

# Comprehensive Annual Financial Report

Chandler, Arizona

CITY OF CHANDLER 90 AND GROWING STRONG



*Construction of the 1920's streets and markets laid a foundation for the development of today, including the new Chandler Fashion Center.*

Fiscal Year Ended June 30, 2003



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# CITY OF CHANDLER, ARIZONA

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## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2003

### **Boyd Dunn, Mayor**

Lowell Huggins, Vice-Mayor

Patti Bruno, Councilmember

Donna Wallace, Councilmember

Phillip Westbrooks, Councilmember

Dean Anderson, Councilmember

Bob Caccamo, Councilmember

### **Executive Staff:**

Patrick McDermott, Interim City Manager

Rich Dlugas, Assistant City Manager

### **Prepared by:**

Management Services Department

Patricia Walker, Director

Cynthia Sneed, Accounting Manager

# CITY OF CHANDLER, ARIZONA

## COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2003

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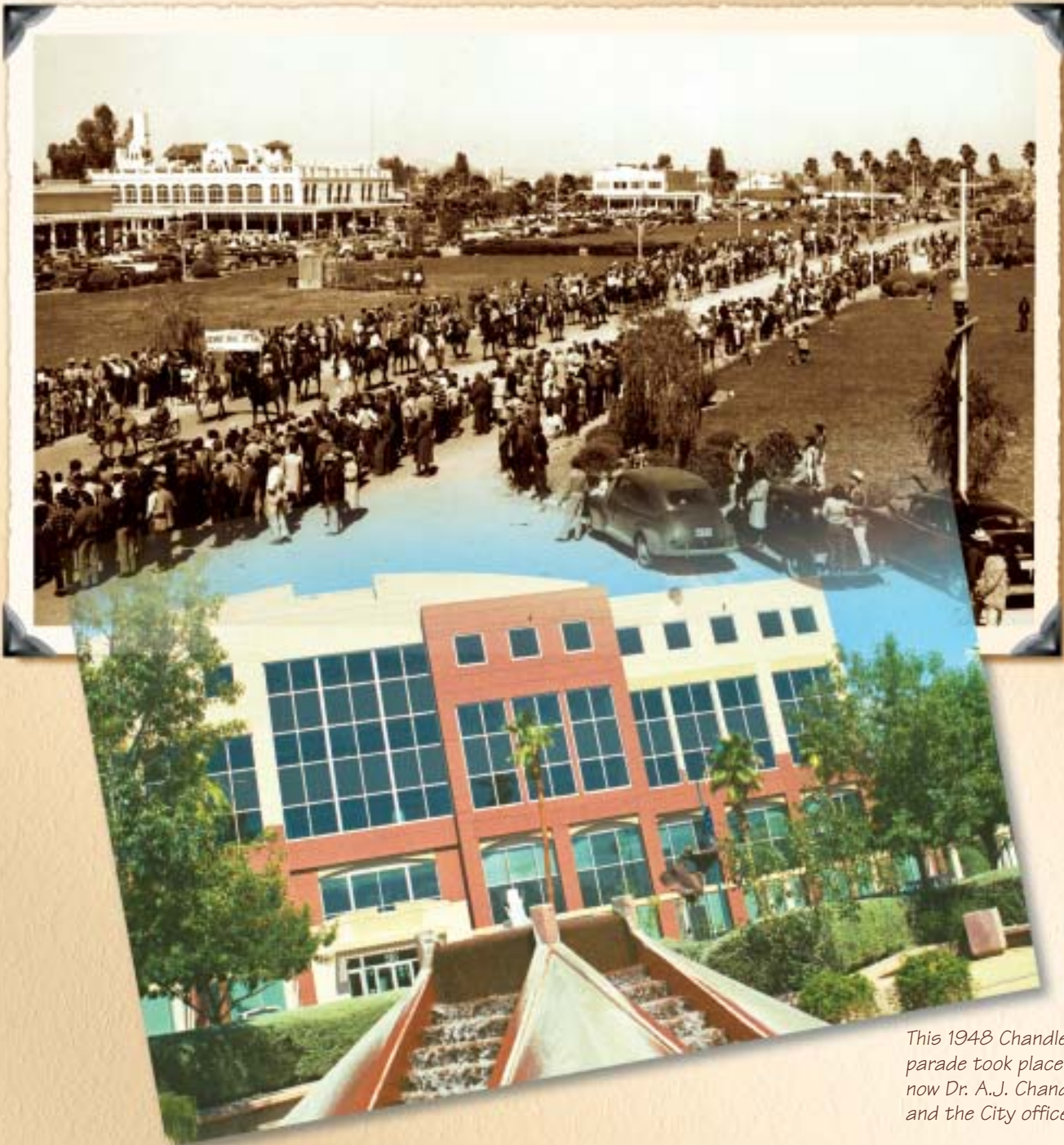
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# Introductory Section

CITY OF CHANDLER 90 AND GROWING STRONG



This 1948 Chandler Rodeo parade took place in what is now Dr. A.J. Chandler Park and the City office complex.

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



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October 31, 2003

Honorable Mayor, members of the City Council, City Manager and citizens of the City of Chandler:

The comprehensive annual financial report of the City of Chandler, Arizona (the City), for the year ended June 30, 2003, 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 are accurate in all material respects and are reported in a manner that presents fairly the financial position and results of operations of the various funds and component units of the City.

The comprehensive annual financial report is presented in three sections: introductory, financial and statistical. The introductory section, which is unaudited, includes this letter of transmittal, an organizational chart and the Government Finance Officers Association's (GFOA) Certificate of Achievement for Excellence in Financial Reporting Award. The financial section includes the basic financial statements and required supplementary information which includes the Management's Discussion and Analysis, as well as the independent auditors' report thereon, government-wide, the combining and individual fund financial statements and schedules. The statistical section, which is unaudited, includes selected financial and demographic information, generally presented on a multi-year basis.

