one of two Arizona cities to hold AAA Bond Ratings from all three national rating agencies. It is no surprise that we remain one of the most fiscally sound municipalities in the nation.



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, 2016, 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, 2016, 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. 72, *Fair Value Measurement and Application*, for the year ended June 30, 2016, 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: All 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: All 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: All 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, 2016, 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.
Phoenix, Arizona
December 16, 2016

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



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Where Values Make The Difference

CITY OF CHANDLER, ARIZONA

Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2016

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, 2016. 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 2016 as follows:

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$1.33 billion (net position) which represents an increase of \$45.8 million from the prior year; due to changes in both governmental and business type activities. The governmental activities liabilities decreased primarily from the savings achieved from refunding of general obligation debt resulting in an increase in net position. Additionally, the business-type activities increased investment in capital assets. Of this amount, \$252.9 million (unrestricted net position) may be used to meet the City's obligations to citizens and creditors. However, \$59.3 million is invested in a joint venture with the Town of Gilbert, and not available for obligations.
- At June 30, 2016, the City's governmental funds reported combined ending fund balances of \$289 million, an increase of \$12.4 million in comparison with the prior year. Approximately 57.6 percent of the total amount, \$166.6 million, is available for spending at the City's discretion (assigned or unassigned).
- At June 30, 2016, total fund balance for the General Fund was \$181 million which represents an decrease of \$4.1 million from the prior year; this is primarily due to planned use of General Fund balance for streets and park infrastructure maintenance and other one-time capital improvements.
- General revenues from governmental activities accounted for \$231.9 million, or 70 percent, of all revenues from governmental activities. Program specific revenues in the form of charges for services and grants and contributions accounted for \$98.7 million or 30 percent of total governmental activity revenues. The City had \$157 million of program revenues and \$5.3 million in general revenues and transfers related to business-type activities.
- At June 30, 2016, the City's proprietary funds reported combined total net position of \$632.4 million, and total unrestricted net position of \$258.8 million. A total of \$134.7 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, 2016

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 22 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Streets Capital Projects Fund, and General Obligation Bonds Debt Service Fund, which are considered to be major funds. Data from the other 19 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 \$1.33 billion as of June 30, 2016. 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 (69.4 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 (11.5 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (19.1 percent) includes \$59.3 million which is invested in a joint venture with the Town of Gilbert that may not be used to meet the City's 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. The same situation held true for the prior fiscal year.

There was an increase of \$41 million in unrestricted net position reported in connection with the City's business-type activities. This was due primarily from the investment in capital assets.

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The following table presents a condensed statement of the City's net position for the fiscal years ended June 30, 2016 and 2015.

	Governmental Activities		Business-type Activities		Total (Primary Govt.)	
	2016	2015	2016	2015	2016	2015
Current assets	\$ 378,883,237	\$ 380,261,643	\$ 305,201,545	\$ 239,034,348	\$ 684,084,782	\$ 619,295,991
Capital assets, net	788,225,613	805,630,969	687,329,244	666,905,029	1,475,554,857	1,472,535,998
Long-term assets	-	-	59,722,774	63,235,221	59,722,774	63,235,221
Total assets	1,167,108,850	1,185,892,612	1,052,253,563	969,174,598	2,219,362,413	2,155,067,210
Total deferred outflows of resources	53,383,415	49,156,931	10,521,835	11,255,258	63,905,250	60,412,189
Total assets and deferred outflows of resources	1,220,492,265	1,235,049,543	1,062,775,398	980,429,856	2,283,267,663	2,215,479,399
Current liabilities	49,357,879	64,642,692	50,284,970	42,588,983	99,642,849	107,231,675
Long-term liabilities	464,164,254	460,027,117	377,807,391	335,211,119	841,971,645	795,238,236
Total liabilities	513,522,133	524,669,809	428,092,361	377,800,102	941,614,494	902,469,911
Total deferred inflows of resources	11,483,506	26,662,630	2,258,251	4,258,428	13,741,757	30,921,058
Total liabilities and deferred inflows of resources	525,005,639	551,332,439	430,350,612	382,058,530	955,356,251	933,390,969
Net position:						
Net investment in capital assets	579,591,241	567,041,560	342,252,306	380,427,606	921,843,547	947,469,166
Restricted	121,767,847	108,965,994	31,365,801	119,075	153,133,648	109,085,069
Unrestricted	(5,872,464)	7,709,550	258,806,679	217,824,645	252,934,215	225,534,195
Total net position	\$ 695,486,624	\$ 683,717,104	\$ 632,424,786	\$ 598,371,326	\$ 1,327,911,410	\$ 1,282,088,430

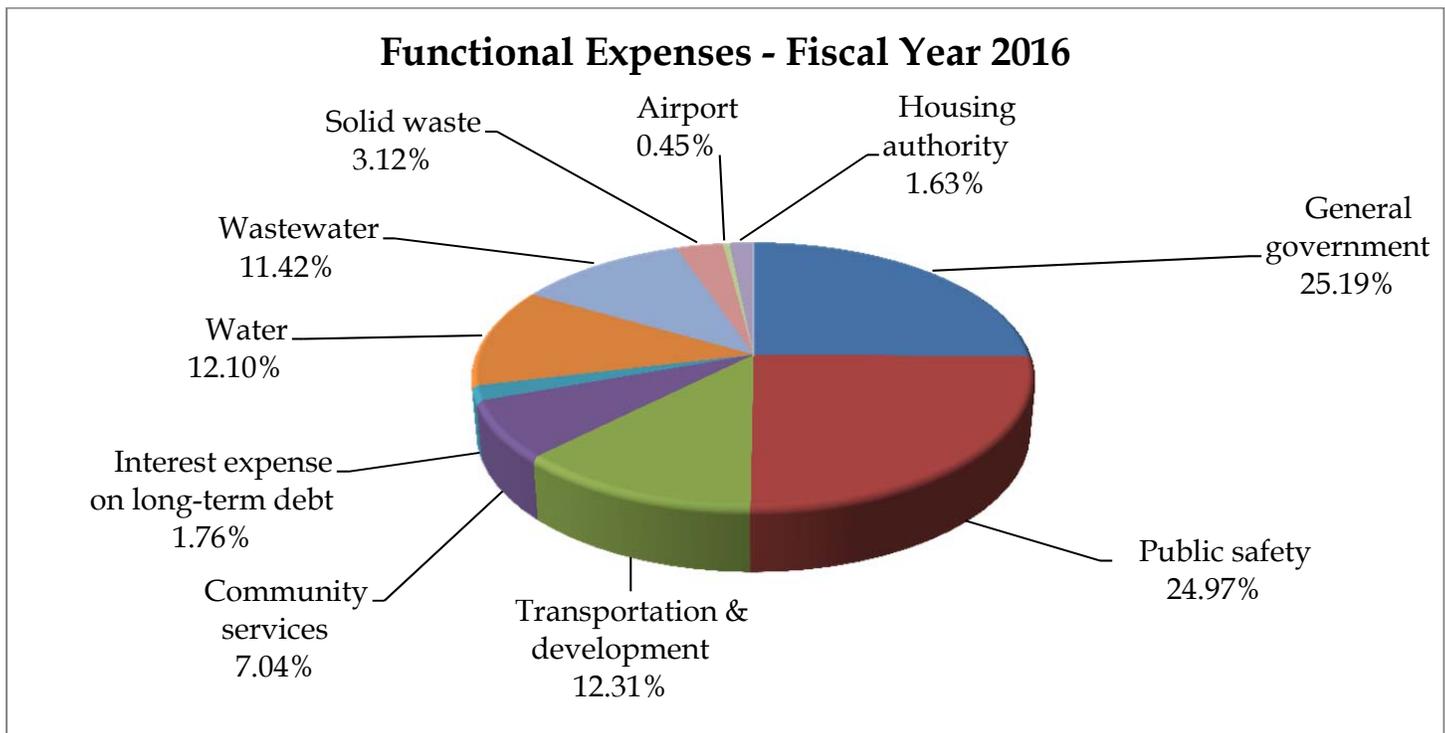
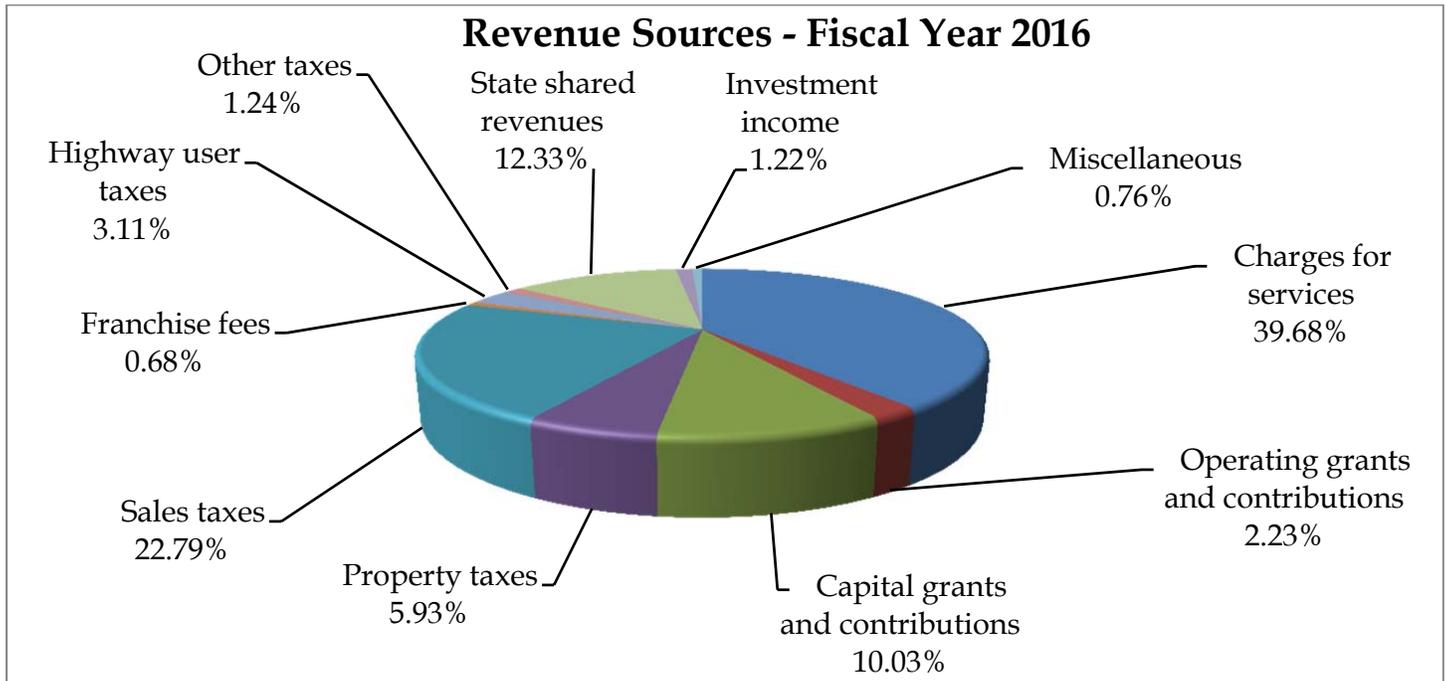


CITY OF CHANDLER, ARIZONA
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Changes in net position. The City's total revenues for the fiscal year ended June 30, 2016 were \$492.5 million. The total cost of all programs and services was \$446.7 million, which results in an increase in net position of \$45.8 million. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2016 and 2015.

	Governmental Activities		Business-type Activities		Total (Primary Govt.)	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues						
Charges for services	\$ 76,823,271	\$ 67,665,580	\$ 118,637,861	\$ 109,739,794	\$ 195,461,132	\$ 177,405,374
Operating grants and contributions	5,188,787	3,514,714	5,784,021	5,862,477	10,972,808	9,377,191
Capital grants and contributions	16,725,462	13,133,637	32,690,364	35,357,741	49,415,826	48,491,378
General revenues						
Property taxes	29,214,103	28,708,033	-	-	29,214,103	28,708,033
Sales taxes	112,250,883	108,657,130	10,391	10,865	112,261,274	108,667,995
Highway user taxes	15,303,635	14,633,470	-	-	15,303,635	14,633,470
Other taxes	6,100,475	10,106,891	-	-	6,100,475	10,106,891
Franchise fees	3,344,817	3,300,129	-	-	3,344,817	3,300,129
State shared revenues	60,712,442	59,236,588	-	-	60,712,442	59,236,588
Investment income	3,834,840	1,763,585	2,180,447	819,556	6,015,287	2,583,141
Miscellaneous	1,124,559	1,197,215	2,632,460	2,475,760	3,757,019	3,672,975
Total revenues	330,623,274	311,916,972	161,935,544	154,266,193	492,558,818	466,183,165
Expenses:						
General government	112,514,903	104,456,315	-	-	112,514,903	104,456,315
Public safety	111,568,323	102,050,425	-	-	111,568,323	102,050,425
Transportation and development	55,012,081	51,714,085	-	-	55,012,081	51,714,085
Community services	31,441,019	31,784,321	-	-	31,441,019	31,784,321
Interest and fiscal charges	7,884,146	6,986,490	-	-	7,884,146	6,986,490
Water	-	-	54,075,742	55,470,724	54,075,742	55,470,724
Wastewater	-	-	51,034,921	50,823,497	51,034,921	50,823,497
Solid waste	-	-	13,925,017	14,087,780	13,925,017	14,087,780
Airport	-	-	2,011,880	1,860,057	2,011,880	1,860,057
Housing authority	-	-	7,267,806	7,433,284	7,267,806	7,433,284
Total expenses	318,420,472	296,991,636	128,315,366	129,675,342	446,735,838	426,666,978
Excess (deficiency) before transfers	12,202,802	14,925,336	33,620,178	24,590,851	45,822,980	39,516,187
Transfers in (out)	(433,282)	(123,350)	433,282	123,350	-	-
Change in net position	11,769,520	14,801,986	34,053,460	24,714,201	45,822,980	39,516,187
Beginning net position	683,717,104	668,915,118	598,371,326	573,657,125	1,282,088,430	1,242,572,243
Ending net position	\$ 695,486,624	\$ 683,717,104	\$ 632,424,786	\$ 598,371,326	\$ 1,327,911,410	\$ 1,282,088,430

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Governmental activities. The increase in governmental net position totaled \$11.8 million for the year ended June 30, 2016 compared with an increase of \$14.8 million in the prior year. This reflects continued increases in charges for services and local and state shared sales tax as consumer confidence remains strong and development continues in Chandler, as the economy continues to strengthen. At the same time, increased spending reflects the City's use of one-time funds towards maintaining existing infrastructure (i.e., 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 \$34.1 million for the year ended June 30, 2016 compared with an increase of \$24.7 million in the prior year. This is primarily due to wastewater and reclaimed water utility rate increases implemented October, 2015 and higher water consumption.

As evident in the previous graph, the largest financing source for the City is charges for services at 39.68 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 22.79 percent and 12.33 percent, respectively, of the total revenues with capital grants and contributions accounting for an additional 10.03 percent of the City's total revenues.

The City as a whole uses the largest amount of resources for general government functions at 25.19 percent of the total functional expenses of the City. The next largest users of resources are public safety and transportation and development at 24.97 percent and 12.31 percent, respectively, with water services accounting for 12.1 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 \$289 million, an increase of \$12.4 million in comparison with the prior year. Approximately \$166.6 million (57.6 percent) of this amount is combined assigned and unassigned balances, all which may be spent at the City's discretion. The total compared to the prior years' assigned and unassigned balances of \$167.1 million represents a slight decrease of \$403.6 thousand.

The remainder of the fund balance comprising of non-spendable and restricted balances amounts to \$122.7 million (42.4 percent of the total fund balance). The non-spendable balance consists of inventories and pre-paid amounts. The restricted balance is constrained for specific purposes imposed by external parties or enabling legislation. The total compared to the prior years' restricted balance of \$109.9 million represents an increase of \$12.8 million. This increase is due to the increase in assigned general fund balance for one-time capital improvements.

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 \$178.5 million, while total fund balance reached \$181 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 .91 coverage of total annual general fund expenditures. This is still within the City's contingency reserve financial policy, allowing the funding of other reserves (i.e., economic development and capital projects, compensated absences). The City's general fund balance decreased by \$4.1 million during the current fiscal year primarily due to planned use of General Fund balance for streets and park infrastructure maintenance and other one-time capital improvements.

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 \$44.5 million. The fund balance of the City's street fund increased by \$8.1 million during the current fiscal year due to accumulated Arterial Street Impact Fee revenues and reimbursements from the Proposition 400 Arterial Life Cycle program for projects in process.

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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 increased by \$371.8 thousand during the current fiscal year. The increase is due to the fact that the secondary property tax rate remained at \$0.88 per \$100 of assessed valuation in FY 2015-16 to partially offset the impact of increased median homeowner property values.

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 \$632.4 million and \$38 million, respectively, compared to \$598.4 million and \$36.1 million in the prior fiscal year.

The enterprise funds net position after net investment in capital assets is 40.9 percent unrestricted compared to 36.4 percent in the prior fiscal year. Unrestricted net position of the water fund at the end of the year amounted to \$134.7 million, and those for the wastewater fund amounted to \$112.8 million, compared to \$144.8 million and \$63.5 million in the prior fiscal year.

BUDGETARY HIGHLIGHTS

For the 2015-16 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 2015-16 that included higher planned operating and capital expenditures based upon anticipated increases to the ongoing revenue streams and using one-time revenues for select capital projects. Most local revenue sources were forecasted to improve, and expectations were met during the year. The City's major sources of General Fund revenues include Local Sales Tax, State Shared Sales Tax, and Urban Revenue Sharing (State Shared Income Tax). Continued increases in the largest General Fund revenue categories allowed the City Council to increase the General Fund budget by 7.6% from the previous year, and the total City budget increased by 16.2% over 2014-15.

As has been the City's practice, the budget and revenue forecast distinguished between ongoing and one-time revenues and ensured related spending was also aligned. The City's 2015-16 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 maintain the General Fund contingency reserve at 15% of anticipated annual General Fund 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.

CITY OF CHANDLER, ARIZONA
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Year Ended June 30, 2016

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets. As of June 30, 2016, the City had invested \$921.8 million in capital assets net of related debt, including buildings, facilities, vehicles, computers, equipment, and infrastructure assets. Total depreciation expense for the year was \$95.6 million.

The City completed several improvement projects including completion of solar array projects at the cost of \$2.2 million, Citrus Vista park site construction at a cost of \$1.7 million, Valencia Park site construction at a cost \$1.4 million, Airport Runway Erosion Control at a cost of \$821 thousand and construction of a water system maintenance building at a cost of \$1 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, 2016 and 2015:

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.)	
	2016	2015	2016	2015	2016	2015
Land	\$ 85,355,474	\$ 85,355,474	\$ 48,980,747	\$ 49,829,747	\$ 134,336,221	\$ 135,185,221
Land improvements	-	-	400,599	490,716	400,599	490,716
Infrastructure	368,754,379	385,600,420	-	-	368,754,379	385,600,420
System improvements	-	-	551,925,122	575,513,084	551,925,122	575,513,084
Buildings and improvements	235,599,631	244,406,111	9,471,903	8,561,616	245,071,534	252,967,727
Vehicles, machinery and equipment	29,865,648	28,727,474	4,246,188	3,872,052	34,111,836	32,599,526
Construction in progress	68,650,481	61,541,490	72,304,685	28,637,814	140,955,166	90,179,304
Total	\$ 788,225,613	\$ 805,630,969	\$ 687,329,244	\$ 666,905,029	\$ 1,475,554,857	\$ 1,472,535,998

CITY OF CHANDLER, ARIZONA
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Year Ended June 30, 2016

Long-term Debt. At the end of the current fiscal year, the City of Chandler had total bonded debt outstanding of \$575.8 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, 2016 and 2015.

	Governmental Activities		Business-type Activities		Total (Primary Govt.)	
	2016	2015	2016	2015	2016	2015
General obligation bonds	\$ 205,088,000	\$ 222,143,000	\$ 127,782,000	\$ 140,072,000	\$ 332,870,000	\$ 362,215,000
Revenue bonds	10,055,000	14,025,000	24,850,000	31,610,000	34,905,000	45,635,000
Excise tax revenue obligations	-	-	204,090,000	142,200,000	204,090,000	142,200,000
Special assessment bonds	3,960,000	4,440,000	-	-	3,960,000	4,440,000
Issuance premiums	16,165,290	17,898,207	22,910,886	20,931,905	39,076,176	38,830,112
Total bonds & obligations payable	\$ 235,268,290	\$ 258,506,207	\$ 379,632,886	\$ 334,813,905	\$ 614,901,176	\$ 593,320,112
Arbitrage payable	15,978	30,978	34,022	29,022	50,000	60,000
Claims payable	6,432,298	5,642,383	-	-	6,432,298	5,642,383
Landfill closure/post closure	-	-	4,340,000	4,340,000	4,340,000	4,340,000
Compensated absences	10,342,377	9,819,302	1,096,093	1,073,631	11,438,470	10,892,933
Net Pension Liability	215,115,571	195,607,344	20,499,330	19,019,081	235,614,901	214,626,425
Post employment benefits	22,067,044	18,839,333	1,853,589	1,644,965	23,920,633	20,484,298
Total long term liabilities	\$ 489,241,558	\$ 488,445,547	\$ 407,455,920	\$ 360,920,604	\$ 896,697,478	\$ 849,366,151

The City of Chandler's total long term liabilities increased by \$47.3 million during the current fiscal year. The key factors in the increase were the issuance of \$66.7 million in Excise Tax bonds, an increase in net pension liabilities of \$21 million off-set by principal payments made on long-term 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 \$633.4 million. The City has \$323.4 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 \$190.0 million. The City has \$9.4 million of outstanding general obligation debt for this purpose.

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

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

CITY OF CHANDLER, ARIZONA
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2016

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Adopting a balanced budget for the next fiscal year (2016-17) required the combined efforts of citizens, the City Council, Executive Leadership team, and staff members throughout the organization. The City's overall budget reflects continued slow but steady economic growth for both the City and State. The budget increased from \$910 million in 2015-16 to \$971 million (+6.7%) in 2016-17, with the increase due to higher expenditures for department spending, including capital projects. Overall increases in the largest General Fund revenue categories and use of fund balance helped support a 7.6% increase in the General Fund budget for 2016-17, with the largest portion of the increase due to increases in capital spending (\$28 million) for pay-as-you-go projects. With a 7.3% increase in Limited Property Values (including new growth), the City Council chose to reduce the primary property tax rate from \$0.2992 to \$0.29 and the secondary property tax rate from \$0.88 to \$0.87 per \$100 of assessed valuation. The rate reductions will help minimize the impact of higher values on property owners tax payment. 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 2016-17 budget does not include any anticipated bond sales, although refunding opportunities for outstanding bonds are evaluated continuously. As a result, the City Council maintained the Infrastructure Maintenance Reserve to supplement the Street Repaving and other capital improvement program. This appropriation will exhaust the Reserve. 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. The 2016-17 budget also includes supplemental payments to the Public Safety Personnel Retirement System to accelerate pay down of the City's unfunded liability.

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.



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BASIC FINANCIAL STATEMENTS

City of Chandler
Statement of Net Position
June 30, 2016

	Governmental Activities	Business-Type Activities	Total	Component Units	
				Chandler Industrial Development Authority	Chandler Cultural Foundation
ASSETS					
Current assets:					
Equity in pooled cash and investments	\$ 360,128,282	\$ 286,784,314	\$ 646,912,596	\$ -	\$ -
Cash and investments	-	-	-	758,853	1,229,140
Accounts receivable	1,127,109	17,421,223	18,548,332	-	6,752
Privilege license tax receivable	660,838	-	660,838	-	-
Property taxes receivable	349,553	-	349,553	-	-
Internal balances	25,595	(25,595)	-	-	-
Due from other governments	9,726,038	42,035	9,768,073	-	-
Inventories	907,594	167,995	1,075,589	-	-
Prepaid items	22,590	341,672	364,262	-	19,215
Accrued interest receivable	812,817	416,053	1,228,870	-	-
Special assessments receivable	3,607,536	-	3,607,536	-	-
Notes receivable - current	448,503	-	448,503	-	-
Other receivables	1,066,782	53,848	1,120,630	-	-
Total current assets	378,883,237	305,201,545	684,084,782	758,853	1,255,107
Long-term assets:					
Cash and investments - restricted	-	-	-	-	1,411,004
Notes receivable - long term	-	336,450	336,450	-	-
Investment in joint venture	-	59,317,819	59,317,819	-	-
Other assets	-	68,505	68,505	-	6,000
Capital assets:					
Non-depreciable	154,005,955	121,285,432	275,291,387	-	-
Depreciable, net	634,219,658	566,043,812	1,200,263,470	-	55,122
Total capital assets	788,225,613	687,329,244	1,475,554,857	-	55,122
Total long-term assets	788,225,613	747,052,018	1,535,277,631	-	1,472,126
Total assets	1,167,108,850	1,052,253,563	2,219,362,413	758,853	2,727,233
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows of pension plan items	41,682,882	2,282,894	43,965,776	-	-
Deferred amounts on refundings	11,700,533	8,238,941	19,939,474	-	-
Total deferred outflows of resources	53,383,415	10,521,835	63,905,250	-	-

LIABILITIES

Current liabilities:

Accounts payable	8,375,174	9,514,139	17,889,313	-	100,095
Accrued payroll	2,216,244	259,599	2,475,843	-	-
Trust liabilities and deposits	8,577,907	3,326,333	11,904,240	-	-
Accrued interest	4,313,016	7,112,564	11,425,580	-	-
Unearned revenue	798,234	-	798,234	-	297,764
Customer advances	-	423,806	423,806	-	-
Arbitrage liability	5,000	10,000	15,000	-	-
Compensated absences payable	118,834	12,594	131,428	-	-
Bonds payable	19,156,902	29,531,489	48,688,391	-	-
Landfill closure and postclosure liability	-	94,446	94,446	-	-
Claims and judgements payable	5,796,568	-	5,796,568	-	-
Total current liabilities	49,357,879	50,284,970	99,642,849	-	397,859

Long-term liabilities:

Arbitrage liability	10,978	24,022	35,000	-	-
Compensated absences payable	10,223,543	1,083,499	11,307,042	-	-
Bonds payable	216,111,388	350,101,397	566,212,785	-	-
Net pension liability	215,115,571	20,499,330	235,614,901	-	-
OPEB liability	22,067,044	1,853,589	23,920,633	-	-
Landfill closure and postclosure liability	-	4,245,554	4,245,554	-	-
Claims and judgements payable	635,730	-	635,730	-	-
Total long-term liabilities	464,164,254	377,807,391	841,971,645	-	-
Total liabilities	513,522,133	428,092,361	941,614,494	-	397,859

DEFERRED INFLOWS OF RESOURCES

Deferred inflows of pension plan items	11,483,508	2,258,251	13,741,759	-	-
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NET POSITION

Net investment in capital assets	579,591,241	342,252,306	921,843,547	-	55,122
Restricted for:					
Transportation and development	61,381,249	-	61,381,249	-	-
Capital improvements	20,454,178	-	20,454,178	-	-
Community services	21,730,085	-	21,730,085	-	-
Community development	453,023	-	453,023	-	-
Debt service	16,182,694	28,718,784	44,901,478	-	-
Legal restrictions	1,566,618	2,581,560	4,148,178	-	1,411,004
Family Self Sufficiency escrow accounts	-	65,457	65,457	-	-
Total restricted	121,767,847	31,365,801	153,133,648	-	1,411,004
Unrestricted	(5,872,464)	258,806,679	252,934,215	758,853	863,248
Total net position	\$ 695,486,624	\$ 632,424,786	\$ 1,327,911,410	\$ 758,853	\$ 2,329,374

See accompanying Notes to Basic Financial Statements.

City of Chandler
Statement of Activities
For the year ended June 30, 2016

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities:					
General government	\$ 112,514,903	\$ 42,021,638	\$ 317,657	\$ 1,013,056	\$ 43,352,351
Public safety	111,568,323	7,471,344	1,427,562	-	8,898,906
Transportation and development	55,012,081	16,538,175	1,186,977	15,636,901	33,362,053
Community services	31,441,019	10,792,114	2,256,591	75,505	13,124,210
Interest on long-term debt	7,884,146	-	-	-	-
Total governmental activities	<u>318,420,472</u>	<u>76,823,271</u>	<u>5,188,787</u>	<u>16,725,462</u>	<u>98,737,520</u>
Business-type activities:					
Water	54,075,742	50,483,097	-	13,047,701	63,530,798
Wastewater	51,034,921	51,321,346	-	18,110,124	69,431,470
Solid waste	13,925,017	14,940,591	-	-	14,940,591
Airport	2,011,880	946,419	-	1,030,989	1,977,408
Chandler housing authority	7,267,806	946,408	5,784,021	501,550	7,231,979
Total business-type activities	<u>128,315,366</u>	<u>118,637,861</u>	<u>5,784,021</u>	<u>32,690,364</u>	<u>157,112,246</u>
Total primary government	<u>\$ 446,735,838</u>	<u>\$ 195,461,132</u>	<u>\$ 10,972,808</u>	<u>\$ 49,415,826</u>	<u>\$ 255,849,766</u>
Component units					
Chandler Industrial Development Authority	\$ 36,209	\$ 62,039	\$ -	\$ -	\$ 62,039
Chandler Cultural Foundation	1,403,970	1,306,004	316,494	-	1,622,498
Total component units	<u>\$ 1,440,179</u>	<u>\$ 1,368,043</u>	<u>\$ 316,494</u>	<u>\$ -</u>	<u>\$ 1,684,537</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

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
\$ (69,162,552)	\$ -	\$ (69,162,552)	\$ -	\$ -
(102,669,417)	-	(102,669,417)	-	-
(21,650,028)	-	(21,650,028)	-	-
(18,316,809)	-	(18,316,809)	-	-
(7,884,146)	-	(7,884,146)	-	-
(219,682,952)	-	(219,682,952)	-	-
-	9,455,056	9,455,056	-	-
-	18,396,549	18,396,549	-	-
-	1,015,574	1,015,574	-	-
-	(34,472)	(34,472)	-	-
-	(35,827)	(35,827)	-	-
-	28,796,880	28,796,880	-	-
(219,682,952)	28,796,880	(190,886,072)	-	-
-	-	-	25,830	-
-	-	-	-	218,528
-	-	-	25,830	218,528
29,214,103	-	29,214,103	-	-
112,250,883	10,391	112,261,274	-	-
15,303,635	-	15,303,635	-	-
6,100,475	-	6,100,475	-	-
162,869,096	10,391	162,879,487	-	-
3,344,817	-	3,344,817	-	-
60,712,442	-	60,712,442	-	-
3,834,840	2,180,447	6,015,287	1,361	15,534
1,124,559	2,632,460	3,757,019	-	-
(433,282)	433,282	-	-	-
231,452,472	5,256,580	236,709,052	1,361	15,534
11,769,520	34,053,460	45,822,980	27,191	234,062
683,717,104	598,371,326	1,282,088,430	731,662	2,095,312
\$ 695,486,624	\$ 632,424,786	\$ 1,327,911,410	\$ 758,853	\$ 2,329,374

City of Chandler
Balance Sheet
Governmental Funds
June 30, 2016

	Major Funds				Total
	General	Streets Capital Projects	General Obligation		
			Bonds Debt Service	Other Governmental Funds	
ASSETS					
Equity in pooled cash and investments	\$ 168,247,535	\$ 47,511,872	\$ 32,724,476	\$ 67,151,104	\$ 315,634,987
Accounts receivable	1,044,062	-	-	11,016	1,055,078
Prepaid items	-	-	-	22,590	22,590
Privilege license tax receivable	660,838	-	-	-	660,838
Property taxes receivable	92,387	-	257,166	-	349,553
Advances to other funds	18,685,809	-	-	-	18,685,809
Due from other funds	3,908,375	-	-	-	3,908,375
Due from other governments	2,444,761	-	-	7,281,277	9,726,038
Inventories	907,594	-	-	-	907,594
Accrued interest receivable	406,066	107,810	54,099	154,533	722,508
Special assessments receivable	-	-	-	3,607,536	3,607,536
Notes receivable	-	-	-	448,503	448,503
Other receivables	1,063,874	-	-	2,908	1,066,782
Total assets	\$ 197,461,301	\$ 47,619,682	\$ 33,035,741	\$ 78,679,467	\$ 356,796,191
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 5,952,359	\$ 306,169	\$ -	\$ 2,063,050	\$ 8,321,578
Accrued payroll	2,117,603	2,939	-	72,141	2,192,683
Trust liabilities and deposits	7,562,557	-	-	1,015,350	8,577,907
Accrued interest	-	-	4,045,991	267,025	4,313,016
Due to other funds	-	-	-	3,882,780	3,882,780
Advances from other funds	-	2,814,300	-	15,871,509	18,685,809
Unearned revenue	792,064	-	-	-	792,064
Arbitrage liability	-	-	-	5,000	5,000
Bonds payable (matured)	-	-	13,615,000	3,370,000	16,985,000
Total liabilities	16,424,583	3,123,408	17,660,991	26,546,855	63,755,837
Deferred inflows of resources:					
Unavailable revenues - special assessments	-	-	-	3,586,598	3,586,598
Unavailable revenues - property taxes	36,509	-	92,968	-	129,477
Total deferred inflows of resources	36,509	-	92,968	3,586,598	3,716,075
Fund balances:					
Nonspendable	907,594	-	-	-	907,594
Restricted	1,566,618	44,496,274	15,281,782	60,423,173	121,767,847
Committed	-	-	-	-	-
Assigned	109,958,162	-	-	-	109,958,162
Unassigned	68,567,835	-	-	(11,877,159)	56,690,676
Total fund balances	181,000,209	44,496,274	15,281,782	48,546,014	289,324,279
Total liabilities, deferred inflows and fund balances	\$ 197,461,301	\$ 47,619,682	\$ 33,035,741	\$ 78,679,467	\$ 356,796,191

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, 2016

Total Fund Balances - Total Governmental Funds \$ 289,324,279

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	154,005,955
Depreciable buildings, property, equipment and infrastructure, net	<u>634,219,658</u>
Total capital assets	<u>788,225,613</u>

Certain revenues are not available to pay for current period expenditures and, therefore, are unavailable in the funds.	<u>3,716,075</u>
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Deferred charges on refundings are not financial resources and, therefore, are not reported in the funds.	<u>11,700,533</u>
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Deferred outflows related to pensions are not financial resources and, therefore, are not reported in the funds.	41,682,882
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Deferred inflows related to pensions represent a future acquisition of net position that is not reported in the funds.	(11,483,508)
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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>37,997,411</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 \$6,173,245 which are included above, the long-term liabilities were adjusted as follows:

Bonds payable	(218,283,290)
Net pension liability	(215,115,571)
OPEB liability	(21,991,782)
Arbitrage liability	(10,978)
Compensated absences	<u>(10,275,040)</u>
Total long-term liabilities	<u>(465,676,661)</u>

Net Position of Governmental Activities \$ 695,486,624

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, 2016

	Major Funds				Total
	General	Streets	General Obligation	Other	
		Capital Projects	Bonds	Governmental	
		Debt Service	Funds		
REVENUES:					
Property taxes	\$ 7,410,739	\$ -	\$ 21,826,868	\$ -	\$ 29,237,607
Sales taxes	112,250,883	-	-	-	112,250,883
Highway user taxes	-	-	-	15,303,635	15,303,635
Regional transportation taxes	-	6,100,475	-	-	6,100,475
Franchise fees	3,344,817	-	-	-	3,344,817
State shared	60,712,442	-	-	-	60,712,442
Grants and entitlements	132,935	-	-	16,026,129	16,159,064
System development fees	-	7,436,964	-	8,780,040	16,217,004
Special assessments	-	-	-	606,757	606,757
Licenses and permits	6,634,161	-	-	-	6,634,161
Charges for services	19,503,120	16,157	-	186,509	19,705,786
Fines and forfeitures	3,112,774	-	-	1,715,400	4,828,174
Rentals	974,192	-	-	-	974,192
Contributions	200,000	-	-	-	200,000
Interest revenue	1,902,896	508,017	251,878	746,274	3,409,065
Miscellaneous	371,995	-	-	525,107	897,102
Total revenues	216,550,954	14,061,613	22,078,746	43,889,851	296,581,164
EXPENDITURES:					
Current:					
General government	48,117,743	-	-	4,020,641	52,138,384
Public safety	101,856,226	-	-	2,749,437	104,605,663
Transportation and development	16,149,528	358,797	-	8,962,829	25,471,154
Community services	24,404,630	-	-	584,214	24,988,844
Capital outlay	5,200,491	5,626,169	-	39,182,583	50,009,243
Debt service:					
Principal	-	-	13,615,000	3,850,000	17,465,000
Interest and fiscal charges	-	-	8,091,981	543,650	8,635,631
Total expenditures	195,728,618	5,984,966	21,706,981	59,893,354	283,313,919
Excess (deficiency) of revenues over expenditures	20,822,336	8,076,647	371,765	(16,003,503)	13,267,245
OTHER FINANCING SOURCES (USES):					
Proceeds from disposal of capital assets	-	-	-	463,709	463,709
Transfers in	-	-	-	27,885,557	27,885,557
Transfers out	(24,930,401)	-	-	(4,321,659)	(29,252,060)
Total other financing sources (uses)	(24,930,401)	-	-	24,027,607	(902,794)
NET CHANGE IN FUND BALANCE	(4,108,065)	8,076,647	371,765	8,024,104	12,364,451
FUND BALANCES:					
Beginning of year	185,108,274	36,419,627	14,910,017	40,521,910	276,959,828
End of year	\$ 181,000,209	\$ 44,496,274	\$ 15,281,782	\$ 48,546,014	\$ 289,324,279

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, 2016

Net Change in Fund Balances - Total Governmental Funds		<u>\$ 12,364,451</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>26,522,928</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>(49,237,709)</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	17,465,000	
Pension related items	878,510	
Other postemployment benefits obligation	(3,208,049)	
Loss on disposal of capital assets	<u>(578,692)</u>	<u>14,556,769</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>5,000</u>
Compensated absence expenses reported in the Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds.		<u>(525,406)</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>(477,718)</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>5,888,117</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>1,921,603</u>
Change in Net Position of Governmental Activities		<u><u>\$ 11,769,520</u></u>

See accompanying Notes to Basic Financial Statements.

City of Chandler
Statement of Net Position
Proprietary Funds
June 30, 2016

	Major Funds		Other	Total	Governmental
	Water	Wastewater	Proprietary Funds		Activities: Internal Service Fund
ASSETS					
Current assets:					
Equity in pooled cash and investments	\$ 115,160,119	\$ 152,041,686	\$ 19,582,509	\$ 286,784,314	\$ 44,493,295
Accounts receivable	7,264,901	8,152,987	2,003,335	17,421,223	72,031
Advances to other funds	3,900,000	-	-	3,900,000	-
Due from other governments	-	-	42,035	42,035	-
Inventories	146,865	-	21,130	167,995	-
Prepaid items	-	-	341,672	341,672	-
Accrued interest receivable	218,951	162,703	34,399	416,053	90,309
Other receivables	-	-	53,848	53,848	-
Total current assets	126,690,836	160,357,376	22,078,928	309,127,140	44,655,635
Long-term assets:					
Notes receivable	-	-	336,450	336,450	-
Investment in joint venture	59,317,819	-	-	59,317,819	-
Other assets	40,007	28,498	-	68,505	-
Capital assets:					
Non-depreciable	22,158,405	69,662,570	29,464,457	121,285,432	-
Depreciable, net	197,966,641	343,153,518	24,923,653	566,043,812	-
Total capital assets	220,125,046	412,816,088	54,388,110	687,329,244	-
Total long-term assets	279,482,872	412,844,586	54,724,560	747,052,018	-
Total assets	406,173,708	573,201,962	76,803,488	1,056,179,158	44,655,635
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows of pension plan items	1,141,448	634,138	507,308	2,282,894	-
Deferred amounts on refundings	5,192,839	3,046,102	-	8,238,941	-
Total deferred outflow of resources	6,334,287	3,680,240	507,308	10,521,835	-

LIABILITIES

Current liabilities:

Accounts payable	1,229,829	7,353,996	930,314	9,514,139	53,596
Accrued payroll	120,639	86,372	52,588	259,599	23,561
Trust liabilities and deposits	2,149,538	773,912	402,883	3,326,333	-
Accrued interest	2,811,449	4,299,959	1,156	7,112,564	-
Due to other funds	-	-	25,595	25,595	-
Unearned revenue	-	-	-	-	6,170
Customer advances	157,770	109,753	156,283	423,806	-
Arbitrage liability	4,880	5,120	-	10,000	-
Compensated absences payable	6,545	3,773	2,276	12,594	774
Bonds payable	15,812,283	13,694,010	25,196	29,531,489	-
Landfill closure and postclosure liability	-	-	94,446	94,446	-
Claims and judgements payable	-	-	-	-	5,796,568
Total current liabilities	22,292,933	26,326,895	1,690,737	50,310,565	5,880,669

Long-term liabilities:

Arbitrage liability	8,410	15,612	-	24,022	-
Compensated absences payable	563,113	324,624	195,762	1,083,499	66,563
Advances from other funds	-	3,900,000	-	3,900,000	-
Bonds payable	137,976,548	212,071,694	53,155	350,101,397	-
Net pension liability	10,249,664	5,694,258	4,555,408	20,499,330	-
OPEB liability	972,393	614,868	266,328	1,853,589	75,262
Landfill closure and postclosure liability	-	-	4,245,554	4,245,554	-
Claims and judgements payable	-	-	-	-	635,730
Total long-term liabilities	149,770,128	222,621,056	9,316,207	381,707,391	777,555
Total liabilities	172,063,061	248,947,951	11,006,944	432,017,956	6,658,224

DEFERRED INFLOWS OF RESOURCES

Deferred inflows of pension plan items	1,129,126	627,293	501,832	2,258,251	-
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NET POSITION

Net investment in capital assets	87,909,990	199,961,155	54,381,161	342,252,306	-
Restricted	16,723,680	14,576,664	65,457	31,365,801	-
Unrestricted	134,682,138	112,769,139	11,355,402	258,806,679	37,997,411
Total net position	\$ 239,315,808	\$ 327,306,958	\$ 65,802,020	\$ 632,424,786	\$ 37,997,411

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, 2016

	Major Funds		Other	Total	Governmental
	Water	Wastewater	Proprietary Funds		Activities: Internal Service Fund
OPERATING REVENUES:					
Service fees	\$ 50,483,097	\$ 51,321,346	\$ 15,887,010	\$ 117,691,453	\$ 48,673
Grants and entitlements	-	-	5,784,021	5,784,021	-
Rentals	-	-	946,408	946,408	-
Sales taxes	-	-	10,391	10,391	-
Self insurance premiums	-	-	-	-	27,929,802
Miscellaneous	74,540	276,629	187,393	538,562	227,458
Total operating revenues	50,557,637	51,597,975	22,815,223	124,970,835	28,205,933
OPERATING EXPENSES:					
General and administrative	3,288,000	2,869,415	1,065,648	7,223,063	-
Personal services	8,651,464	6,508,502	3,745,455	18,905,421	2,414,393
Contractual services	6,566,274	3,870,803	10,463,764	20,900,841	2,104,923
Commodities	8,402,042	9,805,798	1,687,262	19,895,102	1,878,766
Claims expense	-	-	-	-	21,240,246
Housing assistance payments	-	-	4,382,996	4,382,996	-
Depreciation and amortization expense	19,452,697	25,047,859	1,840,265	46,340,821	-
Total operating expenses	46,360,477	48,102,377	23,185,390	117,648,244	27,638,328
OPERATING INCOME (LOSS)	4,197,160	3,495,598	(370,167)	7,322,591	567,605
NONOPERATING REVENUES (EXPENSES):					
Interest revenue	1,116,460	861,929	202,058	2,180,447	420,777
Interest and fiscal charges	(5,954,707)	(7,715,227)	(2,313)	(13,672,247)	-
Accretion of bond premium	1,037,717	1,055,985	196	2,093,898	-
Amortization of deferred bond items	(125,118)	(93,973)	-	(219,091)	-
Bond issuance costs	(72,947)	(659,931)	-	(732,878)	-
Gain (loss) on disposal of capital assets	1,730,862	5,536,587	(17,000)	7,250,449	-
Equity interest in joint venture	(3,293,355)	-	-	(3,293,355)	-
Total nonoperating revenues (expenses)	(5,561,088)	(1,014,630)	182,941	(6,392,777)	420,777
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(1,363,928)	2,480,968	(187,226)	929,814	988,382
CAPITAL CONTRIBUTIONS AND TRANSFERS:					
Capital contributions	13,047,701	18,110,124	1,532,539	32,690,364	-
Transfers in	-	382,185	625,040	1,007,225	950,000
Transfers out	(305,886)	(156,355)	(111,702)	(573,943)	(16,779)
Total capital contributions and transfers	12,741,815	18,335,954	2,045,877	33,123,646	933,221
Change in Net Position	11,377,887	20,816,922	1,858,651	34,053,460	1,921,603
NET POSITION:					
Beginning of year	227,937,921	306,490,036	63,943,369	598,371,326	36,075,808
End of year	\$ 239,315,808	\$ 327,306,958	\$ 65,802,020	\$ 632,424,786	\$ 37,997,411

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, 2016

	Major Funds		Other Proprietary Funds	Total	Governmental Activities: Internal Service Fund
	Water	Wastewater			
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers	\$ 50,456,187	\$ 49,277,405	\$ 16,792,378	\$ 116,525,970	\$ 28,239,706
Cash received from grantors	-	-	5,780,488	5,780,488	-
Cash payments to suppliers	(18,120,182)	(13,685,937)	(17,726,419)	(49,532,538)	(24,446,299)
Cash payments to employees for services	(9,120,647)	(6,662,935)	(3,835,117)	(19,618,699)	(2,446,551)
Net cash provided (used) by operating activities	23,215,358	28,928,533	1,011,330	53,155,221	1,346,856
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers in	-	382,185	625,040	1,007,225	950,000
Transfers out	(305,886)	(156,355)	(111,702)	(573,943)	(16,779)
Net cash provided (used) by noncapital financing activities	(305,886)	225,830	513,338	433,282	933,221
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition and construction of capital assets	(11,444,223)	(40,691,529)	(834,217)	(52,969,969)	-
Proceeds from sales of capital assets	126,000	34,000	17,000	177,000	-
Proceeds from sale/refunding of bonds	7,935,904	60,597,244	-	68,533,148	-
Principal paid on bond maturities	(13,863,696)	(7,952,128)	(25,001)	(21,840,825)	-
Interest paid on bonds	(6,073,306)	(6,737,983)	(2,626)	(12,813,915)	-
Cash received from capital contributions	11,677,323	13,789,873	501,550	25,968,746	-
Net cash provided (used) by capital and related financing activities	(11,641,998)	19,039,477	(343,294)	7,054,185	-
CASH FLOWS FROM INVESTING ACTIVITIES:					
Investment income	1,058,266	795,220	193,152	2,046,638	420,816
Net cash provided (used) by investing activities	1,058,266	795,220	193,152	2,046,638	420,816
Net increase (decrease) in cash and cash equivalents	12,325,740	48,989,060	1,374,526	62,689,326	2,700,893
CASH AND CASH EQUIVALENTS:					
Beginning of year	102,834,379	103,052,626	18,207,983	224,094,988	41,792,402
End of year	\$ 115,160,119	\$ 152,041,686	\$ 19,582,509	\$ 286,784,314	\$ 44,493,295

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET

CASH PROVIDED (USED) BY OPERATING ACTIVITIES:

Operating income (loss)	\$ 4,197,160	\$ 3,495,598	\$ (370,167)	\$ 7,322,591	\$ 567,605
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	19,452,697	25,047,859	1,840,265	46,340,821	-
Changes in assets, liabilities and deferred items:					
(Increase) decrease in receivables	(745,475)	(2,311,787)	(189,049)	(3,246,311)	34,622
(Increase) decrease in inventories	47,062	-	(2,570)	44,492	-
(Increase) decrease in other assets	125,118	93,974	(25,748)	193,344	-
Increase (decrease) in payables	89,072	2,860,079	(206,243)	2,742,908	(12,279)
Increase (decrease) in accrued payroll and compensated absences	(276,074)	(133,934)	(39,978)	(449,986)	(51,820)
Increase (decrease) in deposits	372,168	(204,836)	111,909	279,241	-
Increase (decrease) in claims payable	-	-	-	-	789,915
Increase (decrease) in unearned revenue	-	-	-	-	(849)
Increase (decrease) in customer advances	146,739	102,079	(11,177)	237,641	-
Increase (decrease) in net pension items	(258,961)	(143,867)	(115,316)	(518,144)	-
Increase (decrease) in OPEB liability	65,852	123,368	19,404	208,624	19,662
Total adjustments	<u>19,018,198</u>	<u>25,432,935</u>	<u>1,381,497</u>	<u>45,832,630</u>	<u>779,251</u>
Net cash provided (used) by operating activities	<u>\$ 23,215,358</u>	<u>\$ 28,928,533</u>	<u>\$ 1,011,330</u>	<u>\$ 53,155,221</u>	<u>\$ 1,346,856</u>

NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:

Contributions of capital assets from developers	\$ 1,370,378	\$ 4,320,251	\$ -	\$ 5,690,629	\$ -
Contributions of capital assets from city government	-	-	1,030,989	1,030,989	-
Loss on disposal of assets	(1,730,862)	(5,536,587)	17,000	(7,250,449)	-
Accretion of bond premiums	1,037,717	1,055,985	196	2,093,898	-
Amortization of deferred bond charges	125,118	93,973	-	219,091	-

See accompanying Notes to Basic Financial Statements.

City of Chandler
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2016

	Volunteer Firemen's Pension and Relief Trust Fund	Agency Funds
	<u> </u>	<u> </u>
ASSETS		
Equity in pooled cash and investments	\$ 19,114	\$ 5,000
Accrued interest receivable	45	-
	<u> </u>	<u> </u>
Total assets	\$ 19,159	\$ 5,000
LIABILITIES		
Due to others	\$ -	5,000
	<u> </u>	<u> </u>
Total liabilities	\$ -	\$ 5,000
NET POSITION		
Assets held in trust for pension benefits	19,159	-
	<u> </u>	<u> </u>
Total net position	\$ 19,159	\$ -

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, 2016

	Volunteer Firemen's Pension and Relief Trust Fund
ADDITIONS:	
Net investment income	\$ 202
Total additions	<u>202</u>
DEDUCTIONS:	
Benefits paid to plan members	<u>-</u>
Change in net position	<u>202</u>
NET POSITION:	
Beginning of year	<u>18,957</u>
End of year	<u><u>\$ 19,159</u></u>

See accompanying Notes to Basic Financial Statements.



Chandler + Arizona
Where Values Make The Difference

CITY OF CHANDLER, ARIZONA

Notes to the Financial Statements

June 30, 2016

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, 2016

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, 2016

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, 2016

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 \$16,299,017 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 \$5,508,506, for the streets capital projects fund are \$2,439,859, for water enterprise fund are \$19,738,794, for wastewater enterprise fund are \$118,096,301, and for nonmajor governmental funds are \$18,918,399.

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, 2016

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, 2016

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, 2016

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, 2016

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, 2016, the City implemented the provision of GASB Statement No. 72, Fair Value Measurement and Application. This Statement generally requires investments to be measured at fair value and requires disclosures to be made about fair value measurements including the level of fair value hierarchy and the valuation techniques utilized by the government.

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 \$9,653,875, and the bank balance was \$17,558,765. Of the bank balance, \$11,466,800 was covered by federal depository insurance and \$6,091,965 was covered by collateral held in the pledging bank's trust department in the City's name. In addition, at year ended June 30, 2016, the City had \$139,720,741 of restricted cash held by paying agent consisting of \$56,180,579 in July 1, 2016 debt service payments and \$83,540,162 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.