Accounting principles generally accepted in the United States of America (GAAP) require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Chandler's MD&A can be found immediately following the report of the independent auditors.

The City is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996 and U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Information related to this single audit, including a schedule of expenditures of federal awards, the independent auditors' reports on the internal control structure and compliance with applicable laws and regulations, and a schedule of findings and questioned costs are included in a separately issued report.

## **GOVERNMENTAL STRUCTURE, LOCAL ECONOMIC CONDITION AND OUTLOOK**

The City, incorporated on February 17, 1920, is located in the southeastern portion of Maricopa County (the County), and encompasses approximately 61 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 seven member council. Council members are elected at-large on a staggered basis; the mayor is elected for a two-year term and council members are elected for four-year terms. The City Council is vested with policy and legislative authority, and is responsible for passing ordinances, adopting the budget, appointing committee, commission and board members, and appointing the positions of City Manager, City Attorney, City Clerk and City Magistrate. The City Manager is responsible for carrying out the policies and ordinances of the City Council, as well as overseeing the day-to-day operations of the City.

The City is one of the fastest growing communities in the County 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 2003, the City's population increased by over 100 percent, from 100,416 to 211,984. The City's tremendous growth is attributable to the growth in its manufacturing sector, which is led by high-tech industrial companies such as Intel, Motorola, and Microchip Technology. These three companies combined employ 12,850 in the City.

The City boasts a strong labor market serving the high technology field's demand for skilled workers. Resident population has a median age of 31.2 years and a median household income of approximately \$66,700. In addition, approximately 75 percent of the population has a college degree or some college education. The City has an expanding high technology base. Over 75 percent of the City's manufacturing employees are in high technology fields; the national average is 15 percent. Unemployment averaged 3.9 percent for fiscal year 2002/2003.

The City's outlook for sales tax revenue is positive. The City is experiencing continued growth in its retail sector with the Chandler Fashion Center. This upscale retail mall includes a movie theater and well-known fashion stores such as Nordstrom's, Robinson-May, and Dillard's. Also included are restaurants such as the Cheesecake Factory, P.F. Chang's, and many others. For the fiscal year ended June 30, 2003, City sales tax increased by 10.1 percent, or \$5.5 million, over the previous fiscal year.

The growth in the various sectors of the City's economy is reflective of the positive growth trends of the Phoenix metropolitan area and of the state of Arizona. The County's population is approximately 3.3 million, making it the 4<sup>th</sup> most populous county in the nation. The state's population reached 5.4 million in 2002, representing a 1.8 percent increase over the previous fiscal year. The State's unemployment rate of 5.5 percent is comparable with the national average of 6.2percent.

## **MAJOR INITIATIVES**

### **For The Year**

In response to the direction set by the Mayor and Council, top priority was given to quality of life issues during the 2002/2003 fiscal year. The City is proud of the following accomplishments enhancing residents' quality of life:

- The Fire Department achieved an ISO rating of "3" placing it in the top 3.4 percent of all fire departments nationwide.
- Construction was completed on four City parks.
- The Traffic Management Center opened, which displays real time traffic information occurring on City arterial streets and state highways.
- Installed 42 traffic calming devices in 15 neighborhoods.

## **Department Focus**

The Community Services Department is committed to enhancing the quality of life in Chandler. In cooperation with the Chandler Unified School District, the library completed construction of the Basha Branch Library.

- The library was awarded a federal “Early Learning Opportunities Act” grant. These funds are used to implement an extensive emergent literacy program for families with children ages 0-5.
- Over one thousand events occurred at the Center for the Arts and Vision Gallery.

## **For The Future**

The City Council continues to develop strategies to achieve its overall goal of making the City a great place to live, work and play. These strategies include a commitment to continue to improve the City’s financial strength, a commitment to hold the line on tax and fee increases, a commitment to the City’s employees, and a commitment to quality of life improvements. To this end, several key initiatives in the 2003/04 fiscal year include:

- Neighborhood park land purchases. The City’s goal is to provide, where possible, at least one ten-acre neighborhood park per residential section
- Paseo System/Trail Development. The City will continue development of Phases 3-5 of the pedestrian trail system along the Consolidated Canal.
- Park Light Renovations. Four parks will be upgraded with lighting for security and ball fields for recreational uses.

## ***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. The audit for the fiscal year ended June 30, 2003, disclosed no material internal control weaknesses or material violations of laws and regulations.

### **Budgetary Controls**

The City maintains budgetary controls as an integral part of its overall system of internal controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Activities of the general fund, special revenue funds, capital projects funds, enterprise funds and internal service funds are included in the annual appropriated budget. The level of budgetary control, i.e., the level at which

expenditures cannot legally exceed the appropriated amount, is the total budget, as adopted (e.g., FY 2002/2003, \$619,050,483). 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 subsequent year(s) expenditures against those encumbrances are charged against an encumbrance reserve established at the end of the preceding year(s).

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.

### **Cash Management Policies and Practices**

The cash management program of the City provides for the continuous investment of all idle funds. Also, the City utilizes a pooled cash and investment concept for all funds. Each fund type's portion of the pool is displayed in the financial statements as Equity in Pooled Cash and Investments. Cash temporarily idle during the fiscal year was invested primarily in the State of Arizona's Local Government Investment Pool (LGIP). In addition, the City may invest in direct obligations of the United States of America or any agency thereof, or any obligation guaranteed by the United States of America or any of its agencies. It is the City's investment policy to minimize credit and market risks while maintaining a competitive yield on its portfolio. Accordingly, all cash deposits were either insured by the Federal Depository Insurance Corporation (FDIC) or collateralized.