Fair Value Measurements. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset.

- Level 1 inputs are quoted prices in active markets for identical assets
- Level 2 inputs are significant other observable inputs
- Level 3 inputs are significant unobservable inputs

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2016

NOTE 2 - Cash and Investments, continued

At June 30, 2016, the City had the following investments and maturities:

Investment Type	Category	Fair Value	Investment Maturities (in Years)			Concentration of Credit Risk %	Credit Rating
			Less than 1 Year	1-5 Years			
U.S. Treasuries	Level 2	\$ 110,705,155	\$ 1,149,551	\$ 109,555,604	22.25 %	Aaa/AA+/AAA	
U.S. Agencies:							
Federal Farm Credit Bank	Level 2	17,761,973	-	17,761,973	3.57	Aaa/AA+/AAA	
Federal Home Loan Bank	Level 2	116,106,110	18,496,697	97,609,413	23.34	Aaa/AA+/AAA	
Federal Home Loan Mortgage Corp	Level 2	2,689,479	2,006,558	682,921	0.54	Aaa/AA+/AAA	
Federal National Mortgage Assn	Level 2	83,747,719	3,272,215	80,475,504	16.83	Aaa/AA+/AAA	
Commercial Paper:							
Band of Tokyo Comm	Level 2	299,126	299,126	-	0.06	P-1/A-1	
ING (US) Funding LLC	Level 2	244,323	244,323	-	0.05	P-1/A-1	
Rabobank Nederland NV NY	Level 2	3,296,063	3,296,063	-	0.66	P-1/A-1	
Corporate Bonds:							
American Honda Finance Corp	Level 2	7,881,910	-	7,881,910	1.58	A+/A1	
Apple Inc Global	Level 2	2,029,351	1,026,890	1,002,461	0.41	AA+/Aa1	
Bank of America	Level 2	3,757,533	3,002,699	754,834	0.76	A/A1/A+	
Bank of New York Mellon	Level 2	7,616,274	-	7,616,274	1.53	A/A1/AA-	
Berkshire Hathaway Inc	Level 2	3,715,732	2,099,756	1,615,976	0.75	AA/Aa2/A+	
Blackrock Inc	Level 2	1,595,156	-	1,595,156	0.32	AA-/A1	
Branch Banking and Trust	Level 2	4,014,195	4,014,195	-	0.81	A/A1/A+	
Chevron Corp	Level 2	5,488,501	-	5,488,501	1.10	AA-/Aa2	
Cisco Systems Inc	Level 2	4,318,422	2,506,200	1,812,222	0.87	AA-/A1	
Coca-Cola Co	Level 2	1,156,533	-	1,156,533	0.23	AA-/Aa3/A+	
Exxon Mobile Corp	Level 2	6,969,943	-	6,969,943	1.40	AA+/Aaa	
General Electric Capital Corp	Level 2	115,889	115,889	-	0.02	AA-/Aa3	
IBM Corp	Level 2	4,383,534	-	4,383,534	0.88	A/A2	
John Deere Capital	Level 2	1,573,369	-	1,573,369	0.32	A-/A3/A+	
Johnson & Johnson	Level 2	100,540	-	100,540	0.02	AAA/Aaa	
JP Morgan Chase	Level 2	7,632,723	-	7,632,723	1.53	A-/A3/A+	
Met Life Glob Funding Inc	Level 2	3,017,292	-	3,017,292	0.61	AA-/Aa3/AA-	
Paccar Financial Corp	Level 2	2,007,978	-	2,007,978	0.40	A+/A1	
PNC Bank INA	Level 2	3,813,261	3,813,261	-	0.77	A/A2/A+	
Toyota Motor Credit Corp Note	Level 2	5,843,287	-	5,843,287	1.17	AA-/Aa3/A	
Union Bank INA	Level 2	1,001,118	1,001,118	-	0.20	A+/A2/A	
US Bankcorp	Level 2	1,006,903	-	1,006,903	0.20	AA-/A1/AA	
Volkswagen Group America	Level 2	1,998,612	-	1,998,612	0.40	BBB+/A3	
Wells Fargo	Level 2	2,507,693	-	2,507,693	0.50	A/A2	
Municipal Bonds:							
Arizona School Facilities Board	Level 2	1,355,000	1,355,000	-	0.27	A-1/P-1	
Money Market Certificate of Deposit	N/A	46,904,582	22,717,715	24,186,867	9.43		
Money Market U.S. Treasuries & Agencies	N/A	29,658,512	29,658,512	-	5.96		
Cash and cash equivalents	N/A	1,202,664	1,202,664	-	0.24	AA+/Aaa	
Total		\$ 497,516,455	\$ 101,278,432	\$ 396,238,023	100.00 %		

CITY OF CHANDLER, ARIZONA

Notes to the Financial Statements

June 30, 2016

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 Aaa 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-, BBB+ and AAAM by Standard & Poor's respectively as of June 30, 2016.

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 2015-16, current property tax collections were \$28,972,604 or 99 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 2016 are not available for fiscal year 2015-16; accordingly, such taxes will not be recognized as revenue until fiscal year 2016-17.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2016

NOTE 4 - Capital Assets

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

Governmental Activities	Balance June 30, 2015	Additions and Transfers In	Deletions and Transfers Out	Balance June 30, 2016
Capital assets, not being depreciated:				
Land	\$ 85,355,474	\$ -	\$ -	85,355,474
Construction in progress	61,541,490	22,204,961	(15,095,970)	68,650,481
Total capital assets not being depreciated	<u>146,896,964</u>	<u>22,204,961</u>	<u>(15,095,970)</u>	<u>154,005,955</u>
Capital assets, being depreciated:				
Infrastructure	657,725,995	8,637,545	-	666,363,540
Building and improvements	381,607,870	8,587,656	-	390,195,526
Machinery and equipment	78,538,352	8,076,853	(2,333,365)	84,281,840
Total capital assets being depreciated	<u>1,117,872,217</u>	<u>25,302,054</u>	<u>(2,333,365)</u>	<u>1,140,840,906</u>
Less accumulated depreciation for:				
Infrastructure	(272,125,575)	(25,483,586)	-	(297,609,161)
Building and improvements	(137,201,759)	(17,394,136)	-	(154,595,895)
Machinery and equipment	(49,810,878)	(6,359,987)	1,754,673	(54,416,192)
Total accumulated depreciation	<u>(459,138,212)</u>	<u>(49,237,709)</u>	<u>1,754,673</u>	<u>(506,621,248)</u>
Total capital assets, being depreciated, net	<u>658,734,005</u>	<u>(23,935,655)</u>	<u>(578,692)</u>	<u>634,219,658</u>
Governmental activities capital assets, net	<u>\$ 805,630,969</u>	<u>\$ (1,730,694)</u>	<u>\$ (15,674,662)</u>	<u>\$ 788,225,613</u>

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

	Expended to June 30, 2016	Remaining Commitments
Streets	\$ 51,430,608	\$ 11,677,880
Parks and recreation	3,694,541	622,776
Buildings and related improvements	13,525,332	7,273,557
Total	<u>\$ 68,650,481</u>	<u>\$ 19,574,213</u>

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2016

NOTE 4 - Capital Assets, continued

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

Business-Type Activities	Balance June 30, 2015	Additions and Transfers In	Deletions and Transfers Out	Balance June 30, 2016
Capital assets, not being depreciated:				
Land	\$ 49,829,747	\$ -	\$ (849,000)	\$ 48,980,747
Construction in progress	28,637,814	63,076,393	(19,409,522)	72,304,685
Total capital assets not being depreciated	78,467,561	63,076,393	(20,258,522)	121,285,432
Capital assets, being depreciated:				
System improvements	1,142,265,579	21,326,956	-	1,163,592,535
Building and improvements	22,491,140	1,524,637	-	24,015,777
Vehicles, machinery and equipment	18,361,280	1,272,574	(499,786)	19,134,068
Land improvements	2,442,722	-	-	2,442,722
Total capital assets being depreciated	1,185,560,721	24,124,167	(499,786)	1,209,185,102
Less accumulated depreciation for:				
System improvements	(566,752,495)	(44,914,918)	-	(611,667,413)
Buildings and improvements	(13,929,524)	(614,350)	-	(14,543,874)
Vehicles, machinery and equipment	(14,489,228)	(721,436)	322,784	(14,887,880)
Land improvements	(1,952,006)	(90,117)	-	(2,042,123)
Total accumulated depreciation	(597,123,253)	(46,340,821)	322,784	(643,141,290)
Total capital assets, being depreciated, net	588,437,468	(22,216,654)	(177,002)	566,043,812
Business-type activities capital assets, net	\$ 666,905,029	\$ 40,859,739	\$ (20,435,524)	\$ 687,329,244

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

	Expended to June 30, 2016	Remaining Commitments
Sewer system improvements	\$ 56,053,046	\$ 119,188,629
Water system improvements	14,506,011	13,905,119
Solid waste system improvements	233,076	51,721
Airport improvements	1,390,803	812,671
Chandler housing authority	121,749	133,117
Total	\$ 72,304,685	\$ 134,091,257

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2016

NOTE 4 - Capital Assets, concluded

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 6,425,349
Public safety	6,472,772
Community services	9,683,129
Transportation and development	<u>26,656,459</u>
Total depreciation expense - governmental activities	<u>\$ 49,237,709</u>
Business-type activities:	
Water	\$ 19,452,697
Wastewater	25,047,859
Solid waste	480,807
Airport	845,584
Chandler housing authority	<u>513,874</u>
Total depreciation expense - business-type activities	<u>\$ 46,340,821</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 \$332,870,000 in outstanding general obligation bonds and are payable through July 1, 2028. Proceeds of the bonds were used for governmental and business-type activities.

Governmental Activities General Obligation Bonds

Annual principal and interest payments on the government activities bonds are expected to require approximately 74 percent of total 2015-16 ad valorem taxes. The total principal and interest remaining to be paid on the governmental activities portion of the bonds is \$259,631,952. Principal and interest paid for the current year and total ad valorem property taxes were \$21,706,981 and \$29,237,607 respectively.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2016

NOTE 5 - Long-Term Liabilities, continued

General obligation bonds outstanding as reported in governmental and business-type activities at June 30, 2016 were as follows:

	<u>Outstanding June 30, 2016</u>
Governmental Activities General Obligation Bonds:	
\$16,265,000 Refunding Bonds, Series 2003, due in an annual installment of \$1,050,000 on 7/1/16; interest at 4.25 percent.	1,050,000
\$30,905,000 Capital Improvement Bonds, Series 2006, due in annual installments of \$5,000,000 to \$6,675,000 through 7/1/17; interest at 4 percent to 4.5 percent.	11,675,000
\$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.	15,100,000
\$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.	15,735,000
\$252,000,000 Capital Improvement Bonds, Series 2009, due in annual installments of \$1,500,000 to \$17,000,000 through 7/1/28; interest at 3 percent to 4.25 percent.	24,254,000
\$9,925,000 Capital Improvement Bonds, Series 2011A, due in annual installments of \$550,000 to \$3,300,000 through 7/1/20; interest at 3 percent to 4 percent.	9,425,000
\$10,360,000 Refunding Bonds, Series 2011B, due in annual installments of \$795,000 to \$835,000 through 7/1/18; interest at 3 percent to 4 percent.	1,630,000
\$214,540,000 Refunding Bonds, Series 2014, due in annual installments of \$275,000 to \$16,210,000 through 7/1/18; interest at 1.5 percent to 5 percent.	126,219,000
Total Governmental Activities General Obligation Bonds	<u>\$ 205,088,000</u>

Business-Type Activity General Obligation Bonds

Annual principal and interest payments on the business-type activities bonds are expected to require less than 29 percent of total 2015-16 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 \$161,312,176. Principal and interest paid for the current year and total net water and wastewater system and airport revenues and were \$14,522,662 and \$51,624,581 respectively.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2016

NOTE 5 - Long-Term Liabilities, continued

	<u>Outstanding June 30, 2016</u>
Business-Type Activities General Obligation Bonds:	
\$111,045,000 Capital Improvement Bonds, Series 2007, due in annual installments of \$2,100,000 to \$3,275,000 through 7/1/26; interest at 3 percent to 5 percent.	10,700,000
\$252,000,000 Capital Improvement Bonds, Series 2009, due in annual installments of \$7,425,000 to \$9,500,000 through 7/1/27; interest at 3 percent to 4.25 percent.	32,176,000
\$214,540,000 Refunding Bonds, Series 2014, due in annual installments of \$185,000 to \$11,036,000 through 7/1/28 interest at 1.5 percent to 5 percent.	84,906,000
Total Business-Type Activities General Obligation Bonds	<u>\$ 127,782,000</u>

B. Street and Highway Revenue Bonds

Street and highway revenue bonds are issued specifically for the purpose of constructing street and highway projects. These bonds are payable solely from the revenues derived by the City from highway user taxes, including motor vehicle fuel taxes and all other taxes, fees and charges relating to registration, operation or use of vehicles on public highways or streets or to fuels or any other energy source used for the vehicles collected by the State and returned to the City.

The City has pledged future highway user revenues to repay a total of \$10,055,000 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 25 percent of total 2015-16 street and highway user revenues. The total principal and interest remaining to be paid on the bonds is \$10,742,450. Principal and interest paid for the current year and street and highway user revenue taxes were \$3,745,650 and \$15,303,635, respectively.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2016

NOTE 5 - Long-Term Liabilities, continued

Street and highway revenue bonds outstanding as reported in governmental activities at June 30, 2016 were as follows:

	<u>Outstanding June 30, 2016</u>
Governmental Activities Revenue Bonds:	
\$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 2.75 percent to 3.5 percent.	2,620,000
\$8,660,000 Street & Highway User Refunding Bonds, Series 2014, due in annual installments of \$645,000 to \$1,685,000 through 7/1/19; interest at 3 percent to 4 percent.	5,435,000
Total Governmental Activities Revenue Bonds	<u>\$ 10,055,000</u>

C. Water and Sewer Revenue Bonds

Water and sewer revenue bonds are issued as authorized by the voters to provide funds to acquire and construct certain improvements to the water and sewer systems of the City and to pay the costs incurred in connection with the issuance of the bonds. These bonds are secured by a pledge of revenues from these systems, and do not constitute a general obligation of the City backed by the general taxing authority.

The City has pledged future water and wastewater system revenues, net of operating expenses, to repay a total of \$24,850,000 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 32 percent of net 2015-16 water and wastewater system revenue.

The total principal and interest remaining to be paid on the bonds is \$26,313,675. Principal and interest paid for the current year and net water and wastewater system revenues were \$16,190,150 and \$51,842,145 respectively.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2016

NOTE 5 - Long-Term Liabilities, continued

Water and sewer revenue bonds outstanding as reported in business-type activities at June 30, 2016 were as follows:

	<u>Outstanding June 30, 2016</u>
Business-Type Activities Revenue Bonds:	
\$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.	1,975,000
\$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.	7,475,000
\$15,400,000 Water & Sewer Refunding Bonds, Series 2014, due in annual installments of \$2,340,000 to \$7,555,000 beginning 7/1/16 through 7/1/20; interest at 2 percent to 4 percent.	15,400,000
Total Business-Type Activities Revenue Bonds	<u><u>\$ 24,850,000</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 20 percent of net 2015-16 system revenues. The total principal and interest to be paid on the obligations is \$296,376,445. Principal and interest paid for the current year and net water and wastewater system revenues were \$9,998,019 and \$51,842,145, respectively. Total excise tax revenues collected were \$175,820,443. Principal and interest paid in 2015-16 equal less than 6 percent of total excise tax revenues collected.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2016

NOTE 5 - Long-Term Liabilities, continued

	<u>Outstanding June 30, 2016</u>
Business-Type Activities Excise Tax Revenue Obligations:	
\$34,040,000 Water & Sewer Excise Tax Revenue Obligations, Series 2009, due in annual installments of \$1,300,000 to \$2,120,000 through 7/1/28; interest at 2.75 percent to 4.375 percent.	\$ 21,255,000
\$15,000,000 Water & Sewer Excise Tax Revenue Obligations, Series 2011, due in annual installments of \$755,000 to \$1,210,000 through 7/1/28; interest at 3 percent to 5 percent.	12,175,000
\$104,500,000 Water & Sewer Excise Tax Revenue Obligations, Series 2013, due in annual installments of \$750,000 to \$12,000,000 through 7/1/33; interest at 4 percent to 5 percent.	104,000,000
\$66,660,000 Water & Sewer Excise Tax Revenue Obligations, Series 2015, due in annual installments of \$500,000 to \$5,620,000 through 7/1/35; interest at 3 percent to 5 percent.	66,660,000
Total Business-Type Activities Excise Tax Revenue Obligations	<u><u>\$ 204,090,000</u></u>

E. Special Assessment Bonds with Governmental Commitment

As trustee for improvement districts, the City is responsible for collection of assessments levied against the owners of property within the improvement districts and for disbursement of these amounts for retirement of the respective bonds issued to finance the improvements. At June 30, 2016, 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, 2016 were as follows:

	<u>Outstanding June 30, 2016</u>
Governmental Activities Special Assessment Bonds:	
\$7,370,000 Spectrum Improvement District Bonds, due in annual installments of \$500,000 to \$635,000 through 1/1/23; interest at 4 percent.	\$ 3,960,000
Total Special Assessment Bonds with Governmental Commitment	<u><u>\$ 3,960,000</u></u>

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2016

NOTE 5 - Long-Term Liabilities, continued

Changes in Long-Term Liabilities

Governmental Activities:	Balance	Additions	Reductions	Balance	Due Within One Year
	June 30, 2015			June 30, 2016	
Compensated absences	\$ 9,819,302	\$ 1,666,144	\$ (1,143,069)	\$ 10,342,377	\$ 118,834
Bonds payable:					
General obligation bonds	222,143,000	-	(17,055,000)	205,088,000	13,615,000
Revenue bonds	14,025,000	-	(3,970,000)	10,055,000	3,370,000
Special assessment bonds	4,440,000	-	(480,000)	3,960,000	500,000
Issuance premiums	17,898,207	-	(1,732,917)	16,165,290	1,671,902
Total bonds payable	<u>258,506,207</u>	<u>-</u>	<u>(23,237,917)</u>	<u>235,268,290</u>	<u>19,156,902</u>
Arbitrage liability	30,978	-	(15,000)	15,978	5,000
Claims payable	5,642,383	20,978,682	(20,188,767)	6,432,298	5,796,568
Net pension liability	195,607,344	19,508,227	-	215,115,571	-
Post employment benefits	18,839,333	3,227,711	-	22,067,044	-
Totals	<u>\$ 488,445,547</u>	<u>\$ 45,380,764</u>	<u>\$ (44,584,753)</u>	<u>\$ 489,241,558</u>	<u>\$ 25,077,304</u>
Business-Type Activities:	Balance	Additions	Reductions	Balance	Due Within
	July 1, 2015			June 30, 2016	One Year
Compensated absences	\$ 1,073,631	\$ 176,905	\$ (154,443)	\$ 1,096,093	\$ 12,594
Bonds & obligations payable:					
General obligation bonds	140,072,000	-	(12,290,000)	127,782,000	9,710,000
Revenue bonds	31,610,000	-	(6,760,000)	24,850,000	15,255,000
Excise tax revenue obligations	142,200,000	66,660,000	(4,770,000)	204,090,000	2,805,000
Issuance premiums	20,931,905	4,072,878	(2,093,897)	22,910,886	1,761,489
Total bonds & obligations payable	<u>334,813,905</u>	<u>70,732,878</u>	<u>(25,913,897)</u>	<u>379,632,886</u>	<u>29,531,489</u>
Arbitrage liability	29,022	10,704	(5,704)	34,022	10,000
Net pension liability	19,019,081	1,480,249	-	20,499,330	-
Post employment benefits	1,644,965	208,624	-	1,853,589	-
Landfill closure/post closure	4,340,000	-	-	4,340,000	94,446
Totals	<u>\$ 360,920,604</u>	<u>\$ 72,609,360</u>	<u>\$ (26,074,044)</u>	<u>\$ 407,455,920</u>	<u>\$ 29,648,529</u>

Statutory Debt Limitation

In the absence of more restrictive bond authorization ballot limitations, the City is subject to state limitations on the amount of net bonded debt (exclusive of revenue bonds, excise tax revenue obligations and improvement district bonds), it may have outstanding. The statutory debt limitation is 20 percent of the full cash property 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 full cash property assessed valuation for all other purposes (e.g., library, museum, center for the arts). At June 30, 2016, the 6 percent debt limitation was \$190,024,847, providing a debt margin of \$180,597,597 and the 20 percent debt limitation was \$633,416,159, providing a debt margin of \$309,973,409. The assessed valuation method used was changed in fiscal year 2015-16 from secondary assessed valuation to the full cash valuation based on advice of bond council.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2016

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, 2016:

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
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	17,495,000	5,554,350	-	-	585,000	73,200	23,707,550
2022-2026	77,565,000	18,443,480	-	-	1,245,000	75,200	97,328,680
2027-2029	48,634,000	2,725,100	-	-	-	-	51,359,100
Total	\$ 205,088,000	\$ 54,543,952	\$ 10,055,000	\$ 687,450	\$ 3,960,000	\$ 658,600	\$ 274,993,002

BUSINESS-TYPE ACTIVITIES							
Years Ended June 30	General Obligation Principal	General Obligation Interest	Revenue Principal	Revenue Interest	Excise Tax Principal	Excise Tax Interest	Total
2017	9,710,000	4,656,512	15,255,000	668,225	2,805,000	8,368,207	41,464,944
2018	10,015,000	4,328,137	1,750,000	357,550	4,105,000	8,180,025	28,735,712
2019	9,806,000	4,020,407	3,160,000	250,600	6,165,000	7,978,731	31,380,738
2020	9,640,000	3,740,300	2,345,000	140,500	7,485,000	7,684,538	31,035,338
2021	9,325,000	3,455,825	2,340,000	46,800	8,045,000	7,327,162	30,539,787
2022-2026	48,225,000	11,527,345	-	-	48,850,000	30,248,050	138,850,395
2027-2031	31,061,000	1,801,650	-	-	64,065,000	18,232,419	115,160,069
2032-2036	-	-	-	-	62,570,000	4,267,313	66,837,313
Total	\$ 127,782,000	\$ 33,530,176	\$ 24,850,000	\$ 1,463,675	\$ 204,090,000	\$ 92,286,445	\$ 484,002,296

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2016

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>June 30, 2015</u>	<u>Incurred</u>	<u>Satisfied</u>	<u>Balance</u> <u>June 30, 2016</u>	<u>Due Within</u> <u>One Year</u>
Governmental Activities					
Compensated Absences	<u>\$ 9,819,302</u>	<u>\$1,666,144</u>	<u>\$ (1,143,069)</u>	<u>\$ 10,342,377</u>	<u>\$ 118,834</u>
Business-Type Activities					
Compensated Absences	<u>\$ 1,073,631</u>	<u>\$ 176,905</u>	<u>\$ (154,443)</u>	<u>\$ 1,096,093</u>	<u>\$ 12,594</u>

NOTE 6 - Defeased Debt

Prior Year Defeasance

In prior years, the City defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements.

Bonds that have been advance refunded (defeased) as of June 30, 2016:

<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, 2016, the City estimates total costs related to landfill closure and postclosure care is \$15,554,381 and has recognized that entire amount since the landfill no longer accepts waste. To date, \$11,214,381 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 long-term liability on the City's financial statements.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2016

NOTE 7 - Landfill Closure and Postclosure Costs, concluded

The estimated total current cost of the landfill closure and postclosure, \$15,554,381, 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, 2016. 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, 2015. It is anticipated that future inflation costs will be financed in part from earnings on investments. The remaining portion of anticipated future inflation costs and any additional costs that might arise from changes in postclosure requirements, e.g., due to changes in technology or more rigorous environmental regulations, may need to be covered by additional charges to future taxpayers.

NOTE 8 - Capital Contributions

Capital contributions in the Water, Wastewater, Airport, and Housing Authority funds are the result of system development fees, developer contributions and government contributions. Developer Contributions include \$2,750,107 (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	\$ 11,677,323	\$ 13,789,873	\$ -	\$ 25,467,196
Wastewater	1,370,378	4,320,251	-	5,690,629
Airport	-	-	1,030,989	1,030,989
Housing Authority	-	-	501,550	501,550
Total	<u>\$ 13,047,701</u>	<u>\$ 18,110,124</u>	<u>\$ 1,532,539</u>	<u>\$ 32,690,364</u>

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2016

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, 2016

NOTE 9 - Fund Equity, concluded

As of June 30, 2016 the constraints placed on fund balance for the major governmental funds and other non-major governmental funds are presented in the following table:

	General	Streets Capital Projects	G.O. Bonds Debt Service	Other Governmental	Total
Non-spendable:					
Inventories	\$ 907,594	\$ -	\$ -	\$ -	\$ 907,594
Total non-spendable	907,594	-	-	-	907,594
Restricted for:					
Court enhancement	1,231,202	-	-	-	1,231,202
Judicial enhancement	335,416	-	-	-	335,416
Transportation and development	-	44,496,274	-	16,884,975	61,381,249
Debt service reserve	-	-	15,281,782	900,912	16,182,694
Community development	-	-	-	453,023	453,023
Community services	-	-	-	21,730,085	21,730,085
Other capital projects	-	-	-	20,454,178	20,454,178
Total restricted	1,566,618	44,496,274	15,281,782	60,423,173	121,767,847
Committed to:					
	-	-	-	-	-
Total committed	-	-	-	-	-
Assigned to:					
Domestic violence prevention	136,576	-	-	-	136,576
Self-insurance purposes	396,555	-	-	-	396,555
Traffic safety reserve	216,939	-	-	-	216,939
Infrastructure maintenance	10,850,000	-	-	-	10,850,000
Capital improvement projects	90,375,183	-	-	-	90,375,183
Economic development projects	7,982,909	-	-	-	7,982,909
Total assigned	109,958,162	-	-	-	109,958,162
Unassigned	68,567,835	-	-	(11,877,159)	56,690,676
Total unassigned	68,567,835	-	-	(11,877,159)	56,690,676
Total fund balances	<u>\$ 181,000,209</u>	<u>\$ 44,496,274</u>	<u>\$ 15,281,782</u>	<u>\$ 48,546,014</u>	<u>\$ 289,324,279</u>

The City's General Fund Reserve Policy requires an amount equal to 15 percent of adopted General Fund operating revenues, excluding one-time transfers in for fiscal year 2016-17. This amounts to \$31,623,000 and is included in unassigned above.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2016

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 \$19,260,182 and \$1,378,265 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.