### **Risk Management**

The City maintains and has substantially funded a self-insurance program for its liability, property, worker's compensation and group insurance coverage needs. Public liability and property claims are administered by the City's Risk Management division in the Management Services department. Worker's compensation and group insurance claims are administered by the State of Arizona and a third party administrator, respectively. Liabilities for these claims, as reported in the financial statements, are based on independently prepared actuarial reports and historical analyses performed by the City. Excess commercial coverage is purchased for claims above the City's self-insurance retention and this coverage is obtained via a competitive bidding process.

At June 30, 2003, the City's reserve for self-insurance claims amounted to \$28.8 million.

### **OTHER INFORMATION**

#### **Independent Audit**

City Charter and state statute require an annual audit by a firm of independent certified public accountants and the firm of Heinfeld Meech & Co., has been selected by the City to uphold this requirement. In addition to meeting the requirements set forth in City Charter and state statutes, the audit was also designed to meet the requirements of the federal Single Audit Act of 1996 and the related U.S. Office of Management and Budget's Circular A-133. Auditing standards generally accepted in the United States of America and the standards set forth in the General Accounting Office's *Government Auditing Standards* were used by the auditors in conducting the engagement. The Auditor's report on the basic financial statements is included in the financial section of this report. The auditor's reports on internal controls and compliance with applicable laws and regulations can be found in a separately issued single audit report.

#### **Awards**

The Government Finance Officer's 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, 2002, marking the twenty first consecutive year the City has received the GFOA Certificate of Achievement. The Certificate

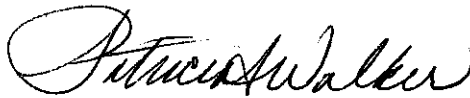
In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA.

### **Acknowledgment**

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. Their dedicated services, in addition to the services provided by other members of the Management Services Department, have made this report possible. Finally, I wish to thank the Mayor and Council, the City Manager and City Staff for their continued support.

Respectfully submitted,

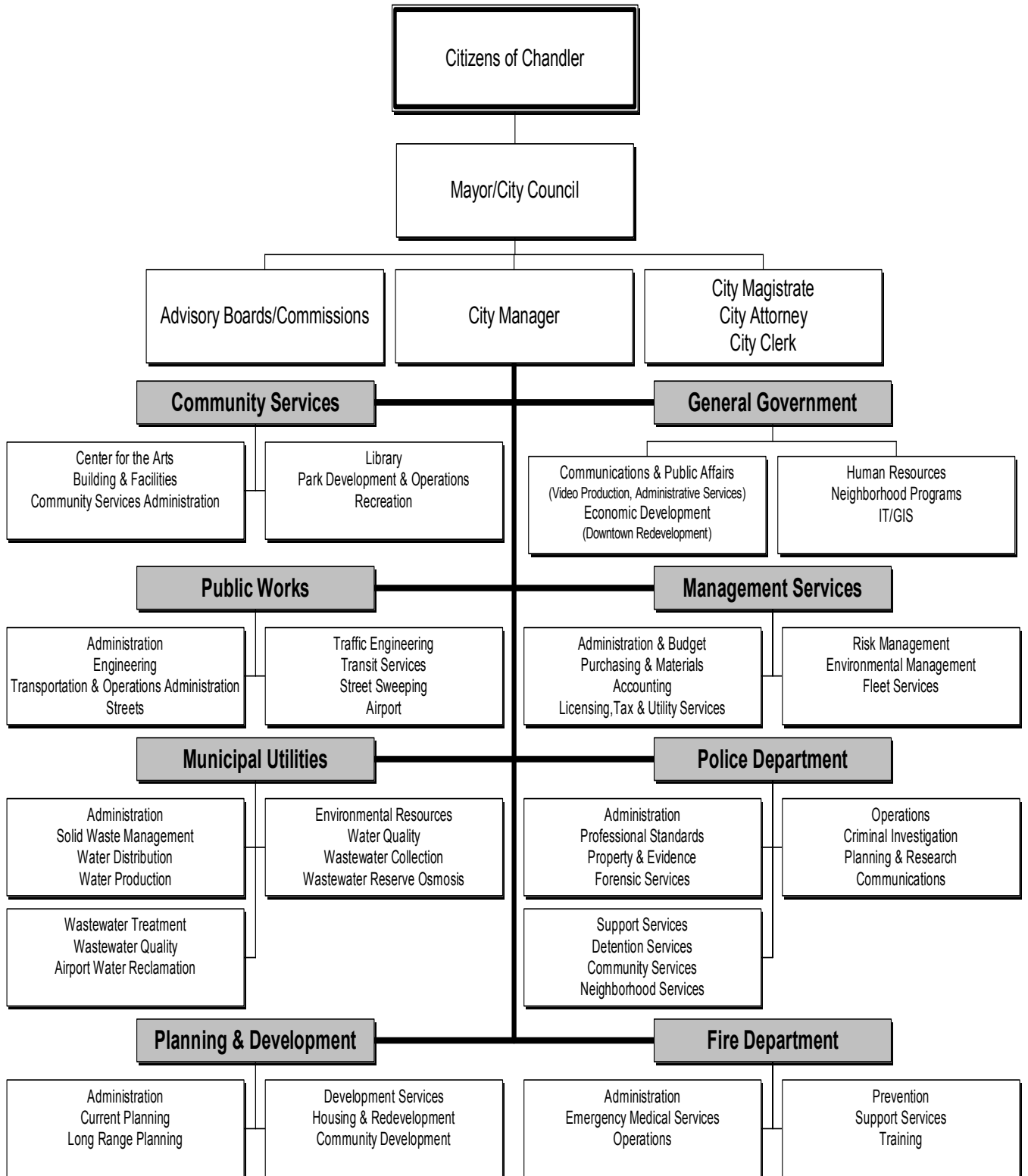
A handwritten signature in cursive script, reading "Patricia A. Walker".