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, 2016

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 11.47 percent (11.35 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 11.47 percent (10.85 percent for retirement, 0.50 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>
2016	399,310	84,433
2015	393,591	80,598
2014	384,872	154,188

D. Pension Liability

At June 30, 2016, the City of Chandler reported a liability of \$113,885,153 for its proportionate share of the net pension liability of the ASRS. The net pension liability was measured as of June 30, 2015. 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, 2014, to the measurement date of June 30, 2015. 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, 2015, the City of Chandler's proportion was 0.73 percent, which was an increase of 0.02 percent from its proportion measured as of June 30, 2014.

E. Pension Expense and Deferred Outflows/Inflows of Resources

For the year ended June 30, 2016, the City of Chandler recognized pension expense for ASRS of \$4,757,463 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
June 30, 2016

NOTE 10 - Retirement and Pension Plans, continued

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,107,679	\$ 5,967,697.00
Changes of assumptions or other inputs	-	-
Net difference between projected and actual earnings on pension plan investments	-	3,649,767
Changes in proportion and differences between contributions and proportionate share of contributions	1,940,276	2,928,387
Contributions subsequent to the measurement date	7,634,805	-
Total	<u>\$ 12,682,760</u>	<u>\$ 12,545,851</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, 2017. 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	\$ (3,787,543)
2017	(3,884,084)
2018	(2,460,943)
2019	2,634,674
2020	-

F. Actuarial Assumptions

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

Actuarial valuation date	June 30, 2014
Actuarial roll forward date	June 30, 2015
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, 2014 valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2013. 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, 2014, 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, 2016

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 Arithmetic Real Rate of Return
Equity	58%	6.79%
Fixed income	25%	3.70%
Commodities	2%	3.93%
Real estate	10%	4.25%
Multi-asset class	5%	3.41%
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	149,228,468	113,885,153	89,663,399

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.

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
June 30, 2016

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.

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, 2016, the following employees were covered by the agent pension plan's benefit terms:

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2016

NOTE 10 - Retirement and Pension Plans, continued

	<u>PSPRS - Police</u>	<u>PSPRS - Fire</u>
Inactive employees or beneficiaries currently receiving benefits	109	51
Inactive employees entitled to but not yet receiving benefits	39	20
Active employees	<u>305</u>	<u>186</u>
Total	<u><u>453</u></u>	<u><u>257</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, 2016, are indicated below. Rates are a percentage of active members' annual covered payroll.

	<u>PSPRS - Police</u>	<u>PSPRS - Fire</u>
Active members - pension	11.65%	11.65%
City of Chandler		
Pension	31.04%	26.48%
Health Insurance	0.54%	0.36%

In addition, the City of Chandler was required by statute to contribute at the actuarially determined rate of 28.62 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	\$ 8,561,143	\$ 4,438,495
Health insurance premium benefit:		
Annual OPEB costs	264,778	90,582
Contributions made	264,778	90,582

E. Pension Liability

At June 30, 2016, the City of Chandler reported \$83,151,112 in net pension liability for police and \$38,578,636 in net pension liability for fire. The net pension liabilities were measured as of June 30, 2015, 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, 2015, 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, 2016

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, 2015
Actuarial cost method	Entry age normal
Asset valuation	7-Year smoothed market, 20% corridor
Discount rate	7.85%
Projected salary increases	4.5 - 8.5%
Inflation	3.0 - 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, 2015 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%	0.75%
Risk parity	4%	5.13%
Absolute return	5%	4.11%
Fixed income	7%	2.92%
Real assets	8%	4.77%
GTAA	10%	4.38%
Real estate	10%	4.48%
Private equity	11%	9.50%
Credit opportunities	13%	7.08%
Non-U.S. equity	14%	8.25%
U.S. equity	16%	6.23%
Total	<u>100%</u>	

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2016

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
PSPRS - Police			
Balances at June 30, 2015	\$ 176,848,516	\$ 103,829,327	\$ 73,019,189
Changes for the year:			
Service cost	\$ 4,583,770	-	\$ 4,583,770
Interest on the total pension liability	13,839,509	-	13,839,509
Changes of benefit terms	-	-	-
Differences between expected and actual experience in the measurement of the pension liability	4,879,849	-	4,879,849
Changes of assumptions or other inputs	-	-	-
Contributions - employer	-	6,155,142	(6,155,142)
Contributions - employee	-	3,308,265	(3,308,265)
Net investment income	-	3,873,466	(3,873,466)
Benefit payments, including refunds of employee contributions	(5,681,836)	(5,681,836)	-
Administrative expense	-	(94,891)	94,891
Other changes	-	(70,777)	70,777
Net changes	<u>\$ 17,621,292</u>	<u>\$ 7,489,369</u>	<u>\$ 10,131,923</u>
Balances at June 30, 2016	<u>\$ 194,469,808</u>	<u>\$ 111,318,696</u>	<u>\$ 83,151,112</u>

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2016

NOTE 10 - Retirement and Pension Plans, continued

	Increase/Decrease		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
PSPRS - Fire			
Balances at June 30, 2015	\$ 105,634,896	\$ 69,689,214	\$ 35,945,682
Changes for the year:			
Service cost	\$ 2,915,603	-	\$ 2,915,603
Interest on the total pension liability	8,264,915	-	8,264,915
Changes of benefit terms	-	-	-
Differences between expected and actual experience in the measurement of the pension liability	(1,037,307)	-	(1,037,307)
Changes of assumptions or other inputs	-	-	-
Contributions - employer	-	3,222,291	(3,222,291)
Contributions - employee	-	1,837,291	(1,837,291)
Net investment income	-	2,568,880	(2,568,880)
Benefit payments, including refunds of employee contributions	(3,614,319)	(3,614,319)	-
Administrative expense	-	(63,063)	63,063
Other changes	-	(55,142)	55,142
Net changes	<u>\$ 6,528,892</u>	<u>\$ 3,895,938</u>	<u>\$ 2,632,954</u>
Balances at June 30, 2016	<u>\$ 112,163,788</u>	<u>\$ 73,585,152</u>	<u>\$ 38,578,636</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
PSPRS - Police:			
Rate	6.85%	7.85%	8.85%
Net pension liability	\$ 107,762,644	\$ 83,151,112	\$ 62,788,551
PSPRS - Fire:			
Rate	6.85%	7.85%	8.85%
Net pension liability	\$ 52,765,346	\$ 38,578,636	\$ 26,754,129

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2016

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.

J. Pension Expense

For the year ended June 30, 2016, the City of Chandler recognized the following as pension expense:

	<u>Pension Expense</u>
PSPRS - Police	\$ 10,188,278
PSPRS - Fire	4,526,392

K. Pension Deferred Outflows/Inflows of Resources

At June 30, 2016, 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>
PSPRS - Police		
Differences between expected and actual experience	\$ 4,365,921	\$ -
Changes of assumptions or other inputs	8,375,249	-
Net difference between projected and actual earnings on pension plan investments	486,093	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	8,561,143	-
Total	<u>\$ 21,788,406</u>	<u>\$ -</u>
PSPRS - Fire		
Differences between expected and actual experience	\$ -	\$ 1,195,908
Changes of assumptions or other inputs	4,725,413	-
Net difference between projected and actual earnings on pension plan investments	330,702	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	4,438,495	-
Total	<u>\$ 9,494,610</u>	<u>\$ 1,195,908</u>

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2016

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, 2017. 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>	
	2017	\$	3,200,122	\$
2018		3,200,122		587,650
2019		3,200,122		587,651
2020		3,132,878		1,265,099
2021		494,019		674,337
Thereafter		-		157,820

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>
PSPRS - Police:			
June 30, 2016	264,778	100%	\$ -
June 30, 2015	350,985	100%	-
June 30, 2014	307,173	100%	-
PSPRS - Fire:			
June 30, 2016	90,582	100%	-
June 30, 2015	200,061	100%	-
June 30, 2014	175,987	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, 2016

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 2016 contribution requirements are as follows:

Actuarial valuation date	June 30, 2014
Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	22 years, if the actuarial value of assets exceeded the actuarial accrued liability, the excess was amortized over an open period of 20 years and applied as a credit to reduce the normal cost which otherwise would be payable.
Asset valuation method	7-year smoothed market value (80%/120% market)
Actuarial assumptions:	
Investment rate of return	7.85%, net of investment and administrative expenses
Projected salary increases	4.0%-8.0%
Payroll growth	4.0%

The funded status of the PSPRS health insurance premium benefit plan in the June 30, 2016, actuarial valuation was determined using the following actuarial methods and assumptions, applied to all periods included in the measurement.

Actuarial valuation date	June 30, 2016
Actuarial cost method	Entry age normal
Amortization method	Level percent of pay closed
Remaining amortization period	20 years for underfunded 20 years for overfunded
Asset valuation method	7-year smoothed market value (80%/120% market)
Actuarial assumptions:	
Investment rate of return	7.50%
Projected salary increases	4.0%-8.0%
Payroll growth	4.0%

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2016

NOTE 10 - Retirement and Pension Plans, concluded

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, 2016.

	<u>PSPRS - Police</u>	<u>PSPRS - Fire</u>
Actuarial value of assets	\$ 4,045,877	\$ 2,496,239
Actuarial accrued liability	5,293,061	2,857,019
Unfunded actuarial accrued liability (funding excess)	1,247,184	360,780
Funded ratio	76.40%	87.40%
Annual covered payroll	27,682,071	16,673,663
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll	4.51%	2.16%

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, 2016, there were no retiree and/or beneficiary of a retiree receiving retirement benefits under the plan. There were no terminated employees entitled to benefits and not yet receiving them. Additionally there are no non-vested active employees and no partially vested employees covered by the plan. The VFPP issues a publicly available financial report that may be obtained from the City of Chandler, Management Services Department, P.O. Box 4008, MS 702, Chandler, AZ 85244-4008.

B. Funding Policy

There were no contributions to the Volunteer Firemen's Pension and Relief Fund by the City in fiscal year 2015-16. Pursuant to the June 30, 2004, actuarial valuation, the present value of all benefits payable in future years was \$30,494 based upon a 6 percent rate of return and the pension obligation was deemed to be fully funded.

NOTE 11 - Post-Employment Benefits Other Than Pensions

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

A. Plan Description

The City provides post-employment health care (OPEB) for retired employees through a single employer defined benefit health plan. The plan provides health benefits for eligible retirees, their spouses and dependents through the City's group health insurance plans, which covers active and retired members. The benefits, benefit levels and contribution rates are determined annually by the City's Human Resources Department and approved by the City Council. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a separate financial report.

CITY OF CHANDLER, ARIZONA

Notes to the Financial Statements

June 30, 2016

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

The City also provides a Retirement Health Savings Plan (RHSP) for active employees that may be used upon separation from City employment. The City funds \$15 per pay period during the term of employment. The plan provides health expense reimbursements eligible under Internal Revenue Code Section 213, other than direct long-term care expenses. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a separate financial report.

B. Benefits Provided

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

Upon retirement, the City deposits a one-time payment of \$800 per year of City service in the retiree's Retirement Health Savings Plan account. The retiree must have a minimum of five years of City service to receive this contribution.

C. Funding Policy

The plan premium rates are determined annually by the City's Human Resources Department, in collaboration with an outside consulting firm, reviewed and recommended by a five member Health Care Benefits Trust Board, and approved by the City Council. The retiree's contribution is 100 percent of the actuarially determined blended premium rate. The City makes no contribution to the retirees' premiums other than allowing them to participate through the City's pooled benefits. By providing retirees with access to the City's healthcare plans based on the same rates it charges to active employees, the City is in effect providing a subsidy to retirees. This implied subsidy exists because, on average, retiree healthcare costs are higher than active employee healthcare costs. By not contributing anything toward this plan in advance, the City employs a pay-as-you-go method through paying the higher rate for active employees each year. As of June 30, 2016, retirees contributed \$1,439,099 and the City contributed \$2,021,919 (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.

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, 2016:

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2016

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

Annual Required Contribution (ARC)	\$ 5,528,213
ARC Adjustment	(991,752)
Interest Adjustment to Net OPEB Obligation	<u>921,793</u>
Annual OPEB Cost	\$ 5,458,254
Contributions Made	<u>(2,021,919)</u>
Increase in Net OPEB Obligation	\$ 3,436,335
Net OPEB Obligation - Beginning of year	<u>20,484,298</u>
Net OPEB Obligation - End of year	<u><u>\$ 23,920,633</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 2016 were as follows:

Fiscal Year Ended June, 30	Annual OPEB Cost	Employer Contributions	Percentage of OPEB Cost Contributed	Net OPEB Obligation
2016	\$ 5,458,254	\$ 2,021,919	37.04%	\$ 23,920,633
2015	\$ 5,720,055	\$ 1,645,573	28.77%	\$ 20,484,299
2014	\$ 5,743,316	\$ 1,352,308	23.55%	\$ 16,409,817

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, 2016

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 \$1,750,000 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 workers' 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, 2016

NOTE 13 - Risk Management, concluded

In fiscal year 2015-16, 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 \$1,000,000 in Public Safety and up to \$600,000 in all other classifications of workers' 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 2015-16, 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 \$6,432,298 reported as claims payable in the Self-Insurance Fund at June 30, 2016, 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 2015 and 2016 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
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>
2016	Workers' compensation	\$ 1,474,406	\$ 2,755,244	\$ (1,801,919)	\$ 2,427,731
	Property and liability	1,272,297	212,973	(133,231)	1,352,039
	Health	2,757,812	16,077,826	(16,370,182)	2,465,456
	Dental	137,867	1,932,639	(1,883,434)	187,072
		<u>\$ 5,642,382</u>	<u>\$ 20,978,682</u>	<u>\$ (20,188,766)</u>	<u>\$ 6,432,298</u>

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2016

NOTE 14 - Interfund Transfers

The interfund transfers in and out at June 30, 2016 are as follows:

Fund	Transfer Detail	Transfers In	Transfers Out
General	Non-major governmental	\$ -	\$ 23,355,361
	Non-major enterprise	-	625,040
	Internal service	-	950,000
	Total general fund	<u>-</u>	<u>24,930,401</u>
Non-major governmental	General	23,355,361	-
	Non-major governmental	3,939,474	3,939,474
	Enterprise-water	305,886	-
	Enterprise-wastewater	156,355	382,185
	Non-major enterprise	111,702	-
	Internal service	16,779	-
	Total non-major governmental funds	<u>27,885,557</u>	<u>4,321,659</u>
Water	Non-major governmental	-	305,886
	Total water fund	<u>-</u>	<u>305,886</u>
Wastewater	Non-major governmental	382,185	156,355
	Total wastewater fund	<u>382,185</u>	<u>156,355</u>
Non-major enterprise	General	625,040	-
	Non-major governmental	-	111,702
	Total non-major enterprise funds	<u>625,040</u>	<u>111,702</u>
Internal service	General	950,000	-
	Non-major governmental	-	16,779
	Total internal service fund	<u>950,000</u>	<u>16,779</u>
Total		<u>\$ 29,842,782</u>	<u>\$ 29,842,782</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, 2016

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	\$ 12,782,082
	Capital projects-streets	2,814,300
	Capital projects-public buildings	<u>3,089,427</u>
	Total general fund	<u>18,685,809</u>
Enterprise		
Water	Enterprise-wastewater	<u>3,900,000</u>
	Total	<u>\$ 22,585,809</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 \$300,000 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-public buildings	\$ 39,119
General	Capital projects-grants	3,385,732
General	Special revenue-community development	457,929
General	Non-major enterprise-chandler housing authority	<u>25,595</u>
		<u>\$ 3,908,375</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, 2016

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, 2016, 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, 2016, was:

City of Chandler's Share	\$59,317,819
Town of Gilbert's Share	<u>65,622,092</u>
	<u>\$124,939,911</u>

NOTE 17 - Deficit in Fund Balances

The police confiscated property special revenue fund had a deficit fund balances of \$68,745. The deficit will be covered by future revenues. The public buildings capital projects fund and the public safety buildings and improvements capital projects fund had deficit fund balances of \$3,128,331 and \$8,680,083 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, 2016

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual Amounts	(Under) Final Budget
REVENUES:				
Property taxes	\$ 7,272,000	\$ 7,272,000	\$ 7,410,739	\$ 138,739
Sales taxes	104,178,750	104,178,750	112,250,883	8,072,133
Franchise fees	3,186,000	3,186,000	3,344,817	158,817
State shared	60,260,300	60,260,300	60,712,442	452,142
Grants and entitlements	242,000	242,000	132,935	(109,065)
Licenses and permits	4,488,000	4,488,000	6,634,161	2,146,161
Charges for services	19,451,312	19,451,312	19,503,120	51,808
Fines and forfeitures	3,662,700	3,662,700	3,106,667	(556,033)
Rentals	745,750	745,750	974,192	228,442
Contributions	200,000	200,000	200,000	-
Interest revenue	1,094,000	1,094,000	1,902,905	808,905
Miscellaneous	100,000	100,000	371,995	271,995
Total revenues	204,880,812	204,880,812	216,544,856	11,664,044
EXPENDITURES:				
General government				
City manager	29,811,473	31,335,825	30,158,629	1,177,196
City clerk	617,010	638,364	592,740	45,624
Communications and public affairs	2,301,799	2,525,933	2,306,381	219,552
Law	3,475,487	3,566,335	3,503,105	63,230
City magistrate	4,306,286	4,371,229	4,162,482	208,747
Management services	62,928,147	48,287,312	12,970,031	35,317,281
Mayor and council	835,637	849,942	839,825	10,117
Public safety				
Fire	32,656,530	33,847,529	33,758,702	88,827
Police	65,378,425	69,371,737	69,527,935	(156,198)
Transportation and development	19,468,818	22,594,526	21,625,436	969,090
Community services	20,337,316	21,603,181	20,493,948	1,109,233
Total expenditures	242,116,928	238,991,913	199,939,214	39,052,699
REVENUES OVER (UNDER) EXPENDITURES	(37,236,116)	(34,111,101)	16,605,642	50,716,743
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	(49,087,383)	(49,089,343)	(24,930,401)	24,158,942
Total other financing sources (uses)	(49,087,383)	(49,089,343)	(24,930,401)	24,158,942
Net change in fund balance	(86,323,499)	(83,200,444)	(8,324,759)	74,875,685
Fund balance, July 1, 2015	185,108,274	185,108,274	185,108,274	-
Fund balance, June 30, 2016	\$ 98,784,775	\$ 101,907,830	\$ 176,783,515	\$ 74,875,685

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, 2016

	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability (asset)	0.73%	0.71%
City's proportionate share of the net pension liability (asset)	\$ 113,885,153	\$ 105,661,552
City's covered-employee payroll	\$ 67,230,465	\$ 64,263,236
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	161.85%	164.42%
Plan fiduciary net position as a percentage of the total pension liability	68.35%	69.49%

City of Chandler
Schedule of Contributions
All Pension Plans
For the year ended June 30, 2016

	<u>2016</u>	<u>2015</u>
Arizona State Retirement System:		
Actuarially determined contribution	\$ 7,634,805	\$ 7,323,872
Contributions in relation to the actuarially determined contribution	<u>7,634,805</u>	<u>7,323,872</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 70,362,938	\$ 67,230,465
Contributions as a percentage of covered-employee payroll	11.35%	10.89%
 Public Safety Personnel Retirement System - Police:		
Actuarially determined contribution	\$ 8,561,143	\$ 6,083,333
Contributions in relation to the actuarially determined contribution	<u>8,561,143</u>	<u>6,083,333</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 27,946,237	\$ 26,187,641
Contributions as a percentage of covered-employee payroll	31.58%	23.23%
 Public Safety Personnel Retirement System - Fire:		
Actuarially determined contribution	\$ 4,438,495	\$ 3,193,139
Contributions in relation to the actuarially determined contribution	<u>4,438,495</u>	<u>3,193,139</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 16,874,362	\$ 15,671,133
Contributions as a percentage of covered-employee payroll	26.84%	20.38%

City of Chandler
Schedule of Funding Progress
Last Three Actuarial Valuations
For the year ended June 30, 2016

<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>
PSPRS - Police:						
2016	\$ 4,045,877	\$ 5,293,061	\$ 1,247,184	76.40%	\$ 27,682,071	4.51%
2015	3,836,997	4,834,826	997,829	79.36%	26,432,406	3.78%
2014	3,466,256	4,500,038	1,033,782	77.03%	24,120,110	4.29%
PSPRS - Fire:						
2016	\$ 2,496,239	\$ 2,857,019	\$ 360,780	87.40%	\$ 16,473,663	2.16%
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%
Post Employment Benefits Other than Pensions(1):						
2015	\$ -	\$ 50,002,842	\$ 50,002,842	-	\$ 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, 2016

	2016	2015
Total pension liability		
Service cost	\$ 4,583,770	\$ 4,602,603
Interest	13,839,509	11,841,118
Changes of benefit terms		1,741,535
Differences between expected and actual experience	4,879,849	567,380
Changes of assumptions		13,082,165
Benefit payments, including refunds	(5,681,836)	(7,054,499)
Net change in total pension liability	<u>17,621,292</u>	<u>24,780,302</u>
Total pension liability – beginning	<u>176,848,516</u>	<u>152,068,214</u>
Total pension liability – ending	<u><u>\$ 194,469,808</u></u>	<u><u>\$ 176,848,516</u></u>
Plan fiduciary net position		
Contributions – employer	\$ 6,155,142	\$ 5,465,059
Contributions – employee	3,308,265	2,675,724
Net investment income	3,873,466	12,329,319
Benefit payments, including refunds	(5,681,836)	(7,054,499)
Administrative expense	(94,891)	
Other	(70,777)	(2,733,237)
Net change in plan fiduciary net position	<u>7,489,369</u>	<u>10,682,366</u>
Plan fiduciary net position – beginning	<u>103,829,327</u>	<u>93,146,961</u>
Plan fiduciary net position – ending	<u><u>\$ 111,318,696</u></u>	<u><u>\$ 103,829,327</u></u>
Net pension liability – ending	<u><u>\$ 83,151,112</u></u>	<u><u>\$ 73,019,189</u></u>
Plan fiduciary net position as a percentage of the total pension liability	57.24%	58.71%
Covered-employee payroll	26,432,406	24,120,118
Net pension liability as a percentage of covered-employee payroll	314.58%	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, 2016

	<u>2016</u>	<u>2015</u>
Total pension liability		
Service cost	\$ 2,915,603	\$ 2,949,507
Interest	8,264,915	7,191,487
Changes of benefit terms		930,663
Differences between expected and actual experience	(1,037,307)	(409,426)
Changes of assumptions		6,465,545
Benefit payments, including refunds	(3,614,319)	(3,258,846)
Net change in total pension liability	<u>6,528,892</u>	<u>13,868,930</u>
Total pension liability – beginning	<u>105,634,896</u>	<u>91,765,966</u>
Total pension liability – ending	<u>\$ 112,163,788</u>	<u>\$ 105,634,896</u>
Plan fiduciary net position		
Contributions – employer	\$ 3,222,291	\$ 3,152,694
Contributions – employee	1,837,291	1,775,319
Net investment income	2,568,880	8,217,832
Benefit payments, including refunds	(3,614,319)	(3,258,846)
Administrative expense	(63,063)	
Other	(55,142)	(1,798,718)
Net change in plan fiduciary net position	<u>3,895,938</u>	<u>8,088,281</u>
Plan fiduciary net position – beginning	<u>69,689,214</u>	<u>61,600,933</u>
Plan fiduciary net position – ending	<u>\$ 73,585,152</u>	<u>\$ 69,689,214</u>
Net pension liability – ending	<u>\$ 38,578,636</u>	<u>\$ 35,945,682</u>
Plan fiduciary net position as a percentage of the total pension liability	65.61%	65.97%
Covered-employee payroll	15,789,534	15,201,530
Net pension liability as a percentage of covered-employee payroll	244.33%	236.46%

CITY OF CHANDLER, ARIZONA
Required Supplementary Information
June 30, 2016

NOTE 1 - Budgetary Basis of Accounting

The adopted budget of the City is prepared on a basis consistent with accounting principles generally accepted in the United States of America with the following exception: reserved encumbrances at year end are recognized as expenditures. Consequently, the following adjustment is necessary to present the change in fund balance on a budgetary basis in order to provide a meaningful comparison.

	<u>Change in Fund Balances</u>
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ (4,108,065)
Reserved encumbrances at June 30, 2016 recognized as budgetary expenditures in fiscal year ended June 30, 2016	<u>(4,216,694)</u>
Budgetary Comparison Schedule for the General Fund	<u><u>\$ (8,324,759)</u></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, 2014 valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2013. 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, 2014, 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, 2015 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, 2016

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual Amounts	(Under) Final Budget
REVENUES:				
Interest revenue	\$ 283,000	\$ 283,000	\$ 508,015	\$ 225,015
System development fees	4,328,500	4,328,500	7,436,964	3,108,464
Regional transportation tax	2,279,800	2,279,800	6,100,475	3,820,675
Miscellaneous	-	-	-	-
Total revenues	6,891,300	6,891,300	14,045,454	7,154,154
EXPENDITURES:				
General government	4,200,000	2,758,198	-	2,758,198
Transportation and development	18,038,562	2,216,366	395,470	1,820,896
Capital outlay	1,755,624	18,181,596	8,029,354	10,152,242
Total expenditures	23,994,186	23,156,160	8,424,824	14,731,336
Excess (deficiency) of revenues over expenditures	(17,102,886)	(16,264,860)	5,620,630	21,885,490
Other financing sources (uses):				
Transfers in	2,286,800	2,286,800	-	(2,286,800)
Transfers out	(2,286,800)	(2,286,800)	-	2,286,800
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	(17,102,886)	(16,264,860)	5,620,630	21,885,490
Fund balance, July 1, 2015	36,419,627	36,419,627	36,419,627	-
Fund balance, June 30, 2016	\$ 19,316,741	\$ 20,154,767	\$ 42,040,257	\$ 21,885,490

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, 2016

	Budgeted Amounts		Actual Amounts	Over (Under) Final Budget
	Original	Final		
REVENUES:				
Property taxes	\$ 21,148,000	\$ 21,148,000	\$ 21,826,868	\$ 678,868
Interest revenue	164,000	164,000	251,878	87,878
Total revenues	<u>21,312,000</u>	<u>21,312,000</u>	<u>22,078,746</u>	<u>766,746</u>
EXPENDITURES:				
Principal	14,100,000	14,048,194	13,615,000	433,194
Interest and fiscal charges	8,040,176	8,091,982	8,091,981	1
Bond issuance costs	-	-	-	-
Total expenditures	<u>22,140,176</u>	<u>22,140,176</u>	<u>21,706,981</u>	<u>433,195</u>
Excess (deficiency) of revenues over expenditures	<u>(828,176)</u>	<u>(828,176)</u>	<u>371,765</u>	<u>1,199,941</u>
Other financing sources (uses):				
Bond premium	-	-	-	-
Face amount of bonds issued	-	-	-	-
Payment to escrow agent	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>(828,176)</u>	<u>(828,176)</u>	<u>371,765</u>	<u>1,199,941</u>
Fund balance, July 1, 2015	<u>14,910,017</u>	<u>14,910,017</u>	<u>14,910,017</u>	<u>-</u>
Fund balance, June 30, 2016	<u>\$ 14,081,841</u>	<u>\$ 14,081,841</u>	<u>\$ 15,281,782</u>	<u>\$ 1,199,941</u>



Chandler + Arizona
Where Values Make The Difference

City of Chandler

Non-Major Governmental Funds

NON-MAJOR SPECIAL REVENUE FUNDS

A Special Revenue Fund is used to finance particular activities and is created out of receipts of specific taxes or other earmarked revenues. Such funds are authorized by statutory or charter provisions to pay for certain activities with some special form of continuing revenues.

Highway User

Used to account for the receipt and expenditure of the City's allocation of State highway user taxes. State law restricts the use of these monies to maintenance, construction and reconstruction of streets, and repayment of transportation-related debt.

Local Transportation Assistance

Used to account for the receipt and expenditure of the City's allocation of State lottery monies. State law restricts the use of these monies to street and highway projects in the public right-of-way and to mass transportation purposes.

Grants

Used to account for the receipt and expenditure of miscellaneous federal, state and local 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

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

Museum

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

Library

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

NON-MAJOR DEBT SERVICE FUNDS

Highway User Revenue Bonds

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

Special Assessment Bonds

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

City of Chandler

Non-Major Governmental Funds, Continued

NON-MAJOR CAPITAL PROJECTS FUNDS

General Government

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

Public Buildings

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

Grants

Used to account for the receipt and expenditure of miscellaneous federal, state and local 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, 2016

	Special Revenue						
	Local		Grants	Community Development	Police		
	Highway User	Transportation Assistance			Confiscated Property	Parks and Recreation	Museum
ASSETS							
Equity in pooled cash and investments	\$ 9,613,606	\$ 3,863,526	\$ 1,064,037	\$ -	\$ 622,824	\$ 253,639	\$ 30,418
Receivables (net of allowance for uncollectible):							
Accounts	-	-	6,016	-	-	-	-
Special assessments	-	-	-	-	-	-	-
Notes	-	-	-	448,503	-	-	-
Accrued interest	27,193	9,235	3,380	-	872	612	-
Other	-	-	-	-	2,908	-	-
Prepays	-	-	-	22,590	-	-	-
Due from other governments	1,434,908	-	468,149	539,490	401,050	-	-
Total assets	\$11,075,707	\$ 3,872,761	\$ 1,541,582	\$ 1,010,583	\$ 1,027,654	\$ 254,251	\$ 30,418
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 69,065	\$ 10	\$ 5,995	\$ 94,861	\$ 81,188	\$ -	\$ -
Accrued payroll	52,607	-	12,890	4,766	-	-	-
Trust liabilities and deposits	-	-	-	4	1,015,211	-	135
Accrued interest	-	-	-	-	-	-	-
Due to other funds	-	-	-	457,929	-	-	-
Advances from other funds	-	-	-	-	-	-	-
Arbitrage liability - current	-	-	-	-	-	-	-
Bonds payable - current	-	-	-	-	-	-	-
Total liabilities	121,672	10	18,885	557,560	1,096,399	-	135
Deferred inflows of resources:							
Unavailable revenues - special assessments	-	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-	-
Fund Balances:							
Nonspendable	-	-	-	-	-	-	-
Restricted	10,954,035	3,872,751	1,522,697	453,023	-	254,251	30,283
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	(68,745)	-	-
Total fund balances (deficits)	10,954,035	3,872,751	1,522,697	453,023	(68,745)	254,251	30,283
Total liabilities, deferred inflows and fund balances	\$11,075,707	\$ 3,872,761	\$ 1,541,582	\$ 1,010,583	\$ 1,027,654	\$ 254,251	\$ 30,418

City of Chandler
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2016

	Special Revenue	Debt Service		Capital Projects	
	Library	Highway User Revenue Bonds	Special Assessment Bonds	General Government	Public Buildings
ASSETS					
Equity in pooled cash and investments	\$ 24,295	\$ 3,789,678	\$ 738,676	\$ 527,771	\$ -
Receivables (net of allowance for uncollectible):					
Accounts	-	-	-	-	-
Special assessments	-	-	3,607,536	-	-
Notes	-	-	-	-	-
Accrued interest	56	-	1,651	-	215
Other	-	-	-	-	-
Prepays	-	-	-	-	-
Due from other governments	-	-	-	-	-
Total assets	\$ 24,351	\$ 3,789,678	\$ 4,347,863	\$ 527,771	\$ 215
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ 8,006	\$ 527,771	\$ -
Accrued payroll	-	-	-	-	-
Trust liabilities and deposits	-	-	-	-	-
Accrued interest	-	187,825	79,200	-	-
Due to other funds	-	-	-	-	39,119
Advances from other funds	-	-	-	-	3,089,427
Arbitrage liability - current	-	5,000	-	-	-
Bonds payable - current	-	3,370,000	-	-	-
Total liabilities	-	3,562,825	87,206	527,771	3,128,546
Deferred inflows of resources:					
Unavailable revenues - special assessments	-	-	3,586,598	-	-
Total deferred inflows of resources	-	-	3,586,598	-	-
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	24,351	226,853	674,059	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	(3,128,331)
Total fund balances (deficits)	24,351	226,853	674,059	-	(3,128,331)
Total liabilities, deferred inflows and fund balances	\$ 24,351	\$ 3,789,678	\$ 4,347,863	\$ 527,771	\$ 215

Capital Projects

Grants	Community Services	Public Safety Buildings and Improvements	Vehicle and Capital Equipment Replacement	Special Assessments	Technology Replacement	Municipal Arts	Total Other Governmental Funds
\$ -	\$ 21,319,105	\$ 4,601,815	\$ 12,771,849	\$ 4,519,278	\$ 3,346,324	\$ 64,263	\$ 67,151,104
5,000	-	-	-	-	-	-	11,016
-	-	-	-	-	-	-	3,607,536
-	-	-	-	-	-	-	448,503
-	50,389	11,764	30,127	10,696	8,288	55	154,533
-	-	-	-	-	-	-	2,908
-	-	-	-	-	-	-	22,590
4,437,680	-	-	-	-	-	-	7,281,277
<u>\$ 4,442,680</u>	<u>\$ 21,369,494</u>	<u>\$ 4,613,579</u>	<u>\$ 12,801,976</u>	<u>\$ 4,529,974</u>	<u>\$ 3,354,612</u>	<u>\$ 64,318</u>	<u>\$ 78,679,467</u>
\$ 520,573	\$ 12,575	\$ 511,395	\$ 182,457	\$ 28	\$ 49,126	\$ -	\$ 2,063,050
883	37	185	-	773	-	-	72,141
-	-	-	-	-	-	-	1,015,350
-	-	-	-	-	-	-	267,025
3,385,732	-	-	-	-	-	-	3,882,780
-	-	12,782,082	-	-	-	-	15,871,509
-	-	-	-	-	-	-	5,000
-	-	-	-	-	-	-	3,370,000
<u>3,907,188</u>	<u>12,612</u>	<u>13,293,662</u>	<u>182,457</u>	<u>801</u>	<u>49,126</u>	<u>-</u>	<u>26,546,855</u>
-	-	-	-	-	-	-	3,586,598
-	-	-	-	-	-	-	3,586,598
-	-	-	-	-	-	-	-
535,492	21,356,882	-	12,619,519	4,529,173	3,305,486	64,318	60,423,173
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	(8,680,083)	-	-	-	-	(11,877,159)
<u>535,492</u>	<u>21,356,882</u>	<u>(8,680,083)</u>	<u>12,619,519</u>	<u>4,529,173</u>	<u>3,305,486</u>	<u>64,318</u>	<u>48,546,014</u>
<u>\$ 4,442,680</u>	<u>\$ 21,369,494</u>	<u>\$ 4,613,579</u>	<u>\$ 12,801,976</u>	<u>\$ 4,529,974</u>	<u>\$ 3,354,612</u>	<u>\$ 64,318</u>	<u>\$ 78,679,467</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, 2016

	Special Revenue						
	Highway	Local		Community	Police	Parks and	
	User	Transportation	Grants	Development	Confiscated	Recreation	Museum
	Assistance			Property			
REVENUES:							
Highway user taxes	\$ 15,303,635	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants and entitlements	-	711,502	2,451,884	1,908,048	-	92,188	6,720
System development fees	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-
Charges for services	-	104,389	-	-	-	-	-
Fines and forfeitures	-	-	-	-	1,715,400	-	-
Interest revenue	134,727	42,372	17,163	3	-	2,951	-
Miscellaneous	80,529	181,814	-	-	-	-	11,382
Total revenues	15,518,891	1,040,077	2,469,047	1,908,051	1,715,400	95,139	18,102
EXPENDITURES:							
Current:							
General government	-	-	332,806	1,902,959	-	-	-
Public safety	-	-	1,124,274	-	624,875	-	-
Transportation and development	7,855,334	499,980	-	-	-	-	-
Community services	-	-	199,755	-	-	76,611	8,544
Capital outlay	4,095,685	169,548	814,029	-	1,099,606	493	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-
Total expenditures	11,951,019	669,528	2,470,864	1,902,959	1,724,481	77,104	8,544
EXCESS (DEFICIENCY) OF							
REVENUES OVER EXPENDITURES	3,567,872	370,549	(1,817)	5,092	(9,081)	18,035	9,558
OTHER FINANCING SOURCES (USES):							
Proceeds from disposal of capital assets	-	-	-	-	(6,455)	-	-
Transfers in	-	-	-	-	-	-	20,725
Transfers out	(3,914,748)	(4,001)	-	-	-	(20,725)	-
Total other financing sources (uses)	(3,914,748)	(4,001)	-	-	(6,455)	(20,725)	20,725
NET CHANGE IN FUND BALANCE	(346,876)	366,548	(1,817)	5,092	(15,536)	(2,690)	30,283
FUND BALANCES (DEFICITS):							
Beginning of year	11,300,911	3,506,203	1,524,514	447,931	(53,209)	256,941	-
End of year	\$ 10,954,035	\$ 3,872,751	\$ 1,522,697	\$ 453,023	\$ (68,745)	\$ 254,251	\$ 30,283

Special Revenue	Debt Service		Capital Projects			
	Library	Highway User Revenue Bonds	Special Assessment Bonds	General Government	Public Buildings	Grants
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
18,445	-	-	-	-	10,837,342	-
-	-	-	-	304,361	-	6,494,791
-	-	606,757	-	-	-	-
-	-	-	-	-	-	-
295	-	8,169	-	2,153	-	237,802
-	20,500	-	203,756	-	-	-
18,740	20,500	614,926	203,756	306,514	10,837,342	6,732,593
-	-	-	1,113,162	-	30,839	-
-	-	-	363,420	-	-	-
-	-	-	481,206	-	126,309	-
8,043	-	-	155,396	-	60,745	25,777
46,476	-	-	16,543,479	-	7,221,018	2,220,412
-	3,370,000	480,000	-	-	-	-
-	375,650	168,000	-	-	-	-
54,519	3,745,650	648,000	18,656,663	-	7,438,911	2,246,189
(35,779)	(3,725,150)	(33,074)	(18,452,907)	306,514	3,398,431	4,486,404
-	-	-	-	-	-	-
-	3,745,650	-	18,452,907	-	-	-
-	-	-	-	-	-	-
-	3,745,650	-	18,452,907	-	-	-
(35,779)	20,500	(33,074)	-	306,514	3,398,431	4,486,404
60,130	206,353	707,133	-	(3,434,845)	(2,862,939)	16,870,478
\$ 24,351	\$ 226,853	\$ 674,059	\$ -	\$ (3,128,331)	\$ 535,492	\$ 21,356,882

(Continued)

City of Chandler
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds
For the year ended June 30, 2016

	Capital Projects					Total Other Governmental Funds
	Public Safety Buildings and Improvements	Vehicle and Capital Equipment Replacement	Special Assessments	Technology Replacement	Municipal Arts	
REVENUES:						
Highway user taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,303,635
Grants and entitlements	-	-	-	-	-	16,026,129
System development fees	1,980,888	-	-	-	-	8,780,040
Special assessments	-	-	-	-	-	606,757
Charges for services	-	-	-	-	82,120	186,509
Fines and forfeitures	-	-	-	-	-	1,715,400
Interest income	60,000	148,524	51,415	40,580	120	746,274
Miscellaneous	-	27,126	-	-	-	525,107
Total revenues	2,040,888	175,650	51,415	40,580	82,240	43,889,851
EXPENDITURES:						
Current:						
General government	-	-	65,201	575,674	-	4,020,641
Public safety	636,868	-	-	-	-	2,749,437
Transportation and development	-	-	-	-	-	8,962,829
Community services	-	-	-	-	49,343	584,214
Capital outlay	1,112,836	3,568,317	-	2,290,684	-	39,182,583
Debt service:						
Principal	-	-	-	-	-	3,850,000
Interest and fiscal charges	-	-	-	-	-	543,650
Total expenditures	1,749,704	3,568,317	65,201	2,866,358	49,343	59,893,354
REVENUES OVER (UNDER) EXPENDITURES	291,184	(3,392,667)	(13,786)	(2,825,778)	32,897	(16,003,503)
OTHER FINANCING SOURCES (USES):						
Proceeds from disposal of capital assets	-	470,164	-	-	-	463,709
Transfers in	-	2,964,535	-	2,701,740	-	27,885,557
Transfers out	-	(382,185)	-	-	-	(4,321,659)
Total other financing sources (uses)	-	3,052,514	-	2,701,740	-	24,027,607
FINANCING USES	291,184	(340,153)	(13,786)	(124,038)	32,897	8,024,104
FUND BALANCES (DEFICITS):						
Beginning of year	(8,971,267)	12,959,672	4,542,959	3,429,524	31,421	40,521,910
End of year	\$ (8,680,083)	\$ 12,619,519	\$ 4,529,173	\$ 3,305,486	\$ 64,318	\$ 48,546,014

(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, 2016

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual Amounts	(Under) Final Budget
REVENUES:				
Highway user taxes	\$ 14,000,000	\$ 14,000,000	\$ 15,303,635	\$ 1,303,635
Charges for services	-	-	-	-
Interest revenue	79,000	79,000	134,727	55,727
Miscellaneous	-	-	80,529	80,529
Total revenues	14,079,000	14,079,000	15,518,891	1,439,891
EXPENDITURES:				
General government	3,991,800	3,059,449	-	3,059,449
Transportation and development	9,278,668	9,151,897	8,748,713	403,184
Capital outlay	2,605,364	4,881,201	4,647,019	234,182
Total expenditures	15,875,832	17,092,547	13,395,732	3,696,815
Excess (deficiency) of revenues over expenditures	(1,796,832)	(3,013,547)	2,123,159	5,136,706
Other financing sources (uses):				
Transfers out	(3,914,748)	(3,914,748)	(3,914,748)	-
Total other financing sources (uses)	(3,914,748)	(3,914,748)	(3,914,748)	-
Net change in fund balance	(5,711,580)	(6,928,295)	(1,791,589)	5,136,706
Fund balance, July 1, 2015	11,300,911	11,300,911	11,300,911	-
Fund balance, June 30, 2016	\$ 5,589,331	\$ 4,372,616	\$ 9,509,322	\$ 5,136,706

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, 2016

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual Amounts	(Under) Final Budget
REVENUES:				
Grants and entitlements	\$ 696,693	\$ 696,693	\$ 711,502	\$ 14,809
Charges for services	90,000	90,000	104,389	14,389
Interest revenue	29,000	29,000	42,372	13,372
Miscellaneous	-	-	181,814	181,814
Total revenues	<u>815,693</u>	<u>815,693</u>	<u>1,040,077</u>	<u>224,384</u>
EXPENDITURES:				
General government	2,134,300	2,000,200	-	2,000,200
Transportation and development	939,994	755,885	524,784	231,101
Capital outlay	272,750	466,999	169,548	297,451
Total expenditures	<u>3,347,044</u>	<u>3,223,084</u>	<u>694,332</u>	<u>2,528,752</u>
Excess (deficiency) of revenues over expenditures	<u>(2,531,351)</u>	<u>(2,407,391)</u>	<u>345,745</u>	<u>2,753,136</u>
Other financing sources (uses):				
Transfers out	(4,001)	(4,001)	(4,001)	-
Total other financing sources (uses)	<u>(4,001)</u>	<u>(4,001)</u>	<u>(4,001)</u>	<u>-</u>
Net change in fund balance	<u>(2,535,352)</u>	<u>(2,411,392)</u>	<u>341,744</u>	<u>2,753,136</u>
Fund balance, July 1, 2015	<u>3,506,203</u>	<u>3,506,203</u>	<u>3,506,203</u>	<u>-</u>
Fund balance, June 30, 2016	<u>\$ 970,851</u>	<u>\$ 1,094,811</u>	<u>\$ 3,847,947</u>	<u>\$ 2,753,136</u>

City of Chandler

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

Grants Special Revenue

For the year ended June 30, 2016

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual Amounts	(Under) Final Budget
REVENUES:				
Grants and entitlements	\$ 5,154,611	\$ 5,154,611	\$ 2,451,884	\$ (2,702,727)
Interest revenue	16,000	16,000	17,163	1,163
Total revenues	5,170,611	5,170,611	2,469,047	(2,701,564)
EXPENDITURES:				
General government	865,009	498,649	332,806	165,843
Public safety	3,133,331	3,002,099	1,124,274	1,877,825
Transportation and development	500,000	-	-	-
Community services	594,602	622,966	205,856	417,110
Capital outlay	2,361,000	3,203,824	860,521	2,343,303
Total expenditures	7,453,942	7,327,538	2,523,457	4,804,081
Net change in fund balance	(2,283,331)	(2,156,927)	(54,410)	2,102,517
Fund balance, July 1, 2015	1,524,514	1,524,514	1,524,514	-
Fund balance (deficit), June 30, 2016	\$ (758,817)	\$ (632,413)	\$ 1,470,104	\$ 2,102,517

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, 2016

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual Amounts	(Under) Final Budget
REVENUES:				
Grants and entitlements	\$ 2,940,000	\$ 2,940,000	\$ 1,908,048	\$ (1,031,952)
Interest revenue	-	-	3	3
Total revenues	<u>2,940,000</u>	<u>2,940,000</u>	<u>1,908,051</u>	<u>(1,031,949)</u>
EXPENDITURES:				
General government	<u>3,649,481</u>	<u>3,273,144</u>	<u>2,305,034</u>	<u>968,110</u>
Total expenditures	<u>3,649,481</u>	<u>3,273,144</u>	<u>2,305,034</u>	<u>968,110</u>
Excess (deficiency) of revenues over expenditures	<u>(709,481)</u>	<u>(333,144)</u>	<u>(396,983)</u>	<u>(63,839)</u>
Net change in fund balance	<u>(709,481)</u>	<u>(333,144)</u>	<u>(396,983)</u>	<u>(63,839)</u>
Fund balance, July 1, 2015	<u>447,931</u>	<u>447,931</u>	<u>447,931</u>	<u>-</u>
Fund balance (deficit), June 30, 2016	<u>\$ (261,550)</u>	<u>\$ 114,787</u>	<u>\$ 50,948</u>	<u>\$ (63,839)</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, 2016

	Budgeted Amounts		Non-GAAP Actual Amounts	Over (Under) Final Budget
	Original	Final		
REVENUES:				
Fines and forfeitures	\$ 6,000,000	\$ 6,000,000	\$ 1,715,401	\$ (4,284,599)
Total revenues	<u>6,000,000</u>	<u>6,000,000</u>	<u>1,715,401</u>	<u>(4,284,599)</u>
EXPENDITURES:				
General government	390,000	-	-	-
Public safety	1,200,000	1,876,413	872,598	1,003,815
Capital outlay	4,800,000	4,499,368	1,101,606	3,397,762
Total expenditures	<u>6,390,000</u>	<u>6,375,781</u>	<u>1,974,204</u>	<u>4,401,577</u>
Excess (deficiency) of revenues over expenditures	(390,000)	(375,781)	(258,803)	(8,686,176)
Other financing sources (uses):				
Proceeds from disposal of capital assets	-	-	(6,455)	6,455
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(6,455)</u>	<u>6,455</u>
Net change in fund balance	<u>(390,000)</u>	<u>(375,781)</u>	<u>(265,258)</u>	<u>(8,679,721)</u>
Fund balance, July 1, 2015	<u>(53,209)</u>	<u>(53,209)</u>	<u>(53,209)</u>	<u>-</u>
Fund balance (deficit), June 30, 2016	<u>\$ (443,209)</u>	<u>\$ (428,990)</u>	<u>\$ (318,467)</u>	<u>\$ (8,679,721)</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, 2016

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual Amounts	(Under) Final Budget
REVENUES:				
Grants and entitlements	\$ 93,710	\$ 93,710	\$ 92,188	\$ (1,522)
Interest revenue	2,000	2,000	2,951	951
Total revenues	95,710	95,710	95,139	(571)
EXPENDITURES:				
Community services	190,188	190,188	76,611	113,577
Capital outlay	-	-	493	(493)
Total expenditures	190,188	190,188	77,104	113,084
Excess (deficiency) of revenues over expenditures	(94,478)	(94,478)	18,035	(113,655)
Other financing sources (uses):				
Transfers out	(18,000)	(18,000)	(20,725)	2,725
Total other financing sources (uses)	(18,000)	(18,000)	(20,725)	2,725
Net change in fund balance	(112,478)	(112,478)	(2,690)	(110,930)
Fund balance, July 1, 2015	256,941	256,941	256,941	-
Fund balance, June 30, 2016	\$ 144,463	\$ 144,463	\$ 254,251	\$ (110,930)

City of Chandler

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

Museum Special Revenue

For the year ended June 30, 2016

	Budgeted Amounts		Non-GAAP Actual Amounts	Over (Under) Final Budget
	Original	Final		
REVENUES:				
Grants and entitlements	\$ 25,000	\$ 25,000	\$ 6,720	\$ (18,280)
Miscellaneous	-	-	11,382	11,382
Total revenues	<u>25,000</u>	<u>25,000</u>	<u>18,102</u>	<u>(6,898)</u>
EXPENDITURES:				
Community services	39,469	39,469	8,544	30,925
Total expenditures	<u>39,469</u>	<u>39,469</u>	<u>8,544</u>	<u>30,925</u>
Excess (deficiency) of revenues over expenditures	(14,469)	(14,469)	9,558	(37,823)
Other financing sources (uses):				
Transfers in	18,000	18,000	20,725	2,725
Total other financing sources (uses)	<u>18,000</u>	<u>18,000</u>	<u>20,725</u>	<u>2,725</u>
Net change in fund balance	<u>3,531</u>	<u>3,531</u>	<u>30,283</u>	<u>(35,098)</u>
Fund balance, July 1, 2015	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30, 2016	<u>\$ 3,531</u>	<u>\$ 3,531</u>	<u>\$ 30,283</u>	<u>\$ (35,098)</u>

City of Chandler

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

Library Special Revenue

For the year ended June 30, 2016

	Budgeted Amounts		Non-GAAP Actual Amounts	Over (Under) Final Budget
	Original	Final		
REVENUES:				
Grants and entitlements	\$ 120,000	\$ 120,000	\$ 18,445	\$ (101,555)
Interest revenue	1,000	1,000	295	(705)
Miscellaneous	-	-	-	-
Total revenues	<u>121,000</u>	<u>121,000</u>	<u>18,740</u>	<u>(102,260)</u>
EXPENDITURES:				
Community services	120,000	120,196	8,043	112,153
Capital outlay	-	-	493	(493)
Total expenditures	<u>120,000</u>	<u>120,196</u>	<u>8,536</u>	<u>111,660</u>
Net change in fund balance	<u>1,000</u>	<u>804</u>	<u>10,204</u>	<u>9,400</u>
Fund balance, July 1, 2015	<u>60,130</u>	<u>60,130</u>	<u>60,130</u>	<u>-</u>
Fund balance, June 30, 2016	<u>\$ 61,130</u>	<u>\$ 60,934</u>	<u>\$ 70,334</u>	<u>\$ 9,400</u>