Patricia A. Walker  
Management Services Director



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# City of Chandler, Arizona Organizational Chart



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Chandler,  
Arizona

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2002

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A handwritten signature in black ink, appearing to read "Edward Haney".

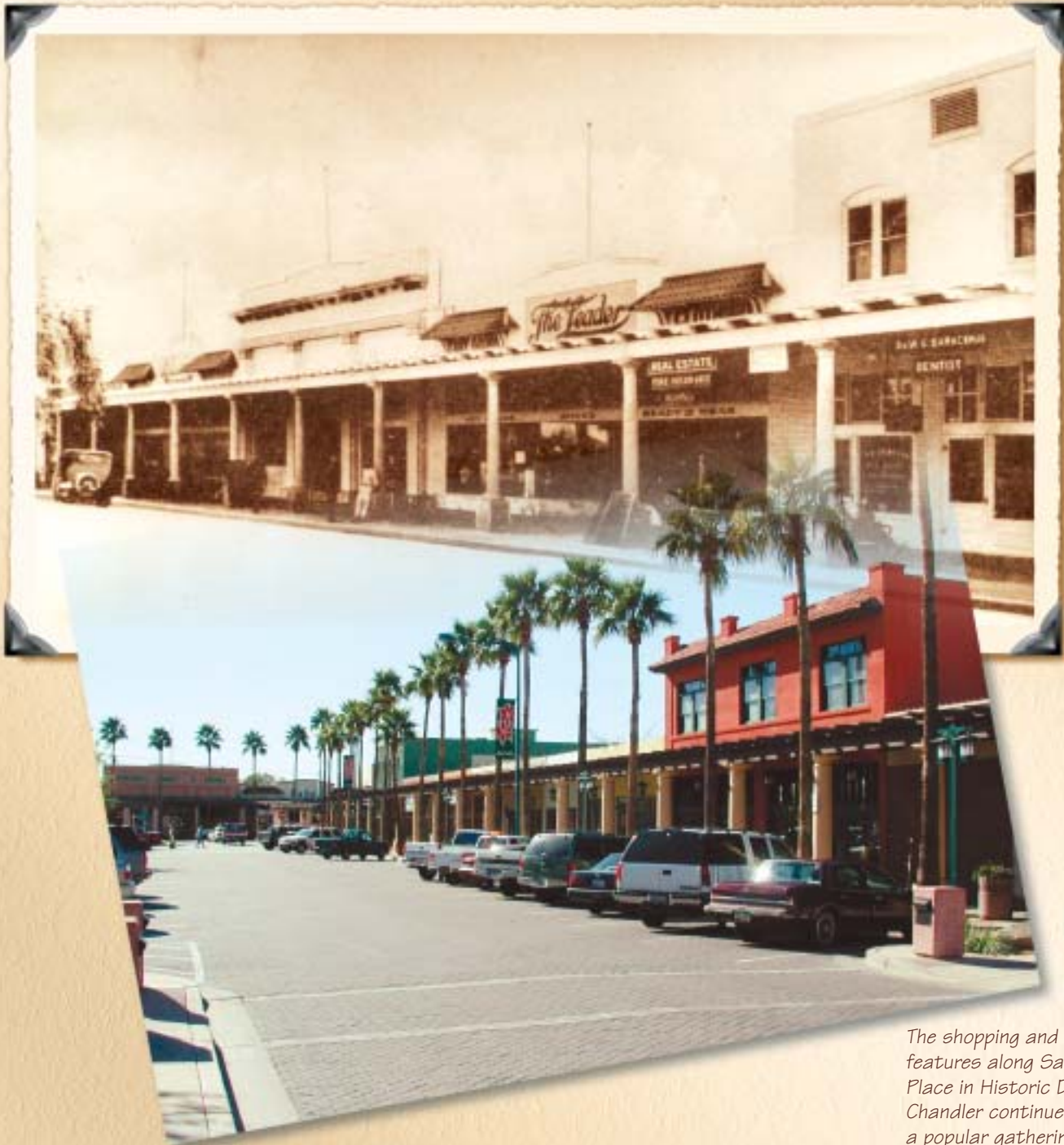
President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director

# Financial Section

CITY OF CHANDLER 90 AND GROWING STRONG



The shopping and dining features along San Marcos Place in Historic Downtown Chandler continue to make it a popular gathering spot for the locals and our visitors.

*The financial section includes the City's independent auditors' report, management's discussion and analysis, basic financial statements, required supplementary information, and financial statements for individual funds.*



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## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Chandler, Arizona (the "City") as of and for the year ended June 30, 2003, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Chandler, Arizona, as of June 30, 2003, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 13 through 19 and budgetary comparison information on pages 74 and 75 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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, combining and individual fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2003, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

*Heinfeld, Meech & Co., P.C.*

HEINFELD, MEECH & CO., P.C.  
Certified Public Accountants

October 17, 2003

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



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**CITY OF CHANDLER, ARIZONA**  
**Management's Discussion and Analysis (MD&A)**  
**Year Ended June 30, 2003**

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, 2003. 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 2003 as follows.

- The City's total net assets of \$359.5 million in governmental activities and \$373.3 million in business-type activities represent 49.0% and 51.0% respectively, of the total net assets of \$732.8 million.
- General revenues from governmental activities accounted for \$123 million in revenue, or 64.2% of all revenues from governmental activities. Program specific revenues in the form of charges for services and grants and contributions accounted for \$68.6 million or 35.8% of total governmental activities revenues. The City had \$100.7 million of program revenues and \$958 thousand loss in general revenues related to business-type activities.
- The major governmental fund, the General Fund, had \$141.6 million in revenues, which primarily consisted of local taxes, intergovernmental taxes, charges for services, and licenses and permits. The total expenditures of the General Fund were \$117.0 million and the fund balance decreased from \$176.8 million to \$169.6 million.
- Net assets of the Internal Service Fund increased \$3.0 million. Operating expenses of \$5.1 million exceeded operating revenues of \$4.2 million.
- The City realized a loss of approximately \$14.8 million on its investment in the State of Arizona's Local Government Investment Pool (LGIP) during the year. The loss was caused by the bankruptcy of the issuer of certain securities in which the LGIP held a substantial position.