City of Chandler

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

General Government Capital Projects

For the year ended June 30, 2016

	Budgeted Amounts		Total	Over
	Original	Final	Non-GAAP Actual Amounts	(Under) Final Budget
REVENUES:				
Miscellaneous	\$ 450,000	\$ 450,000	\$ 203,755	\$ (246,245)
Total revenues	<u>450,000</u>	<u>450,000</u>	<u>203,755</u>	<u>(246,245)</u>
EXPENDITURES:				
General government	17,311,111	7,046,273	1,827,784	\$ 5,218,489
Public safety	1,942,971	559,562	549,042	10,520
Transportation and development	3,876,960	1,695,589	1,015,263	680,326
Community services	2,733,487	73,715	163,510	(89,795)
Capital outlay	24,711,997	43,300,129	21,726,843	21,573,286
Total expenditures	<u>50,576,526</u>	<u>52,675,268</u>	<u>25,282,442</u>	<u>27,392,826</u>
Excess (deficiency) of revenues over expenditures	<u>(50,126,526)</u>	<u>(52,225,268)</u>	<u>(25,078,687)</u>	<u>(27,639,071)</u>
Other financing sources (uses):				
Transfers in	50,126,526	50,126,526	18,452,907	(31,673,619)
Total other financing sources (uses)	<u>50,126,526</u>	<u>50,126,526</u>	<u>18,452,907</u>	<u>(31,673,619)</u>
Net change in fund balance	-	(2,098,742)	(6,625,780)	(59,312,690)
Fund balance, July 1, 2015	-	-	-	-
Fund balance (deficit), June 30, 2016	<u>\$ -</u>	<u>\$ (2,098,742)</u>	<u>\$ (6,625,780)</u>	<u>\$ (59,312,690)</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, 2016

	Budgeted Amounts		Non-GAAP Actual Amounts	Over (Under) Final Budget
	Original	Final		
REVENUES:				
System development fees	\$ 251,500	\$ 251,500	\$ 304,361	\$ 52,861
Interest revenue	2,200	2,200	2,153	(47)
Total revenues	<u>253,700</u>	<u>253,700</u>	<u>306,514</u>	<u>52,814</u>
EXPENDITURES:				
General government	11,000	11,000	-	11,000
Total expenditures	<u>11,000</u>	<u>11,000</u>	<u>-</u>	<u>11,000</u>
Excess (deficiency) of revenues over expenditures	<u>242,700</u>	<u>242,700</u>	<u>306,514</u>	<u>63,814</u>
Net change in fund balance	(157,300)	(157,300)	306,514	463,814
Fund balance, July 1, 2015	<u>(3,434,845)</u>	<u>(3,434,845)</u>	<u>(3,434,845)</u>	<u>-</u>
Fund balance (deficit), June 30, 2016	<u>\$ (3,592,145)</u>	<u>\$ (3,592,145)</u>	<u>\$ (3,128,331)</u>	<u>\$ 463,814</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, 2016

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual Amounts	(Under) Final Budget
REVENUES:				
Grants and entitlements	\$ 7,932,558	\$ 7,932,558	\$ 10,837,345	\$ 2,904,787
Total revenues	<u>7,932,558</u>	<u>7,932,558</u>	<u>10,837,345</u>	<u>2,904,787</u>
EXPENDITURES:				
General government	1,128,607	425,028	30,839	394,189
Transportation and development	3,964,121	1,088,788	126,309	962,479
Community services	1,922,508	96,293	69,751	26,542
Capital outlay	7,932,558	21,320,390	13,375,496	7,944,894
Total expenditures	<u>14,947,794</u>	<u>22,930,499</u>	<u>13,602,395</u>	<u>9,328,104</u>
Net change in fund balance	<u>(7,015,236)</u>	<u>(14,997,941)</u>	<u>(2,765,050)</u>	<u>12,232,891</u>
Fund balance, July 1, 2015	<u>(2,862,939)</u>	<u>(2,862,939)</u>	<u>(2,862,939)</u>	<u>-</u>
Fund balance (deficit), June 30, 2016	<u>\$ (9,878,175)</u>	<u>\$ (17,860,880)</u>	<u>\$ (5,627,989)</u>	<u>\$ 12,232,891</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, 2016

	Budgeted Amounts		Non-GAAP Actual Amounts	Over (Under) Final Budget
	Original	Final		
REVENUES:				
System development fees	\$ 2,100,000	\$ 2,100,000	\$ 6,494,791	\$ 4,394,791
Interest revenue	134,400	134,400	237,802	103,402
Total revenues	<u>2,234,400</u>	<u>2,234,400</u>	<u>6,732,593</u>	<u>4,498,193</u>
EXPENDITURES:				
General government	6,084,200	6,084,200	-	(6,084,200)
Community services	3,283,887	531,671	25,777	(505,894)
Capital outlay	1,810,000	3,933,077	2,611,112	(1,321,965)
Total expenditures	<u>11,178,087</u>	<u>10,548,948</u>	<u>2,636,889</u>	<u>(7,912,059)</u>
Excess (deficiency) of revenues over expenditures	<u>(8,943,687)</u>	<u>(8,314,548)</u>	<u>4,095,704</u>	<u>(3,413,866)</u>
Net change in fund balance	<u>(12,098,687)</u>	<u>(11,469,548)</u>	<u>4,095,704</u>	<u>15,565,252</u>
Fund balance, July 1, 2015	<u>16,870,478</u>	<u>16,870,478</u>	<u>16,870,478</u>	<u>-</u>
Fund balance, June 30, 2016	<u>\$ 4,771,791</u>	<u>\$ 5,400,930</u>	<u>\$ 20,966,182</u>	<u>\$ 15,565,252</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, 2016

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual Amounts	(Under) Final Budget
REVENUES:				
System development fees	\$ 1,637,800	\$ 1,637,800	\$ 1,980,888	\$ 343,088
Interest revenue	65,000	65,000	60,000	(5,000)
Total revenues	<u>1,702,800</u>	<u>1,702,800</u>	<u>2,040,888</u>	<u>338,088</u>
EXPENDITURES:				
General government	1,165,000	1,165,000	-	1,165,000
Public safety	1,860,787	1,495,594	1,081,869	413,725
Capital outlay	<u>3,702,677</u>	<u>4,214,488</u>	<u>2,338,140</u>	<u>1,876,348</u>
Total expenditures	<u>6,728,464</u>	<u>6,875,082</u>	<u>3,420,009</u>	<u>3,455,073</u>
Excess (deficiency) of revenues over expenditures	<u>(5,025,664)</u>	<u>(5,172,282)</u>	<u>(1,379,121)</u>	<u>3,793,161</u>
Net change in fund balance	(5,025,664)	(5,172,282)	(1,379,121)	3,793,161
Fund balance, July 1, 2015	<u>(8,971,267)</u>	<u>(8,971,267)</u>	<u>(8,971,267)</u>	<u>-</u>
Fund balance (deficit), June 30, 2016	<u>\$ (13,996,931)</u>	<u>\$ (14,143,549)</u>	<u>\$ (10,350,388)</u>	<u>\$ 3,793,161</u>

City of Chandler

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual Vehicle and Capital Equipment Replacement Capital Projects For the year ended June 30, 2016

	Budgeted Amounts		Non-GAAP Actual Amounts	Over (Under) Final Budget
	Original	Final		
REVENUES:				
Interest revenue	\$ 117,000	\$ 117,000	\$ 148,524	\$ 31,524
Miscellaneous	15,000	15,000	27,126	12,126
Total revenues	<u>132,000</u>	<u>132,000</u>	<u>175,650</u>	<u>43,650</u>
EXPENDITURES:				
General government	833,100	567,342	-	567,342
Capital outlay	6,492,659	9,194,282	5,278,836	3,915,446
Total expenditures	<u>7,325,759</u>	<u>9,761,624</u>	<u>5,278,836</u>	<u>4,482,788</u>
Excess (deficiency) of revenues over expenditures	<u>(7,193,759)</u>	<u>(9,629,624)</u>	<u>(5,103,186)</u>	<u>4,526,438</u>
Other financing sources (uses):				
Proceeds from disposal of capital assets	200,000	200,000	470,164	270,164
Transfers in	2,808,810	2,808,810	2,964,535	155,725
Total other financing sources (uses)	<u>3,008,810</u>	<u>3,008,810</u>	<u>3,434,699</u>	<u>425,889</u>
Net change in fund balance	<u>(4,184,949)</u>	<u>(6,620,814)</u>	<u>(1,668,487)</u>	<u>4,952,327</u>
Fund balance, July 1, 2015	<u>12,959,672</u>	<u>12,959,672</u>	<u>12,959,672</u>	<u>-</u>
Fund balance (deficit), June 30, 2016	<u>\$ 8,774,723</u>	<u>\$ 6,338,858</u>	<u>\$ 11,291,185</u>	<u>\$ 4,952,327</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, 2016

	Budgeted Amounts		Actual Amounts	Over (Under) Final Budget
	Original	Final		
REVENUES:				
Interest revenue	\$ 35,000	\$ 35,000	\$ 51,415	\$ 16,415
Total revenues	<u>35,000</u>	<u>35,000</u>	<u>51,415</u>	<u>16,415</u>
EXPENDITURES:				
General government	64,656	65,048	65,201	(153)
Total expenditures	<u>64,656</u>	<u>65,048</u>	<u>65,201</u>	<u>(153)</u>
Excess (deficiency) of revenues over expenditures	<u>(29,656)</u>	<u>(30,048)</u>	<u>(13,786)</u>	<u>16,262</u>
Net change in fund balance	(29,656)	(30,048)	(13,786)	16,262
Fund balance, July 1, 2015	<u>4,542,959</u>	<u>4,542,959</u>	<u>4,542,959</u>	<u>-</u>
Fund balance, June 30, 2016	<u>\$ 4,513,303</u>	<u>\$ 4,512,911</u>	<u>\$ 4,529,173</u>	<u>\$ 16,262</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, 2016

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual Amounts	(Under) Final Budget
REVENUES:				
Interest revenue	\$ 40,000	\$ 40,000	\$ 40,580	\$ 580
Total revenues	<u>40,000</u>	<u>40,000</u>	<u>40,580</u>	<u>580</u>
EXPENDITURES:				
General government	1,708,663	1,041,088	709,418	331,670
Capital outlay	2,542,898	3,038,019	2,340,143	697,876
Total expenditures	<u>4,251,561</u>	<u>4,079,107</u>	<u>3,049,561</u>	<u>1,029,546</u>
Excess (deficiency) of revenues over expenditures	<u>(4,211,561)</u>	<u>(4,039,107)</u>	<u>(3,008,981)</u>	<u>(1,028,966)</u>
Other financing sources (uses):				
Transfers in	2,685,474	2,685,474	2,701,740	16,266
Total other financing sources (uses)	<u>2,685,474</u>	<u>2,685,474</u>	<u>2,701,740</u>	<u>16,266</u>
Net change in fund balance	<u>(1,526,087)</u>	<u>(1,353,633)</u>	<u>(307,241)</u>	<u>(1,012,700)</u>
Fund balance, July 1, 2015	<u>3,429,524</u>	<u>3,429,524</u>	<u>3,429,524</u>	<u>-</u>
Fund balance, June 30, 2016	<u>\$ 1,903,437</u>	<u>\$ 2,075,891</u>	<u>\$ 3,122,283</u>	<u>\$ (1,012,700)</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, 2016

	Budgeted Amounts		Actual Amounts	Over (Under) Final Budget
	Original	Final		
REVENUES:				
Charges for services	\$ -	\$ -	\$ 82,120	\$ 82,120
Interest revenue	100	100	120	20
Total revenues	<u>100</u>	<u>100</u>	<u>82,240</u>	<u>82,140</u>
EXPENDITURES:				
Community services	<u>50,000</u>	<u>50,000</u>	<u>49,843</u>	<u>157</u>
Total expenditures	<u>51,000</u>	<u>51,000</u>	<u>49,843</u>	<u>1,157</u>
Net change in fund balance	(50,900)	(50,900)	32,397	83,297
Fund balance, July 1, 2015	<u>31,421</u>	<u>31,421</u>	<u>31,421</u>	<u>-</u>
Fund balance (deficit), June 30, 2016	<u>\$ (19,479)</u>	<u>\$ (19,479)</u>	<u>\$ 63,818</u>	<u>\$ 83,297</u>



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Where Values Make The Difference

City of Chandler

Non-Major Proprietary Funds

Solid Waste

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

Airport

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

Chandler Housing Authority

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

City of Chandler
Combining Statement of Net Position
Non-Major Proprietary Funds
June 30, 2016

	Solid Waste	Airport	Chandler Housing Authority	Total Other Proprietary Funds
ASSETS				
Current assets:				
Equity in pooled cash and investments	\$ 14,436,182	\$ 124,777	\$ 5,021,550	\$ 19,582,509
Accounts receivable	1,943,816	38,575	20,944	2,003,335
Due from other governments	-	-	42,035	42,035
Inventories	-	21,130	-	21,130
Prepaid items	-	-	341,672	341,672
Accrued interest receivable	34,228	171	-	34,399
Other receivables	53,848	-	-	53,848
Total current assets	16,468,074	184,653	5,426,201	22,078,928
Long-term assets:				
Notes receivable	-	-	336,450	336,450
Capital assets:				
Non-depreciable	7,321,994	20,269,179	1,873,284	29,464,457
Depreciable, net	7,637,464	9,783,661	7,502,528	24,923,653
Total capital assets	14,959,458	30,052,840	9,375,812	54,388,110
Total long-term assets	14,959,458	30,052,840	9,712,262	54,724,560
Total assets	31,427,532	30,237,493	15,138,463	76,803,488
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of pension plan items	126,827	126,827	253,654	507,308

LIABILITIES

Current liabilities:

Accounts payable	879,938	22,814	27,562	930,314
Accrued payroll	21,308	7,978	23,302	52,588
Trust liabilities and deposits	15,527	43,454	343,902	402,883
Accrued interest	-	1,156	-	1,156
Due to other funds	-	-	25,595	25,595
Customer advances	122,955	19,651	13,677	156,283
Compensated absences payable	820	486	970	2,276
Bonds payable	-	25,196	-	25,196
Landfill closure and postclosure liability	94,446	-	-	94,446
Total current liabilities	<u>1,134,994</u>	<u>120,735</u>	<u>435,008</u>	<u>1,690,737</u>

Long-term liabilities:

Compensated absences payable	70,512	41,827	83,423	195,762
Bonds payable	-	53,155	-	53,155
Net pension liability	1,138,852	1,138,852	2,277,704	4,555,408
OPEB liability	193,611	72,717	-	266,328
Landfill closure and postclosure liability	4,245,554	-	-	4,245,554
Total long-term liabilities	<u>5,648,529</u>	<u>1,306,551</u>	<u>2,361,127</u>	<u>9,316,207</u>
Total liabilities	<u>6,783,523</u>	<u>1,427,286</u>	<u>2,796,135</u>	<u>11,006,944</u>

DEFERRED INFLOWS OF RESOURCES

Deferred inflows of pension plan items	<u>125,458</u>	<u>125,458</u>	<u>250,916</u>	<u>501,832</u>
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NET POSITION

Investment in capital assets	14,959,458	30,045,891	9,375,812	54,381,161
Restricted for family self sufficiency escrow accounts	-	-	65,457	65,457
Unrestricted	9,685,920	(1,234,315)	2,903,797	11,355,402
Total net position	<u>\$ 24,645,378</u>	<u>\$ 28,811,576</u>	<u>\$ 12,345,066</u>	<u>\$ 65,802,020</u>

City of Chandler
Combining Statement of Revenues, Expenses, and Changes in Net Position
Non-Major Proprietary Funds
For the year ended June 30, 2016

	Solid Waste	Airport	Chandler Housing Authority	Total Other Proprietary Funds
OPERATING REVENUES:				
Service fees	\$ 14,940,591	\$ 946,419	\$ -	\$ 15,887,010
Grants and entitlements	-	-	5,784,021	5,784,021
Rentals	-	-	946,408	946,408
Sales taxes	-	10,391	-	10,391
Miscellaneous	-	7,652	179,741	187,393
Total operating revenues	14,940,591	964,462	6,910,170	22,815,223
OPERATING EXPENSES:				
General and administrative	965,648	100,000	-	1,065,648
Personal services	1,585,939	555,051	1,604,465	3,745,455
Contractual services	10,130,852	55,805	277,107	10,463,764
Commodities	744,772	453,127	489,363	1,687,262
Housing assistance payments	-	-	4,382,996	4,382,996
Depreciation and amortization expense	480,806	845,584	513,875	1,840,265
Total operating expenses	13,908,017	2,009,567	7,267,806	23,185,390
OPERATING INCOME (LOSS)	1,032,574	(1,045,105)	(357,636)	(370,167)
NONOPERATING REVENUES (EXPENSES):				
Interest revenue	159,603	815	41,640	202,058
Interest expense	-	(2,313)	-	(2,313)
Accretion of bond premium	-	196	-	196
Gain (loss) on disposal of capital assets	(17,000)	-	-	(17,000)
Total nonoperating revenues (expenses)	142,603	(1,302)	41,640	182,941
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	1,175,177	(1,046,407)	(315,996)	(187,226)
CAPITAL CONTRIBUTION AND TRANSFERS:				
Capital contributions	-	1,030,989	501,550	1,532,539
Transfers in	-	340,040	285,000	625,040
Transfers out	(95,829)	(15,873)	-	(111,702)
Total transfers	(95,829)	1,355,156	786,550	2,045,877
Change in net position	1,079,348	308,749	470,554	1,858,651
NET POSITION				
Beginning of year	23,566,030	28,502,827	11,874,512	63,943,369
End of year	\$ 24,645,378	\$ 28,811,576	\$ 12,345,066	\$ 65,802,020



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Where Values Make The Difference

City of Chandler
Combining Statement of Cash Flows
Non-Major Proprietary Funds
For the year ended June 30, 2016

	Solid Waste	Airport	Chandler Housing Authority	Total Other Proprietary Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 14,608,148	\$ 968,117	\$ 1,216,113	\$ 16,792,378
Cash received from grantors	-	-	5,780,488	5,780,488
Cash payments to suppliers	(11,843,602)	(630,041)	(5,252,776)	(17,726,419)
Cash payments to employees for services	(1,646,735)	(572,375)	(1,616,007)	(3,835,117)
Net cash provided (used) by operating activities	1,117,811	(234,299)	127,818	1,011,330
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers in	-	340,040	285,000	625,040
Transfers out	(95,829)	(15,873)	-	(111,702)
Net cash provided (used) by noncapital financing activities	(95,829)	324,167	285,000	513,338
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and construction of capital assets	(114,424)	(96,495)	(623,298)	(834,217)
Principal paid on bond maturities	-	(25,001)	-	(25,001)
Interest paid on bonds	-	(2,626)	-	(2,626)
Capital contributions	-	-	501,550	501,550
Net cash provided (used) by capital and related financing activities	(97,424)	(124,122)	(121,748)	(343,294)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment income	150,716	796	41,640	193,152
Net cash provided (used) by investing activities	150,716	796	41,640	193,152
Net increase (decrease) in cash and cash equivalents	1,075,274	(33,458)	332,710	1,374,526
CASH AND CASH EQUIVALENTS:				
Beginning of year	13,360,908	158,235	4,688,840	18,207,983
End of year	\$ 14,436,182	\$ 124,777	\$ 5,021,550	\$ 19,582,509

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

Operating income (loss)	<u>\$ 1,032,574</u>	<u>\$ (1,045,105)</u>	<u>\$ (357,636)</u>	<u>\$ (370,167)</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	480,806	845,584	513,875	1,840,265
Changes in assets, liabilities and deferred items:				
(Increase) decrease in receivables	(331,798)	12,713	130,036	(189,049)
(Increase) decrease in inventories	-	(2,570)	-	(2,570)
(Increase) decrease in other assets	-	-	(25,748)	(25,748)
Increase (decrease) in payables	(2,330)	(18,539)	(185,374)	(206,243)
Increase (decrease) in accrued payroll and compensated absences	(42,511)	2,533	-	(39,978)
Increase (decrease) in deposits	-	1,474	110,435	111,909
Increase (decrease) in customer advances	(645)	(10,532)	-	(11,177)
Increase (decrease) in net pension items	(28,773)	(28,773)	(57,770)	(115,316)
Increase (decrease) in OPEB liability	10,488	8,916	-	19,404
Total adjustments	<u>85,237</u>	<u>810,806</u>	<u>485,454</u>	<u>1,381,497</u>
Net cash provided (used) by operating activities	<u><u>\$ 1,117,811</u></u>	<u><u>\$ (234,299)</u></u>	<u><u>\$ 127,818</u></u>	<u><u>\$ 1,011,330</u></u>

NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:

Contributions of capital assets from city government	\$ -	\$ 1,030,989	\$ -	\$ 1,030,989
Loss on disposal of assets	17,000	-	-	17,000
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, 2016

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
<u>Miscellaneous Deposit Fund</u>				
Assets:				
Equity in pooled cash and investments	\$ 8,000	\$ -	\$ (3,000)	\$ 5,000
Total assets	\$ 8,000	\$ -	\$ (3,000)	\$ 5,000
Liabilities:				
Due to others	\$ 8,000	\$ -	\$ (3,000)	\$ 5,000
Total liabilities	\$ 8,000	\$ -	\$ (3,000)	\$ 5,000



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City of Chandler
Financial Data Schedule
Housing and Redevelopment
For the year ended June 30, 2016

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, 2016

Combining Statement of Net Position - All HUD Programs		Low Rent Public Housing		
		AMP 1 14.850a	AMP 2 14.850a	All AMPs 14.850a
FDS Line #	Account description			
ASSETS				
111	Cash - unrestricted	\$ 1,703,715	\$ 1,477,100	\$ 3,180,815
113	Cash - restricted for FSS escrow accounts	46,246	20,959	67,205
114	Cash - security deposits	63,477	62,126	125,603
115	Cash-restricted for payment of current liabilities	-	-	-
122	Accounts receivable - HUD other projects	-	-	-
124	Accounts Receivable-Other Government	6,947	-	6,947
125	Accounts receivable - miscellaneous	-	-	-
126	Accounts receivable - tenants - dwelling rents	8,914	11,470	20,384
126.1	Allowance for doubtful accounts - dwelling rents	(5,247)	(9,225)	(14,472)
142	Prepaid expenses and other assets	-	-	-
161	Land	2,299,730	1,590,642	3,890,372
162	Buildings	5,641,708	9,645,924	15,287,632
164	Furniture, equipment, machinery - admin	161,884	69,163	231,047
166	Accumulated depreciation	(6,033,226)	(5,579,182)	(11,612,408)
167	Construction in Progress	-	-	-
171	Notes and mortgages receivable - non-current	-	-	-
200	Deferred outflow of resources	81,170	40,584	121,754
	TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	<u>3,975,318</u>	<u>7,329,561</u>	<u>11,304,879</u>
LIABILITIES				
312	Accounts payable	19,072	6,168	25,240
321	Accrued wage/payroll taxes payable	5,847	4,309	10,156
322	Accrued compensated absences - current	209	169	378
341	Tenant security deposits	63,477	62,126	125,603
345	Other current liabilities	7,320	6,357	13,677
353	Noncurrent liabilities - other	46,246	20,959	67,205
354	Accrued compensated absences - noncurrent	17,976	14,543	32,519
357	Accrued Pension and OPEB liabilities	728,865	364,433	1,093,298
400	Deferred inflow of resources	80,294	40,146	120,440
	TOTAL LIABILITIES AND DEFERRED INFLOW OF RESOURCES	<u>969,306</u>	<u>519,210</u>	<u>1,488,516</u>
NET POSITION				
508.4	Net investment in capital assets	2,070,096	5,726,547	7,796,643
511.4	Restricted net position	-	-	-
512.4	Unrestricted net position	935,916	1,083,804	2,019,720
	TOTAL NET POSITION	<u>3,006,012</u>	<u>6,810,351</u>	<u>9,816,363</u>
	TOTAL LIABILITIES AND NET POSITION	<u>\$ 3,975,318</u>	<u>\$ 7,329,561</u>	<u>\$ 11,304,879</u>

Business Activities			Housing Choice Vouchers	Total
Central Office 14.850a	Other Business	Total Business Activities	14.871	
\$ 144,535	\$ 1,361,636	\$ 1,506,171	\$ -	\$ 4,686,986
-	-	-	120,213	187,418
-	5,950	5,950	-	131,553
-	-	-	15,593	15,593
-	-	-	-	-
-	-	-	9,493	16,440
-	-	-	15,032	15,032
-	-	-	-	20,384
-	-	-	-	(14,472)
-	-	-	341,672	341,672
-	353,640	353,640	-	4,244,012
-	1,227,704	1,227,704	-	16,515,336
32,718	129,671	162,389	35,470	428,906
(25,718)	(260,593)	(286,311)	(35,470)	(11,934,189)
-	121,747	121,747	-	121,747
-	336,450	336,450	-	336,450
78,633	-	78,633	53,267	253,654
<u>230,168</u>	<u>3,276,205</u>	<u>3,506,373</u>	<u>555,270</u>	<u>15,366,522</u>
370	162	532	1,790	27,562
7,801	197	7,998	5,148	23,302
415	-	415	177	970
-	5,950	5,950	15,593	147,146
-	-	-	-	13,677
-	-	-	129,551	196,756
35,665	25	35,690	15,214	83,423
706,088	-	706,088	478,318	2,277,704
77,784	-	77,784	52,692	250,916
<u>828,123</u>	<u>6,334</u>	<u>834,457</u>	<u>698,483</u>	<u>3,021,456</u>
7,000	1,572,169	1,579,169	-	9,375,812
-	-	-	65,457	65,457
(604,955)	1,697,702	1,092,747	(208,670)	2,903,797
<u>(597,955)</u>	<u>3,269,871</u>	<u>2,671,916</u>	<u>(143,213)</u>	<u>12,345,066</u>
<u>\$ 230,168</u>	<u>\$ 3,276,205</u>	<u>\$ 3,506,373</u>	<u>\$ 555,270</u>	<u>\$ 15,366,522</u>