**OVERVIEW OF FINANCIAL STATEMENTS**

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

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

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

The statement of activities presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

**CITY OF CHANDLER, ARIZONA**  
**Management's Discussion and Analysis (MD&A)**  
**Year Ended June 30, 2003**

**OVERVIEW OF FINANCIAL STATEMENTS, continued**

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

- **Governmental activities** – Most of the City's basic services are included here, such as general government, public safety, community services, community development, and public works. Sales taxes, state shared revenues, and charges for services finance most of these activities.
- **Business type activities** – The services provided by the City included here are water, wastewater, solid waste, airport services, and housing authority. 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.

The government-wide financial statements can be found on pages 24 through 27 of this report.

**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. These reconciliations are on pages 29 and 31, respectively.

The City maintains 21 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, which is considered to be a major fund. Data from the other 20 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 beginning on page 78 of this report.

The governmental funds financial statements can be found on pages 28 and 30 of this report.

**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 fund. Because the self-insurance fund is 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. The proprietary fund financial statements provide separate information for the water, wastewater, and solid waste services, all of which are considered to be major funds of the City. Data from the other two 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 beginning on page 102 of this report.

**CITY OF CHANDLER, ARIZONA**  
**Management's Discussion and Analysis (MD&A)**  
**Year Ended June 30, 2003**

**OVERVIEW OF FINANCIAL STATEMENTS, concluded**

The proprietary fund financial statements can be found on pages 32 to 37 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.

The fiduciary fund financial statements can be found on pages 38 and 39 of this report.

**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 on pages 41 through 72 of 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. The required supplementary information can be found on pages 114 through 127 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$732.8 million as of June 30, 2003.

A significant portion of the City's net assets (39.4% 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.

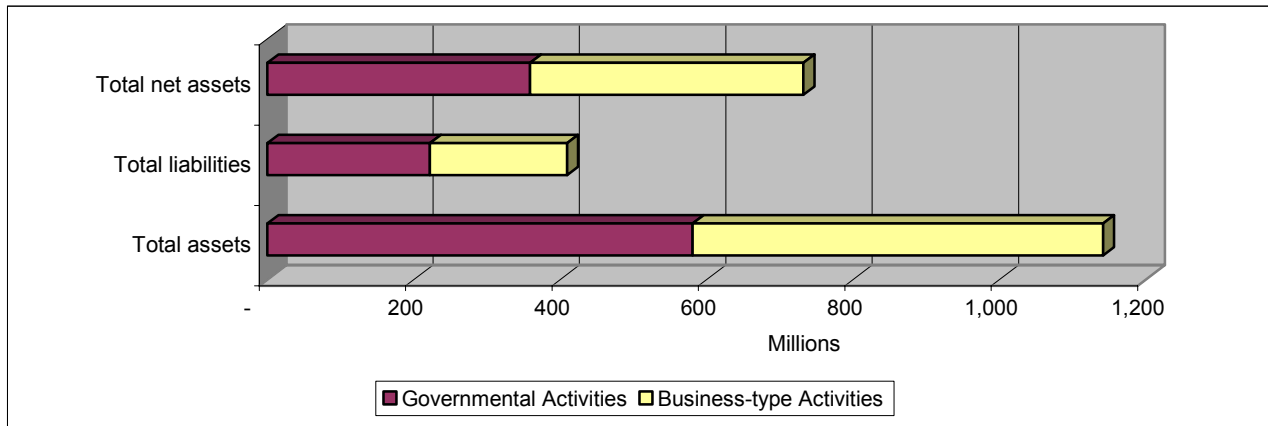
The City's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

**CITY OF CHANDLER, ARIZONA**  
**Management's Discussion and Analysis (MD&A)**  
**Year Ended June 30, 2003**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS, continued**

The following table presents a condensed statement of the City's net assets for the fiscal year ended June 30, 2003.

	Governmental Activities		Business-type Activities		Total (Primary Govt.)	
	2003	2002	2003	2002	2003	2002
Current assets	\$ 337,817,824	\$ 321,190,273	\$ 164,293,597	\$ 80,816,366	\$ 502,111,421	\$ 402,006,639
Capital assets, net	242,354,198	179,430,334	391,518,252	363,849,459	633,872,450	543,279,793
Non-current assets	1,431,644	88,741	4,825,664	87,518,989	6,257,308	87,607,730
<b>Total assets</b>	<b>581,603,666</b>	<b>500,709,348</b>	<b>560,637,513</b>	<b>532,184,814</b>	<b>1,142,241,179</b>	<b>1,032,894,162</b>
Current liabilities	42,337,265	35,086,260	22,657,080	20,104,946	64,994,345	55,191,206
Non-current liabilities	179,770,730	158,402,597	164,690,663	156,663,789	344,461,393	315,066,386
<b>Total liabilities</b>	<b>222,107,995</b>	<b>193,488,857</b>	<b>187,347,743</b>	<b>176,768,735</b>	<b>409,455,738</b>	<b>370,257,592</b>
Net assets:						
Invested in capital assets, net of related debt	55,963,968	18,131,126	232,259,546	207,918,704	288,223,514	226,049,830
Restricted	117,111,402	22,296,791	37,198,611	76,248,944	154,310,013	98,545,735
Unrestricted	186,420,301	266,792,574	103,831,613	71,248,431	290,251,914	338,041,005
<b>Total net assets</b>	<b>\$ 359,495,671</b>	<b>\$ 307,220,491</b>	<b>\$ 373,289,770</b>	<b>\$ 355,416,079</b>	<b>\$ 732,785,441</b>	<b>\$ 662,636,570</b>



The following are significant current year transactions that have had an impact on the Statement of Net Assets.

- The acquisition of \$26.4 million in governmental activities debt and \$10.0 million in business-type activities debt through the sale of both general obligation and revenue bonds.
- The addition of \$72.8 million in governmental activities capital assets and \$49.2 million in business-type activities capital assets through the construction of infrastructure, buildings and improvements, system improvements and equipment additions.

**CITY OF CHANDLER, ARIZONA**  
**Management's Discussion and Analysis (MD&A)**  
**Year Ended June 30, 2003**

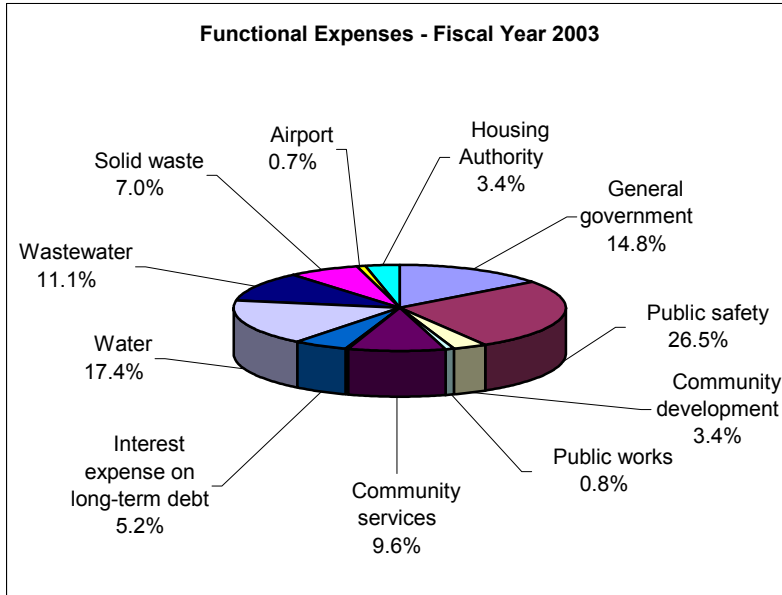
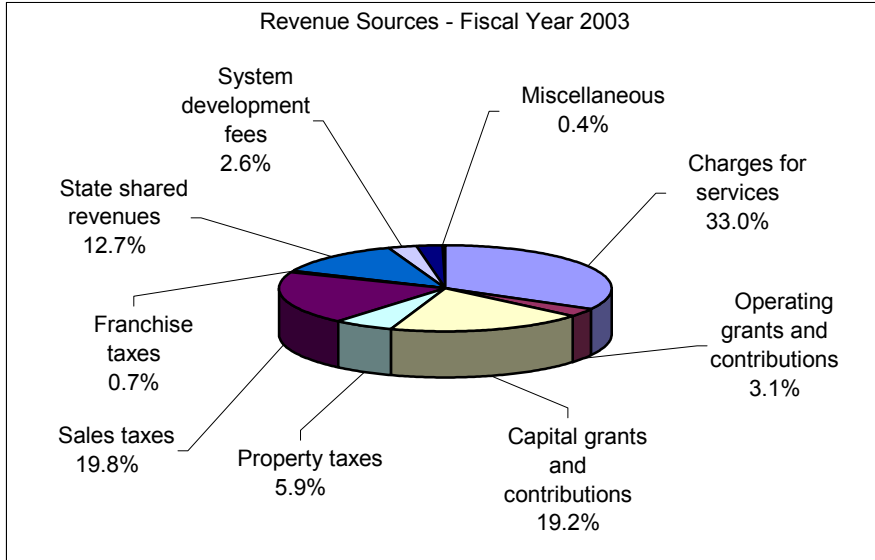
**GOVERNMENT-WIDE FINANCIAL ANALYSIS, continued**