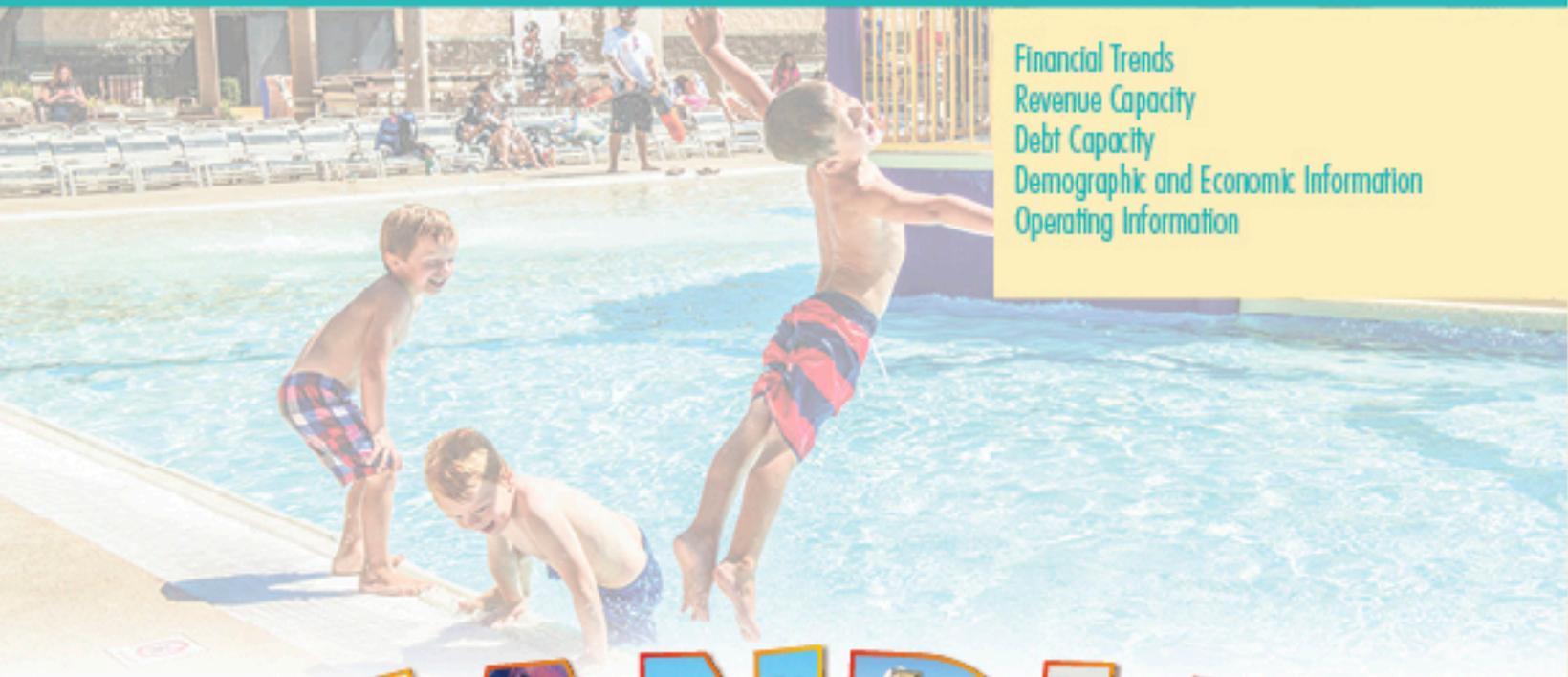
City of Chandler
Financial Data Sheet
Housing and Redevelopment
For the year ended June 30, 2016

Statement of Revenues, Expenses, and Changes in Fund Net Position - All HUD Programs		Low Rent Public Housing		
		AMP 1 14.850a	AMP 2 14.850a	All AMPs 14.850a
FDS Line #	Account description			
REVENUES				
70300	Net tenant rental revenue	\$ 419,470	\$ 443,201	\$ 862,671
70400	Tenant revenue - other	36,155	25,060	61,215
70600	HUD operating grants	690,352	348,448	1,038,800
70610	HUD capital grants	316,754	184,796	501,550
70710	Management fees earned	-	-	-
70720	Asst management fees earned	-	-	-
70730	Bookkeeping fees earned	-	-	-
71100	Investment income - unrestricted	16,695	14,231	30,926
71400	Fraud recovery	-	-	-
71500	Other revenue	225	-	225
	TOTAL REVENUES	1,479,651	1,015,736	2,495,387
EXPENSES				
91100	Administrative salaries	\$ 113,577	\$ 76,877	\$ 190,454
91200	Auditing fees	2,595	2,123	4,718
91300	Management fees	118,906	103,175	222,081
91310	Bookkeeping fees	14,378	12,488	26,866
91400	Advertising and Marketing	-	-	-
91500	Employee benefit contributions - administrative	40,802	36,797	77,599
91600	Office expenses	12,201	11,179	23,380
91900	Other operating - administrative	4,950	1,907	6,857
92000	Asset management fees	19,560	16,800	36,360
92100	Tenant services - salaries	-	-	-
92300	Employee benefit contributions - tenant services	-	-	-
92400	Tenant services - other	363	275	638
93100	Water	28,792	2,699	31,491
93200	Electricity	55,001	7,767	62,768
93300	Gas	372	70	442
93800	Other utility expenditures	36,916	3,894	40,810
94100	Ordinary maintenance and operations - labor	158,185	112,341	270,526
94200	Ordinary maintenance and operations - materials	74,951	54,933	129,884
94300	Ordinary maintenance and operations - contract costs	129,455	83,338	212,793
94500	Ordinary maintenance and operations - ordinary maintenance	62,388	50,749	113,137
96100	Insurance	9,811	14,717	24,528
96200	Other general expenditures	9,432	13,521	22,953
96210	Compensated absences	18,185	14,712	32,897
96300	Payments in lieu of taxes	-	-	-
96400	Bad debt - tenant rents	10,272	12,524	22,796
	Total operating expenditures	921,092	632,886	1,553,978
	Other expenditures:			
97300	Housing assistance payments	-	-	-
97350	HAP portability-in	-	-	-
97400	Depreciation	178,454	304,728	483,182
	TOTAL EXPENDITURES	1,099,546	937,614	2,037,160
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE OTHER FINANCING SOURCES (USES)		380,105	78,122	458,227
OTHER FINANCING SOURCES (USES)				
10030	Operating transfers in from primary government	-	-	-
11040	Prior period adjustments and equity transfers	(5,975)	(5,372)	(11,347)
	TOTAL OTHER FINANCING SOURCES (USES)	(5,975)	(5,372)	(11,347)
CHANGE IN NET POSITION		374,130	72,750	446,880
TOTAL NET POSITION, BEGINNING OF YEAR RESTATED		2,631,882	6,737,601	9,369,483
NET POSITION, END OF YEAR		\$ 3,006,012	\$ 6,810,351	\$ 9,816,363
OTHER MEMORANDUM AMOUNTS				
11170	Administrative fee equity	-	-	-
11180	Housing assistance payment equity	-	-	-
11190	Unit months available	1,956	1,680	3,636
11210	Number of unit months leased	1,921	1,663	3,584
11270	Excess cash	1,613,533	1,414,349	3,027,882
11620	Building purchases	267,001	184,796	451,797
11640	Furniture & equipment - administrative purchases	-	-	-
11650	Leashold improvement purchases	49,753	-	49,753

Business Activities			Housing Choice Vouchers	PIH Family Self-Sufficiency Program	Eliminations	Total
Central Office 14.850a	Other Business	Total Business Activities	14.871	14.896		
\$ -	\$ 83,737	\$ 83,737	\$ -	\$ -	\$ -	\$ 946,408
-	871	871	-	-	-	62,086
-	-	-	4,621,137	124,084	-	5,784,021
-	-	-	-	-	-	501,550
298,436	-	298,436	-	-	(298,436)	-
36,360	-	36,360	-	-	(36,360)	-
71,926	-	71,926	-	-	(71,926)	-
1,226	5,250	6,476	4,238	-	-	41,640
-	-	-	12,548	-	-	12,548
-	11,555	11,555	50,002	-	-	61,782
<u>407,948</u>	<u>144,738</u>	<u>552,686</u>	<u>4,687,925</u>	<u>124,084</u>	<u>(406,722)</u>	<u>7,453,360</u>
\$ 356,209	\$ 17,472	\$ 373,681	\$ 157,404	\$ 89,198	\$ -	\$ 810,737
-	-	-	3,538	-	-	8,256
-	5,555	5,555	70,800	-	(298,436)	-
-	810	810	44,250	-	(71,926)	-
247	-	247	-	-	-	247
131,574	9,869	141,443	71,744	34,886	-	325,672
803	-	803	30,407	-	-	54,590
23,772	2,917	26,689	52,392	-	-	85,938
-	-	-	-	-	(36,360)	-
-	-	-	-	-	-	-
-	-	-	-	-	-	638
-	-	-	-	-	-	31,491
-	435	435	-	-	-	63,203
-	-	-	-	-	-	442
-	-	-	-	-	-	40,810
-	-	-	-	-	-	270,526
-	2,193	2,193	-	-	-	132,077
-	31,530	31,530	-	-	-	244,323
-	-	-	-	-	-	113,137
-	-	-	-	-	-	24,528
-	23,641	23,641	9,264	-	-	55,858
36,080	25	36,105	15,391	-	-	84,393
-	-	-	-	-	-	-
-	1,273	1,273	-	-	-	24,069
<u>548,685</u>	<u>95,720</u>	<u>644,405</u>	<u>455,190</u>	<u>124,084</u>	<u>(406,722)</u>	<u>2,370,935</u>
-	-	-	4,341,467	-	-	4,341,467
-	-	-	41,529	-	-	41,529
-	30,693	30,693	-	-	-	513,875
<u>548,685</u>	<u>126,413</u>	<u>675,098</u>	<u>4,838,186</u>	<u>124,084</u>	<u>(406,722)</u>	<u>7,267,806</u>
<u>(140,737)</u>	<u>18,325</u>	<u>(122,412)</u>	<u>(150,261)</u>	<u>-</u>	<u>-</u>	<u>185,554</u>
135,000	-	135,000	150,000	-	-	285,000
(817)	(2,366)	(3,183)	(1,671)	-	-	(16,201)
<u>134,183</u>	<u>(2,366)</u>	<u>131,817</u>	<u>148,329</u>	<u>-</u>	<u>-</u>	<u>268,799</u>
(6,554)	15,959	9,405	(1,932)	-	-	454,353
<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>
\$ (597,955)	\$ 3,269,871	\$ 2,671,916	\$ (143,213)	\$ -	\$ -	\$ 12,345,066
-	-	-	(206,999)	-	-	(206,999)
-	-	-	65,457	-	-	65,457
-	108	108	9,576	-	-	13,320
-	107	107	9,591	-	-	13,282
-	-	-	-	-	-	3,027,882
-	-	-	-	-	-	451,797
-	-	-	-	-	-	-
-	-	-	-	-	-	49,753

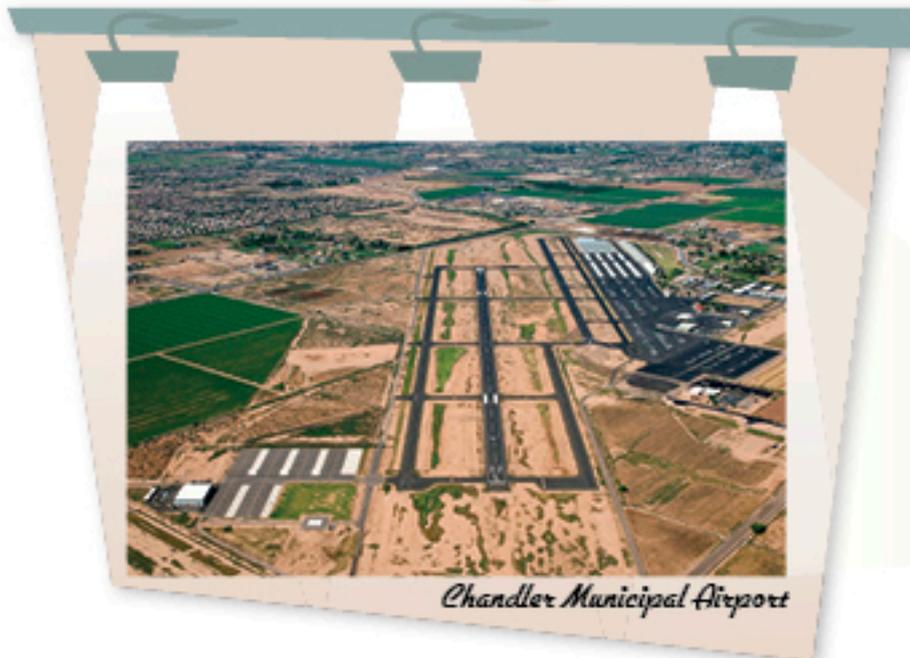


Chandler + Arizona
Where Values Make The Difference



Financial Trends
Revenue Capacity
Debt Capacity
Demographic and Economic Information
Operating Information

CHANDLER



Chandler Municipal Airport

A place of progress

The Innovation and Technology Hub of the Southwest, Chandler continues to break new ground in its growth and evolution. The City's Municipal Airport and master-planned airport area lead the way in employment attraction and commercial development.



CITY OF CHANDLER, ARIZONA

Statistical Section

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

<u>Contents</u>	<u>Page</u>
Financial Trends	142
Schedules 1-6 contain information to help the reader understand how the City’s financial performance and well-being have changed over time.	
Revenue Capacity	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.	
Debt Capacity	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.	
Demographic and Economic Information	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.	
Operating Information	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			
	2007	2008	2009	2010
Governmental activities				
Net investment in capital assets	\$ 288,893,354	\$ 353,996,843	\$ 433,851,899	\$ 537,576,346
Restricted	115,343,816	56,979,639	117,712,539	94,440,806
Unrestricted	265,645,323	341,971,306	271,690,158	198,059,181
Total governmental activities net position	<u>669,882,493</u>	<u>752,947,788</u>	<u>823,254,596</u>	<u>830,076,333</u>
Business-type activities				
Net investment in capital assets	347,306,362	427,130,654	387,401,986	298,938,820
Restricted	57,835,328	24,319,427	-	-
Unrestricted	78,718,941	45,300,009	98,413,928	163,103,784
Total business-type activities net position	<u>483,860,631</u>	<u>496,750,090</u>	<u>485,815,914</u>	<u>462,042,604</u>
Primary government				
Net investment in capital assets	636,199,716	781,127,497	821,253,885	836,515,166
Restricted	173,179,144	81,299,066	117,712,539	94,440,806
Unrestricted	344,364,264	387,271,315	370,104,086	361,162,965
Total primary government net position	<u>\$ 1,153,743,124</u>	<u>\$ 1,249,697,878</u>	<u>\$ 1,309,070,510</u>	<u>\$ 1,292,118,937</u>

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ 534,292,488	\$ 545,926,100	\$ 558,279,485	\$ 563,033,503	\$ 567,041,560	\$ 579,591,241
41,906,129	44,047,942	112,307,412	105,723,768	108,965,994	121,767,847
260,307,288	259,783,598	179,518,042	183,088,676	7,709,550	(5,872,464)
<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>	<u>695,486,624</u>
281,936,017	280,440,445	355,015,004	388,837,444	380,427,606	342,252,306
-	-	-	-	119,075	31,365,801
<u>168,164,942</u>	<u>179,339,498</u>	<u>176,961,822</u>	<u>206,284,498</u>	<u>217,824,645</u>	<u>258,806,679</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>	<u>632,424,786</u>
816,228,505	826,366,545	913,294,489	951,870,947	947,469,166	921,843,547
41,906,129	44,047,942	112,307,412	105,723,768	109,085,069	153,133,648
<u>428,472,230</u>	<u>439,123,096</u>	<u>356,479,864</u>	<u>389,373,174</u>	<u>225,534,195</u>	<u>252,934,215</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>	<u>\$ 1,327,911,410</u>

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

	Fiscal Year			
	2007	2008	2009	2010
Expenses				
Governmental activities:				
General government	\$ 42,317,392	\$ 54,459,719	\$ 52,293,004	\$ 48,920,813
Public safety	76,200,082	80,860,917	87,609,165	92,421,801
Community development	9,154,407	11,692,559	10,429,826	11,715,276
Public works	32,402,242	39,241,652	47,180,197	56,155,939
Transportation and development	-	-	-	-
Community services	29,464,039	33,086,565	34,278,998	35,299,676
Interest and fiscal charges	11,479,112	14,880,604	12,938,524	13,541,708
Total governmental activities expenses	<u>201,017,274</u>	<u>234,222,016</u>	<u>244,729,714</u>	<u>258,055,213</u>
Business-type activities:				
Water	40,687,283	53,554,653	53,201,379	62,556,496
Wastewater	27,230,862	30,657,939	36,079,767	38,227,999
Solid waste	9,843,824	6,845,979	12,076,998	14,605,448
Airport	1,757,279	1,602,268	2,269,691	1,797,991
Chandler housing authority	9,133,427	7,593,242	7,239,185	7,654,449
Total business-type activities expenses	<u>88,652,675</u>	<u>100,254,081</u>	<u>110,867,020</u>	<u>124,842,383</u>
Total primary government expenses	<u>\$ 289,669,949</u>	<u>\$ 334,476,097</u>	<u>\$ 355,596,734</u>	<u>\$ 382,897,596</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					
2011	2012	2013	2014	2015	2016
\$ 67,808,567	\$ 88,876,901	\$ 90,143,339	\$ 99,231,501	\$ 104,456,315	\$ 112,514,903
90,738,477	89,141,559	95,974,126	94,738,371	102,050,425	111,568,323
- (1)	-	-	-	-	-
- (1)	-	-	-	-	-
50,909,361 (1)	52,111,019	55,846,316	52,183,052	51,714,085	55,012,081
28,919,560	28,966,271	30,979,208	32,331,286	31,784,321	31,441,019
12,767,934	12,425,819	11,777,701	10,044,363	6,986,490	7,884,146
<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>	<u>318,420,472</u>
57,452,876	56,277,327	55,440,712	55,877,774	55,470,724	54,075,742
37,896,180	38,804,360	40,401,849	41,969,764	50,823,497	51,034,921
13,443,102	13,756,352	13,974,858	14,131,202	14,087,780	13,925,017
2,107,354	1,941,752	1,960,788	1,980,706	1,860,057	2,011,880
7,580,783	7,642,503	7,473,891	7,616,301	7,433,284	7,267,806
<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>128,315,366</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>	<u>\$ 446,735,838</u>

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

	Fiscal Year			
	2007	2008	2009	2010
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 12,793,179	\$ 12,629,779	\$ 14,349,483	\$ 16,621,003
Public safety	4,178,941	4,317,843	4,802,272	7,110,304
Community development	10,405,425	5,488,535	3,581,458	3,336,188
Public works	13,145,192	15,831,165	5,226,726	6,025,846
Transportation and development	-	-	-	-
Community services	2,272,826	2,699,469	5,235,864	4,515,980
Operating grants and contributions	3,707,115	1,897,300	2,337,910	5,510,710
Capital grants and contributions	26,428,112	36,104,151	23,902,360	8,159,960
Total governmental activities program revenues	<u>72,930,790</u>	<u>78,968,242</u>	<u>59,436,073</u>	<u>51,279,991</u>
Business-type activities:				
Charges for services:				
Water	39,054,531	40,613,727	39,707,910	42,276,145
Wastewater	21,083,587	25,145,258	25,922,530	28,406,808
Solid waste	12,769,423	12,979,695	12,762,120	12,891,628
Airport	974,190	773,449	741,556	815,751
Community services - housing authority	661,509	1,061,658	595,420	521,404
Operating grants and contributions	6,312,438	6,114,138	6,225,928	6,367,024
Capital grants and contributions	28,014,518	19,782,193	9,110,319	8,484,239
Total business-type activities program revenues	<u>108,870,196</u>	<u>106,470,118</u>	<u>95,065,783</u>	<u>99,762,999</u>
Total primary government program revenues	<u>\$ 181,800,986</u>	<u>\$ 185,438,360</u>	<u>\$ 154,501,856</u>	<u>\$ 151,042,990</u>
Net (expense)/revenue				
Governmental activities	\$ (128,086,484)	\$ (155,253,774)	\$ (185,293,641)	\$ (206,775,222)
Business-type activities	20,217,521	6,216,037	(15,801,237)	(25,079,384)
Total primary government net (expense)	<u>\$ (107,868,963)</u>	<u>\$ (149,037,737)</u>	<u>\$ (201,094,878)</u>	<u>\$ (231,854,606)</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

2011		2012		2013		2014		2015		2016	
\$	22,548,679	\$	31,381,062	\$	35,898,378	\$	38,832,217	\$	39,207,061	\$	42,021,638
	5,658,628		5,794,329		7,375,050		5,861,044		6,469,215		7,471,344
	- (1)		-		-		-		-		-
	- (1)		-		-		-		-		-
	11,884,554 (1)		27,905,311		10,150,102		16,145,692		14,438,138		16,538,175
	4,079,359		4,136,285		8,240,732		7,744,507		7,551,166		10,792,114
	5,890,147		6,162,320		3,999,536		4,744,636		3,514,714		5,188,787
	16,041,213		11,016,136		9,116,635		10,170,236		13,133,637		16,725,462
	<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>		<u>98,737,520</u>
	43,708,974		49,565,071		48,258,282		49,588,376		48,045,103		50,483,097
	31,610,009		35,907,085		37,690,400		40,509,289		45,666,777		51,321,346
	13,277,403		13,890,957		13,836,363		14,034,894		14,140,246		14,940,591
	995,307		996,605		976,102		961,067		1,010,288		946,419
	457,781		466,556		637,329		806,540		877,380		946,408
	6,297,200		6,341,087		5,785,335		5,457,991		5,862,477		5,784,021
	8,659,772		19,118,567		81,572,568		72,176,582		35,357,741		32,690,364
	<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>157,112,246</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>	\$	<u>255,849,766</u>
\$	(185,041,319)	\$	(185,126,126)	\$	(209,940,257)	\$	(205,030,041)	\$	(212,677,705)		(219,682,952)
	(13,473,849)		7,863,634		69,504,281		61,958,992		21,284,670		28,796,880
\$	<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>	\$	<u>(190,886,072)</u>

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

	Fiscal Year			
	2007	2008	2009	2010
Governmental Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes:				
Property taxes	\$ 26,921,292	\$ 34,063,123	\$ 38,957,986	\$ 40,617,269
Sales taxes	95,410,460	97,226,841	85,897,334	83,019,726
Highway user taxes	16,490,129	15,856,863	13,849,284	13,116,481
Other taxes	3,481,086	3,786,677	7,921,275	13,965,973
Franchise fees	3,230,429	3,937,952	3,264,093	3,174,390
State shared revenues	57,716,644	62,970,459	61,211,289	54,492,427
Investment income	17,868,181	20,823,059	10,045,274	3,487,145
Miscellaneous	1,822,070	767,221	995,606	850,191
Transfers in (out)	469,201	534,086	(1,542,346)	873,357
Total governmental activities	<u>223,409,492</u>	<u>239,966,281</u>	<u>220,599,795</u>	<u>213,596,959</u>
Business-type activities:				
Sales tax	-	-	-	-
Investment income	6,876,399	5,906,545	2,536,237	756,641
Miscellaneous	1,043,407	1,792,816	788,478	1,422,790
Transfers in (out)	(469,200)	(534,086)	1,542,346	(873,357)
Total business-type activities:	<u>7,450,606</u>	<u>7,165,275</u>	<u>4,867,061</u>	<u>1,306,074</u>
Total primary government	<u>\$ 230,860,098</u>	<u>\$ 247,131,556</u>	<u>\$ 225,466,856</u>	<u>\$ 214,903,033</u>
Change in Net Position				
Governmental activities	\$ 95,323,008	\$ 84,712,507	\$ 35,306,154	\$ 6,821,737
Business-type activities	27,668,127	13,381,312	(10,934,176)	(23,773,310)
Total primary government	<u>\$ 122,991,135</u>	<u>\$ 98,093,819</u>	<u>\$ 24,371,978</u>	<u>\$ (16,951,573)</u>

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ 36,158,574	\$ 31,877,716	\$ 29,656,415	\$ 28,348,952	\$ 28,708,033	\$ 29,214,103
86,523,295	97,485,387	102,200,517	103,880,801	108,657,130	112,250,883
13,287,878	11,823,280	12,929,504	13,352,622	14,633,470	15,303,635
88,561	5,979,715	6,295,212	3,243,937	10,106,891	6,100,475
2,819,521	2,988,456	2,936,533	3,145,449	3,300,129	3,344,817
47,732,614	45,958,627	51,347,206	55,423,759	59,236,588	60,712,442
1,841,244	1,221,923	2,843,417	1,869,128	1,763,585	3,834,840
3,071,588	1,116,832	2,181,627	819,766	1,197,215	1,124,559
(244,702)	(74,075)	(102,875)	(132,082)	(123,350)	(433,282)
<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>	<u>231,452,472</u>
-	-	-	70,065	10,865	10,391
533,313	389,446	1,180,290	788,025	819,556	2,180,447
946,507	1,351,829	1,409,437	1,683,332	2,475,760	2,632,460
244,702	74,075	102,875	132,082	123,350	433,282
<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>5,256,580</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>	<u>\$ 236,709,052</u>
\$ 6,237,254	\$ 13,251,735	\$ 347,299	\$ 4,922,291	\$ 14,801,986	11,769,520
(11,749,327)	9,678,984	72,196,883	64,632,496	24,714,201	34,053,460
<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>	<u>\$ 45,822,980</u>

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

	Fiscal Year			
	2007	2008	2009	2010
General fund				
Reserved	\$ 12,349,638	\$ 28,237,521	\$ 30,482,311	\$ 62,149,646
Unreserved	189,087,760	196,093,067	194,457,561	137,041,044
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total general fund	<u>\$ 201,437,398</u>	<u>\$ 224,330,588</u>	<u>\$ 224,939,872</u>	<u>\$ 199,190,690</u>
All other governmental funds				
Reserved	\$ 109,777,210	\$ 43,039,742	\$ 97,267,450	\$ 61,355,662
Unreserved, reported in:				
Special revenue funds	14,064,542	17,752,306	18,786,740	18,103,651
Capital projects funds	9,158,971	11,608,190	7,868,412	7,379,375
Restricted	-	-	-	-
Unassigned	-	-	-	-
Total all other governmental funds	<u>\$ 133,000,723</u>	<u>\$ 72,400,238</u>	<u>\$ 123,922,602</u>	<u>\$ 86,838,688</u>

(1) In FY 2011 the City implemented GASB statement No. 54, thus changing how fund balance is categorized.