**Changes in net assets.** The City's total revenues for the fiscal year ended June 30, 2003, were \$291.4 million. The total cost of all programs and services was \$221.3 million. The following table presents a summary of the changes in net assets for the fiscal year ended June 30, 2003.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total (Primary Govt.)</u>	
	2003	2002	2003	2002	2003	2002
<b>Revenues:</b>						
Program revenues						
Charges for services	\$ 36,057,978	\$ 21,196,126	\$ 64,956,002	\$ 60,850,054	\$ 101,013,980	\$ 82,046,180
Operating grants and contributions	3,323,489	1,691,043	6,165,984	5,588,924	9,489,473	7,279,967
Capital grants and contributions	29,223,045	46,489,067	29,607,826	32,752,908	58,830,871	79,241,975
General revenues						
Property taxes	17,953,164	16,001,578	-	-	17,953,164	16,001,578
Sales tax	60,614,779	55,070,562	-	-	60,614,779	55,070,562
Franchise taxes	2,249,190	1,957,618	-	-	2,249,190	1,957,618
State shared revenues	39,559,356	37,850,975	-	-	39,559,356	37,850,975
System development fees	8,105,353	8,320,712	-	-	8,105,353	8,320,712
Investment income (loss)	(4,895,290)	7,677,017	(2,624,182)	4,007,601	(7,519,472)	11,684,618
Miscellaneous	261,069	162,714	897,511	639,190	1,158,580	801,904
<b>Total revenues</b>	<u>192,452,133</u>	<u>196,417,412</u>	<u>99,003,141</u>	<u>103,838,677</u>	<u>487,872,686</u>	<u>\$ 300,256,089</u>
<b>Expenses:</b>						
General government	30,610,529	32,159,571	-	-	30,610,529	32,159,571
Public safety	54,854,074	50,221,565	-	-	54,854,074	50,221,565
Community development	7,067,675	6,760,718	-	-	7,067,675	6,760,718
Public works	16,097,894	20,431,691	-	-	16,097,894	20,431,691
Community services	19,823,356	17,668,011	-	-	19,823,356	17,668,011
Municipal utilities	97,425	84,539	-	-	97,425	84,539
Interest and fiscal charges	10,858,078	12,398,031	-	-	10,858,078	12,398,031
Water	-	-	35,992,958	33,004,765	35,992,958	33,004,765
Wastewater	-	-	22,986,319	21,800,113	22,986,319	21,800,113
Solid waste	-	-	14,414,774	8,675,676	14,414,774	8,675,676
Airport	-	-	1,420,574	1,305,935	1,420,574	1,305,935
Housing Authority	-	-	7,082,747	6,584,884	7,082,747	6,584,884
<b>Total expenses</b>	<u>139,409,031</u>	<u>139,724,126</u>	<u>81,897,372</u>	<u>71,371,373</u>	<u>221,306,403</u>	<u>211,095,499</u>
<b>Excess before transfers</b>	53,043,102	56,693,286	17,105,769	32,467,304	70,148,871	89,160,590
<b>Transfers in (out)</b>	<u>(767,922)</u>	<u>690,493</u>	<u>767,922</u>	<u>(690,493)</u>	<u>-</u>	<u>-</u>
<b>Increase in net assets</b>	52,275,180	57,383,779	17,873,691	31,776,811	70,148,871	89,160,590
<b>Beginning net assets</b>	<u>307,220,491</u>	<u>249,836,712</u>	<u>355,416,079</u>	<u>323,639,268</u>	<u>662,636,570</u>	<u>573,475,980</u>
<b>Ending net assets</b>	<u>\$ 359,495,671</u>	<u>\$ 307,220,491</u>	<u>\$ 373,289,770</u>	<u>\$ 355,416,079</u>	<u>\$ 732,785,441</u>	<u>\$ 662,636,570</u>

**CITY OF CHANDLER, ARIZONA**  
**Management's Discussion and Analysis (MD&A)**  
**Year Ended June 30, 2003**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS, concluded**



As evident in the previous graph the largest financing source for the City is charges for services at 33.0% due primarily to the user fees and charges for services in the business-type activities. Sales taxes also comprise a significant portion of the City's revenues at 19.8% of the total revenues with capital grants and contributions accounting for an additional 19.2% of the City's total revenues.

The City as a whole uses the largest amount of resources for public safety at 26.5% of the total functional expenses of the City. The next largest users of resources are water and wastewater services at 17.4% and 11.1%, respectively, with general government functions also accounting for 14.8% of the City's total expenses.

**CITY OF CHANDLER, ARIZONA**  
**Management's Discussion and Analysis (MD&A)**  
**Year Ended June 30, 2003**

**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. In particular, unreserved fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

The financial performance of the City as a whole is reflected in its governmental funds. As the City completed the year, its governmental funds reported a combined fund balance of \$266.6 million. Total fund balance constitutes unreserved and undesignated fund balance, which is available for spending at the City's discretion.

Fund balance includes reserved fund of 47.2% for encumbrances, debt service, and capital improvements. The remaining 52.8% of fund balance is unreserved.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the general fund was \$135.3 million, while total fund balance reached \$169.6 million. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 115.6 percent of total general fund expenditures, while total fund balance represents 144.9 percent of that same amount.

The fund balance of the City's general fund decreased by \$7.2 million during the current fiscal year. Key factors in this decline are as follows:

- A decrease in the fair value of investments of \$6.0 million.
- Low interest rates caused a decrease in investment income of \$2.1 million

**Proprietary funds.** The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Net assets for the Enterprise Funds and the Internal Service Funds at the end of the fiscal year amounted to \$373.3 million and \$28.8 million, respectively. Net assets after invested in capital assets, net of related debt are 18.8% restricted and 19.0% unrestricted.

The net assets of the water fund and wastewater fund increased by \$17.8 million and \$5.9 million, due largely to developer contributed infrastructure of \$18.4 million and \$10.6 million respectively. The net assets of the solid waste fund decreased by \$5.2 million due to a one time increase in the landfill closure and postclosure care costs. More information on this can be found in Note 8.

**BUDGETARY HIGHLIGHTS**

The City did not revise the total annual operating budget during the year. A schedule showing the budget amounts compared to the City's actual financial activity for the General Fund is provided in this report as required supplementary information.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets.** As of June 30, 2003, the City had invested \$288.2 million in capital assets net of related debt, including buildings, facilities, vehicles, computers, equipment, and infrastructure assets. Total depreciation expense for the year was \$27.1 million.

**CITY OF CHANDLER, ARIZONA**  
**Management's Discussion and Analysis (MD&A)**  
**Year Ended June 30, 2003**

The following table presents capital asset balances net of accumulated depreciation for the fiscal years, ended June 30, 2003 and 2002.

	Governmental Activities		Business-type Activities		Total (Primary Govt.)	
	2003	2002	2003	2002	2003	2002
Land	\$ 42,722,438	\$ 38,064,444	\$ 35,900,367	\$ 35,524,163	\$ 78,622,805	\$ 73,588,607
Land improvements	-	-	365,760	321,166	365,760	321,166
Infrastructure	79,916,346	30,323,326	-	-	79,916,346	30,323,326
System improvements	-	-	305,432,823	277,104,170	305,432,823	277,104,170
Buildings and improvements	75,740,131	56,145,057	7,882,481	7,732,875	83,622,612	63,877,932
Machinery and equipment	17,175,121	12,804,750	3,347,236	3,831,401	20,522,357	16,636,151
Construction in progress	26,800,162	42,092,757	38,589,585	39,335,684	65,389,747	81,428,441
<b>Total</b>	<b>\$ 242,354,198</b>	<b>\$ 179,430,334</b>	<b>\$ 391,518,252</b>	<b>\$ 363,849,459</b>	<b>\$ 633,872,450</b>	<b>\$ 543,279,793</b>

Additional information on the City's capital assets can be found in Note 4 on pages 50 to 52 of this report.