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ -	(1) \$ -	\$ -	\$ -	\$ -	\$ -
-	(1) -	-	-	-	-
893,067	(1) 947,804	938,549	892,533	941,359	907,594
844,754	(1) 939,867	939,867	1,166,105	1,792,180	1,566,618
61,733,537	(1) 102,635,587	101,115,766	95,185,696	102,222,466	109,958,162
98,872,954	(1) 69,223,074	66,077,714	82,453,462	80,152,269	68,567,835
<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>	<u>\$ 181,000,209</u>
\$ -	(1) \$ -	\$ -	\$ -	\$ -	\$ -
-	(1) -	-	-	-	-
-	(1) -	-	-	-	-
105,756,072	(1) 111,378,788	111,367,545	104,557,663	107,173,814	120,201,229
(12,315,197)	(1) (12,798,348)	(13,646,428)	(11,034,021)	(15,322,260)	(11,877,159)
<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>	<u>\$ 108,324,070</u>

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

	Fiscal Year			
	2007	2008	2009	2010
Property taxes	\$ 26,909,841	\$ 33,844,181	\$ 38,677,156	\$ 40,259,579
Sales taxes	95,410,460	97,226,841	85,897,334	83,019,726
Highway user taxes	16,490,129	15,856,863	13,849,284	13,116,481
Other taxes	3,481,086	3,786,677	7,921,275	13,965,973
Franchise fees	3,230,429	3,937,952	3,264,093	3,174,390
State shared revenues	57,716,644	62,970,459	61,211,289	54,492,427
Grants and entitlements	7,610,807	10,553,680	18,168,904	10,377,502
System development fees	11,871,969	8,111,597	4,475,029	4,768,306
Special assessments	309,386	426,428	863,747	663,209
License and permits	6,728,309	3,894,368	2,667,720	2,758,392
Charges for current services	18,216,653	17,254,859	19,492,740	19,420,434
Fines and forfeitures	4,058,090	4,342,621	4,912,159	5,336,294
Rentals	89,875	94,575	138,667	101,322
Contributions	50,000	50,000	50,000	50,000
Investment income	15,589,318	18,334,581	8,825,695	3,171,308
Miscellaneous	1,830,328	1,255,681	1,661,772	1,913,571
Total revenues	\$ 269,593,324	\$ 281,941,363	\$ 272,076,864	\$ 256,588,914

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ 36,301,709	\$ 32,329,560	\$ 29,841,739	\$ 28,442,823	\$ 28,899,684	\$ 29,237,607
86,523,295	97,485,387	102,200,517	103,880,801	108,657,130	112,250,883
13,287,878	11,823,280	12,929,504	13,352,622	14,633,470	6,100,475
88,561	5,979,715	6,295,212	3,243,937	10,106,891	3,344,817
2,819,521	2,988,456	2,936,533	3,145,449	3,300,129	15,303,635
47,732,614	45,958,627	51,347,206	55,423,759	59,236,588	60,712,442
14,759,620	13,826,606	9,480,090	10,187,895	10,638,831	16,159,064
6,739,920	11,724,823	7,781,083	11,846,275	10,585,623	16,217,004
673,064	678,027	676,127	678,843	573,438	606,757
3,208,944	6,955,605	4,887,466	5,479,384	5,146,556	6,634,161
18,002,168	19,938,566	19,786,513	20,269,976	20,110,036	19,705,786
4,697,317	4,700,430	5,825,098	4,622,215	4,601,501	4,828,174
387,952	455,842	570,638	732,807	751,163	974,192
100,000	100,000	100,000	100,000	150,000	200,000
1,635,258	1,034,895	2,529,078	1,623,973	1,562,241	3,409,065
4,593,104	1,392,691	1,384,123	650,117	572,252	897,102
<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>	<u>\$ 296,581,164</u>

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

	Fiscal Year			
	2007	2008	2009	2010
General government	\$ 38,124,478	\$ 51,261,849	\$ 40,503,113	\$ 44,663,091
Public safety	75,800,634	78,306,604	84,493,816	85,390,303
Community development	8,989,308	11,593,642	10,509,467	11,614,214
Public works	22,987,692	19,306,381	19,283,643	17,664,633
Transportation and development	-	-	-	-
Community services	25,714,032	28,830,926	29,916,002	30,078,856
Capital improvements	75,524,840	104,836,442	124,680,957	106,366,737
Debt service:				
Principal retirement	12,374,500	16,659,500	15,275,000	17,260,000
Interest and fiscal charges	10,669,877	14,437,346	13,059,295	13,646,479
Bond issuance costs	189,840	179,201	961,100	183,969
Total expenditures	\$ 270,375,201	\$ 325,411,891	\$ 338,682,393	\$ 326,868,282
Debt service as a percentage of noncapital expenditures	12.1%	14.1%	12.5%	13.3%

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

Fiscal Year						
2011	2012	2013	2014	2015	2016	
\$ 43,636,784	\$ 48,894,811	\$ 44,512,533	\$ 46,807,747	\$ 46,895,106	\$ 52,138,384	
84,007,752	82,820,106	89,587,613	90,068,218	93,773,306	104,605,663	
- (1)	-	-	-	-	-	
- (1)	-	-	-	-	-	
22,126,233 (1)	25,532,739	24,807,578	23,418,175	24,769,553	25,471,154	
22,836,317	23,255,568	23,554,854	23,771,925	24,569,283	24,988,844	
67,299,941	29,787,069	41,793,319	45,657,265	56,539,116	50,009,243	
15,090,000	15,970,000	26,870,000	15,955,000	21,490,000	17,465,000	
12,901,616	12,550,323	11,908,025	10,682,206	7,737,974	8,635,631	
278,512	-	-	145,970	722,293	-	
<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>	<u>\$ 283,313,919</u>	
13.3%	13.5%	16.4%	11.6%	11.7%	10.2%	

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			
	2007	2008	2009	2010
Other Financing Sources (Uses)				
Bond premium	\$ 1,975,876	\$ 165,431	\$ 2,348,878	\$ 290,569
Face amount of bonds issued	88,405,000	7,370,000	120,513,000	10,450,000
Proceeds from sale of capital assets	173,742	280,969	219,793	97,609
Payment to escrow agent	(24,335,292)	-	-	(10,556,600)
Transfers in	31,525,563	38,442,603	40,593,319	46,309,016
Transfers out	(34,246,951)	(41,108,342)	(44,937,903)	(39,144,322)
Total other financing sources and (uses)	<u>63,497,938</u>	<u>5,150,661</u>	<u>118,737,087</u>	<u>7,446,272</u>
Net change in fund balances	<u>\$ 62,716,055</u>	<u>\$ (38,319,867)</u>	<u>\$ 52,131,648</u>	<u>\$ (62,833,096)</u>

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ 1,047,424	\$ -	\$ -	\$ 562,052	\$ 17,045,635	\$ -
20,285,000	-	-	8,660,000	128,254,000	-
108,929	89,007	76,381	161,126	103,964	463,709
(10,816,839)	-	-	(9,061,800)	(143,635,520)	-
41,605,646	20,576,188	32,849,979	24,586,418	28,717,990	27,885,557
(56,040,439)	(22,685,504)	(33,997,394)	(25,653,741)	(29,776,581)	(29,252,060)
(3,810,279)	(2,020,309)	(1,071,034)	(745,945)	709,488	(902,794)
<u>\$ (30,436,509)</u>	<u>\$ 16,541,585</u>	<u>\$ (5,533,759)</u>	<u>\$ 6,428,425</u>	<u>\$ 3,738,390</u>	<u>\$ 12,364,451</u>

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

Schedule 7

	Fiscal Year				Fiscal Year					
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Amusements	\$ 679,666	\$ 660,985	\$ 623,159	\$ 602,027	\$ 673,666	\$ 714,641	\$ 717,442	\$ 728,110	\$ 895,730	\$ 1,019,939
Contracting	15,665,738	15,519,590	9,352,480	6,573,348	6,380,957	10,869,566	10,408,518	9,780,645	8,870,092	8,855,057
General Retail	41,719,797	41,253,934	36,851,140	36,560,075	38,741,270	42,844,871	45,331,307	47,454,682	49,740,000	51,191,162
Hotel/Motel	1,938,442	2,103,714	1,672,893	1,611,912	1,973,790	2,255,786	2,288,989	2,472,754	2,892,470	2,957,685
Miscellaneous Related Revenue ¹	2,765,527	3,329,891	2,774,033	2,911,821	2,551,354	2,334,179	2,937,426	2,660,201	2,815,040	2,745,130
Publishing	723,532	492,770	389,046	382,080	351,250	352,550	334,981	258,547	260,712	248,433
Rentals - Personal Property	1,935,981	2,177,125	2,474,464	2,389,241	2,462,219	2,606,371	2,884,618	2,949,421	3,261,716	3,125,459
Rentals - Real Property	7,883,794	8,449,059	8,520,878	8,921,788	9,479,850	10,025,726	10,817,611	11,058,203	11,967,509	13,217,561
Restaurant/Bar	7,655,093	7,908,883	7,267,718	7,436,900	7,971,183	8,670,199	9,069,109	9,542,714	10,188,718	10,752,479
Telecommunications	3,709,781	3,978,715	4,057,982	3,974,448	3,524,076	3,628,007	3,731,350	3,533,636	3,435,949	3,234,369
Use Tax	1,044,225	950,808	930,636	869,092	1,000,342	1,054,968	1,315,599	1,090,428	1,145,534	1,127,257
Utilities	9,688,886	10,401,302	10,982,905	10,786,994	11,413,338	12,128,475	12,363,565	12,421,526	13,194,526	13,786,741
Total Sales and Use Taxes	<u>\$ 95,410,462</u>	<u>\$ 97,226,776</u>	<u>\$ 85,897,334</u>	<u>\$ 83,019,726</u>	<u>\$ 86,523,295</u>	<u>\$ 97,485,337</u>	<u>\$ 102,200,515</u>	<u>\$ 103,950,867</u>	<u>\$ 108,667,995</u>	<u>\$ 112,261,274</u>
City Direct Sales Tax Rate ²	1.72%	1.72%	1.75%	1.75%	1.77%	1.76%	1.75%	1.75%	1.76%	1.76%

Source: Tax & License Division

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

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



Chandler + Arizona
Where Values Make The Difference

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

Schedule 8

Fiscal Year	City Direct Tax Rate ¹	Overlapping Rates		
		Maricopa County Tax Rate ²	State of Arizona Tax Rate ³	Tourism & Sports Authority Tax Rate ⁴
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%
2016	1.76%	0.67%	4.92%	0.03%

Source: Tax & License Division

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

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

³ The overlapping State tax rate was calculated using a weighted average of the actual revenues the City collected for each category. Tax rates vary by category, currently ranging from 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.

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

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

Schedule 9

Taxpayer	Business Type	Fiscal Year 2016			Fiscal Year 2007		
		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	\$ 10,316,152	1	9.19%	\$ 6,864,197	1	7.19%
Taxpayer B	Department Store	3,800,880	2	3.39%	2,355,806	2	2.47%
Taxpayer C	Grocery Store	2,304,583	3	2.05%	2,187,964	3	2.29%
Taxpayer D	Department Store	2,056,347	4	1.83%	1,375,940	7	1.44%
Taxpayer E	Home Improvement	1,679,477	5	1.50%	1,583,078	4	1.66%
Taxpayer F	Utility	1,343,433	6	1.20%	1,079,987	10	1.13%
Taxpayer G	Vehicle Dealer	1,339,282	7	1.19%			
Taxpayer H	Department Store	1,303,090	8	1.16%	1,433,659	6	1.50%
Taxpayer I	Telecommunications	1,302,120	9	1.16%			
Taxpayer J	Vehicle Dealer	1,166,884	10	1.04%			
Taxpayer K	Grocery				1,491,515	5	1.56%
Taxpayer L	Department Store				1,354,688	8	1.42%
Taxpayer M	Retailer				1,161,560	9	1.22%
		<u>\$ 26,612,249</u>		<u>23.71%</u>	<u>\$ 20,888,393</u>		<u>21.89%</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	Issuance Premiums
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	-	4,346,195
2015	222,143,000	14,025,000	4,440,000	-	17,898,207
2016	205,088,000	10,055,000	3,960,000	-	16,165,290

Business-type Activities

Fiscal Year	General Obligation Bonds	Revenue Bonds	Excise Tax Revenue Obligations	Intergovernmental Loans	Issuance Premiums	Total Primary Government ²	Percentage of Personal Income ¹	Per Capita ¹
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	-	12,429,175	608,805,370	7.76%	2,521
2015	140,072,000	31,610,000	142,200,000	-	20,931,905	593,320,112	7.15%	2,397
2016	127,782,000	24,850,000	204,090,000	-	22,910,886	614,901,176	7.35%	2,465

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
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%
2016	332,870,000	15,281,782	317,588,218	31,514,093,091	1.01%

Notes: Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements.

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

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

CITY OF CHANDLER, ARIZONA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2016

Schedule 11

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
State of Arizona	None	5.09%	None
Maricopa County	None	6.86	None
Maricopa County Community College District	\$ 654,190,000	6.86	\$ 44,854,024
Chandler Unified School District No. 80	176,680,000	71.87	126,982,672
Kyrene Elementary School District No. 28	176,750,000	21.07	37,231,625
Mesa Unified School District No. 4	249,810,000	5.24	13,077,315
Gilbert Unified School District No. 41	101,545,000	1.83	1,854,459
East Valley Institute of Technology	None	13.52	None
Subtotal, overlapping debt			224,000,095
City direct debt	332,870,000	100.00	<u>332,870,000</u>
Total direct and overlapping debt			<u><u>\$ 556,870,095</u></u>

Source: Piper Jaffray & Co.

Note: The applicable percentage of overlap for each type of debt was computed on the net limited property assessed valuation as calculated for fiscal year 2015-16 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			
	2007	2008	2009	2010
<u>6% General Obligation Bond Limitation</u>				
Debt limit	\$ 179,351,393	\$ 207,310,517	\$ 210,484,297	\$ 210,484,297
Total net debt applicable to limit	<u>66,460,000</u>	<u>7,795,000</u>	<u>10,934,000</u>	<u>9,494,000</u>
Legal debt margin	<u>\$ 112,891,393</u>	<u>\$ 199,515,517</u>	<u>\$ 199,550,297</u>	<u>\$ 200,990,297</u>
Total net debt applicable to the limit as a percentage of the debt limit	37%	(1) 4%	5%	5%
<u>20% General Obligation Bond Limitation</u>				
Debt limit	\$ 597,837,975	\$ 691,035,056	\$ 701,614,322	\$ 701,614,322
Total net debt applicable to limit	<u>193,025,000</u>	<u>240,245,000</u>	<u>472,266,000</u>	<u>458,426,000</u>
Legal debt margin	<u>\$ 404,812,975</u>	<u>\$ 450,790,056</u>	<u>\$ 229,348,322</u>	<u>\$ 243,188,322</u>
Total net debt applicable to the limit as a percentage of the debt limit	32%	(1) 35%	67%	65%

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, public safety and emergency services, streets, transportation, playgrounds and recreational facilities up to an amount not to exceed 20 percent of parks, 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. Prior to Fiscal Year 2016, the Assessed Valuation was based on the Net Assessed Secondary Value . Due to a change in the legislation (Proposition 117), in Fiscal Year 2016, the City is required to use the Limited Property Value.

Legal Debt Margin Calculation for Fiscal Year 2016

Full Cash Assessed Valuation as of June 30, 2016	\$ 3,167,080,795
Debt limit (6% of assessed value)	190,024,847
Debt applicable to limit:	
6% general obligation bonds	9,427,250
Legal 6% debt margin	<u>\$ 180,597,597</u>
Debt limit (20% of assessed value)	\$ 633,416,159
Debt applicable to limit:	
20% general obligation bonds	323,442,750
Legal 20% debt margin	<u>\$ 309,973,409</u>

Fiscal Year

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ 148,117,597	\$ 135,310,758	\$ 130,522,600	\$ 142,895,404	\$ 142,827,478	\$ 190,024,847
<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>9,427,250</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>	<u>\$ 180,597,597</u>
9%	9%	8%	7%	7%	5%
\$ 493,725,323	\$ 451,035,860	\$ 435,075,335	\$ 476,318,016	\$ 476,091,596	\$ 633,416,159
<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>323,442,750</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>	<u>\$ 309,973,409</u>
90%	95%	94%	79%	74%	51%

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	
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
2016	15,303,635	11,951,019	3,352,616	3,370,000	375,650	0.90

Water Revenue Bonds						
Fiscal Year	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
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
2016	50,483,097	26,907,780	23,575,317	8,408,500	566,680	2.63

Excise Tax Revenue Obligations						
Fiscal Year	Excise Tax Collections	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
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
2016	175,820,443	-	175,820,443	2,805,000	7,193,019	17.59

Notes: Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements.

Operating expenses do not include interest, depreciation or amortization expenses.

See Note 5 for breakdown of revenue pledged for Excise Tax Revenue Obligations first pledged February 4, 2009.

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

Schedule 13b

Wastewater Revenue Bonds						
Fiscal Year	Utility Service Charges	Less:	Net Available Revenue	Debt Service		Coverage
		Operating Expenses		Principal	Interest	
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
2016	51,321,346	23,054,518	28,266,828	6,846,500	368,470	3.92

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
PRINCIPAL EMPLOYERS
CURRENT YEAR AND TEN YEARS AGO**

Schedule 15

Employer	2016		
	Employees	Rank	Percentage of Total City Employment
Intel Corporation	11,000	1	7.91%
Chandler Unified School District	4,900	2	3.52%
Wells Fargo	4,500	3	3.24%
Bank of America	3,800	4	2.73%
Verizon Wireless	2,400	5	1.73%
Chandler Regional Hospital	2,100	6	1.51%
Paypal	1,750	7	1.26%
Orbital ATK	1,650	8	1.19%
Microchip Technology	1,625	9	1.17%
City of Chandler	1,590	10	1.14%
Freescale Semiconductors	-	-	-
Countrywide Home Mortgage	-	-	-
Total	35,315		25.40%

Employer	2007		
	Employees	Rank	Percentage of Total City Employment
Intel Corporation	11,400	1	8.48%
Chandler Unified School District	2,400	2	1.79%
Wells Fargo	2,200	4	1.64%
Bank of America	-	-	-
Verizon Wireless	1,695	7	1.26%
Chandler Regional Hospital	1,784	5	1.33%
Paypal	-	-	-
Orbital ATK	1,525	8	1.13%
Microchip Technology	1,485	9	1.11%
City of Chandler	1,701	6	1.27%
Freescale Semiconductors	1,450	10	1.08%
Countrywide Home Mortgage	2,350	3	1.75%
Total	27,990		20.84%

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



Chandler + Arizona
Where Values Make The Difference

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

	Fiscal Year			
	2007	2008	2009	2010
Full Time Equivalent Personnel				
Mayor and council	5	5	5	5
City clerk	6	6	6	6
City manager	79	104	(1) 103	96
Communications/public affairs	17	18	18	15
City magistrate	44	48	43	41
Law	27	29	28	27
Management services	101	106	105	95
Total General Government	279	316	308	285
Total Planning and Development	111	114	103	80
Total Transportation and Development	-	-	-	-
Total Community Services	219	243	207	226
Public works administration	3	3	3	3
Streets	59	64	57	50
Airport	6	6	6	6
Engineering, development and Real estate	76	85	80	74
Total Public Works	144	158	146	133
Police	487	496	483	478
Fire	219	228	223	219
Total Public Safety	706	724	706	697
Municipal utilities administration	5	5	5	6
Water	85	88	86	80
Wastewater	42	43	41	42
Solid waste	21	20	18	20
Total Municipal Utilities	153	156	150	148
Total Primary Government	1,612	1,711	1,620	1,569

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.

(4) The significant change in this year is a result of Library, Museum and Center for the Arts moving from Community Services to City Manager 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						
2011	2012	2013	2014	2015	2016	
5	6	4	4	4	4	
5	4	5	6	6	6	
122	124	178	174	176	240	(4)
12	14	19	13	13	15	
40	38	39	35	37	39	
27	30	29	29	31	31	
85	72	72	66	69	67	
296	288	346	327	336	402	
-	(3)	-	-	-	-	
172	(3)	170	159	165	150	
229	231	192	199	198	156	(4)
-	(3)	-	-	-	-	
-	(3)	-	-	-	-	
-	(3)	-	-	-	-	
-	(3)	-	-	-	-	
467	467	468	467	483	490	
218	238	234	224	237	240	
685	705	702	691	720	730	
5	5	4	5	5	8	
88	89	85	87	87	87	
42	42	46	46	62	65	
20	19	18	16	20	21	
155	155	153	154	174	181	
1,537	1,549	1,556	1,530	1,593	1,619	

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

Function/Program	Fiscal Year			
	2007	2008	2009	2010
General Government				
Privilege tax licenses	20,652	22,980	23,460	22,715
Meeting notices posted	721	470	479	481
City council actions and agenda items prepared	1,292	1,188	1,055	977
Grant awards received	57	61	66	40
Inventory turnover ratio	3.32	3.94	2.50	2.10
Transportation & Development				
Building permits issued	6,474	5,750	3,800	3,883
Community Services				
Library circulation	2,082,000	2,349,232	2,506,602	2,592,243
Center for the Arts events & exhibits	1,024	989	977	335 (1)
Public Safety				
Crime rate (per 1,000 population)	38.0	34.9	35.2	31.8
Total calls for police services (estimated)	160,355	159,535	157,039	146,508
Total calls for fire services	16,682	16,709	18,474	16,904
Fire inspections	4,878	3,585	3,891	3,208
Fire investigations	74	57	49	43
Municipal Utilities				
Water connections	74,406	74,841	77,596	76,894
Operating wells	23	26	29	31
Daily pumping capacity - wells (gallons)	58,400,000	65,100,000	66,020,000	70,700,000
Daily pumping capacity - plants (gallons)	45,000,000	60,000,000	60,000,000	72,000,000 (2)
Sewer connections	70,169	70,863	71,880	73,042
Sanitary sewer (miles)	828	837	857	862
Solid waste customers served	66,451	67,433	67,902	68,362
Solid waste refuse collected (tons)	97,646	94,633	89,408	85,160
Solid waste refuse recycled (tons)	25,877	25,555	24,596	22,245

Source: City of Chandler Departments

(1) The 2010 decrease in 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						
2011	2012	2013	2014	2015	2016	
23,821	25,726	27,387	27,467	28,224	29,582	
506	599	584	564	544	565	
848	908	834	780	867	844	
43	26	43	53	51	46	
2.22	2.07	1.89	2.10	1.57	1.74	
2,330	5,462	3,785	5,490	5,170	5,142	
2,494,009	2,489,741	2,395,192	2,332,758	2,163,076	2,101,421	
1,050	1,000	1,003	938	939	985	
34.4	33.2	28.0	26.7	23.2	25.9	
141,279	137,170	137,485	145,400	139,177	145,466	
17,892	17,950	18,474	18,865	22,785	23,966	
4,424	5,188	5,029	5,442	4,692	5,814	
46	34	22	16	27	30	
77,408	77,626	79,278	79,766	80,401	83,089	
30	28	26	27	28	28	
64,460,000	61,920,000	64,790,000	64,710,000	64,400,000	66,300,000	
72,000,000	72,000,000	72,000,000	72,000,000	72,000,000	72,000,000	
73,118	73,712	74,606	75,564	76,492	78,144	
866	868	869	890	911	917	
69,480	70,179	70,667	71,269	71,860	73,162	
88,466	85,257	86,557	83,950	84,209	81,653	
20,832	21,096	20,680	21,046	22,442	22,102	

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

Function/Program	Fiscal Year			
	2007	2008	2009	2010
Community Services				
Developed parks	54	58	59	61
Developed acres	959	1,099	1,133	1,198
Undeveloped acres	468	455	407	336
Swimming pools	5	5	6	6
Other recreational facilities (lighted fields)	34	34	34	34
Library bookstock	483,128	469,023	472,266	446,675
Transportation and Development				
Total miles streets (center line)	812	822	832	829
Street lights	25,307	26,326	26,500	26,600
Signalized intersections	192	200	205	208
Public Safety				
Police stations	2	3	3	3
Fire stations	10	10	10	10
General Government				
Based aircraft	499	442	449	449
Municipal Utilities				
Water mains (miles)	1,080	1,117	1,189	1,194
Fire hydrants	12,291	13,033	13,750	12,318 (1)
Average daily treatment (mgd)	24	24	24	22

Source: City of Chandler Departments

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

(2) The 2015 decrease in Library Bookstock is due to less demand from the increase usage of digital materials and removal of damaged, outdated and obsolete material no longer being circulated.

Fiscal Year					
2011	2012	2013	2014	2015	2016
61	61	61	62	64	65
1,192	1,196	1,198	1,208	1,232	1,236
342	338	336	325	309	302
6	6	6	6	6	6
34	34	39	39	41	41
429,604	555,924	550,857	595,969	396,773 (2)	341,073
829	829	831	838	841	855
26,600	26,600	26,900	27,100	27,700	27,700
208	212	216	216	218	218
3	3	3	3	3	3
10	10	10	10	10	10
437	399	388	415	425	427
1,223	1,227	1,227	1,227	1,278	1,196
12,925	10,877	12,553	12,717	13,118	13,207
24	24	26	26	28	29



Chandler + Arizona
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Mayor Jay Tibshraeny & City Council