**Debt Administration.** At year-end, the City had \$345.7 in long-term debt outstanding with \$15.7 million due within one year. The following table presents a summary of the City's outstanding long-term debt for the fiscal years ended June 30, 2003 and 2002.

	Governmental Activities		Business-type Activities		Total (Primary Govt.)	
	2003	2002	2003	2002	2003	2002
General obligation bonds	\$ 106,970,000	\$ 87,250,000	\$ 25,395,000	\$ 25,770,000	\$ 132,365,000	\$ 113,020,000
Revenue bonds	48,725,000	45,300,000	122,735,000	117,540,000	171,460,000	162,840,000
Special assessment bonds	1,547,500	1,647,000	-	-	1,547,500	1,647,000
Accrued interest - capital appreciation bonds	29,147,730	27,102,208	-	-	29,147,730	27,102,208
Certificates of participation	-	-	11,035,000	12,510,000	11,035,000	12,510,000
Intergovernmental loans	-	-	93,706	110,755	93,706	110,755
<b>Total</b>	<b>\$ 186,390,230</b>	<b>\$ 161,299,208</b>	<b>\$ 159,258,706</b>	<b>\$ 155,930,755</b>	<b>\$ 345,648,936</b>	<b>\$ 317,229,963</b>

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, light, open space preserves, parks, playgrounds and recreational facilities. The current debt limitation for the City is \$327.7 million. The City has \$80.7 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 \$98.3 million. The City has \$45.5 million of outstanding general obligation debt for this purpose.

The City's current bond ratings on general obligation bonds are Aa2 from Moody's Investor Services, AA+ from Standard & Poor's, and AAA from Fitch Ratings. Ratings for the street and highway users is Aa3 from Moody's, A+ from Standard & Poor's, and AA- from Fitch. Water and wastewater revenue bonds are Aa3 from Moody's Investor Services, AA from Standard & Poor's, and AA from Fitch.

Additional information on the City's long-term debt can be found in Note 6 on pages 53 to 59 of this report.

**CITY OF CHANDLER, ARIZONA**  
**Management's Discussion and Analysis (MD&A)**  
**Year Ended June 30, 2003**

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

Many factors were considered by the City's officials during the process of developing the fiscal year 2003-2004 budget. The primary factors were the decline of the national and state economies, anticipated decrease in the city's portion of state shared revenue and declining growth rate affecting revenues.

These indicators were considered when adopting the budget for fiscal year 2003-2004. Amounts available for appropriation in the General Fund budget are \$205,839,841, an increase of 1.7%. Increased payroll and employee benefit costs are the primary reason for the increase. No new programs were added to the 2002-2003 budget.

**CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

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 702, Chandler, AZ 85244-4008.



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

## **BASIC FINANCIAL STATEMENTS**

**CITY OF CHANDLER, ARIZONA  
STATEMENT OF NET ASSETS  
JUNE 30, 2003**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current assets:			
Equity in pooled cash and investments	\$ 323,718,864	\$ 155,030,180	\$ 478,749,044
Cash and investments	-	-	-
Accounts receivable (net)	549,903	7,725,705	8,275,608
Accrued interest receivable	723,867	349,782	1,073,649
Property taxes receivable	935,160	-	935,160
Other taxes receivable	6,172,103	-	6,172,103
Amounts due from other governments	3,635,372	304,867	3,940,239
Inventories	681,384	283,910	965,294
Special assessments receivable	1,255,662	-	1,255,662
Short term notes receivable	-	42,852	42,852
Assets held for resale	-	550,781	550,781
Other assets	145,509	5,520	151,029
Total current assets	<u>337,817,824</u>	<u>164,293,597</u>	<u>502,111,421</u>
Noncurrent assets:			
Other assets	1,431,644	2,971,256	4,402,900
Cash and investments - restricted	-	1,181,734	1,181,734
Long-term notes receivable	-	672,674	672,674
Capital assets, net where applicable	242,354,198	391,518,252	633,872,450
Total noncurrent assets	<u>243,785,842</u>	<u>396,343,916</u>	<u>640,129,758</u>
<b>Total assets</b>	<u>581,603,666</u>	<u>560,637,513</u>	<u>1,142,241,179</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	13,250,399	5,345,031	18,595,430
Accrued payroll and compensated absences	8,625,965	1,043,481	9,669,446
Trust liabilities and deposits	6,586,248	1,195,133	7,781,381
Accrued interest payable	5,653,283	2,703,968	8,357,251
Arbitrage liability	192,877	366,035	558,912
Bonds payable	6,619,500	9,127,923	15,747,423
Deferred revenue	1,408,993	2,875,509	4,284,502
Total current liabilities	<u>42,337,265</u>	<u>22,657,080</u>	<u>64,994,345</u>
Noncurrent liabilities:			
Arbitrage liability	-	37,275	37,275
Bonds payable	179,770,730	150,130,783	329,901,513
Landfill closure and postclosure costs	-	12,264,005	12,264,005
Claims payable	-	2,258,600	2,258,600
Total non-current liabilities	<u>179,770,730</u>	<u>164,690,663</u>	<u>344,461,393</u>
<b>Total liabilities</b>	<u>222,107,995</u>	<u>187,347,743</u>	<u>409,455,738</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	55,963,968	232,259,546	288,223,514
Restricted for capital improvements	116,352,787	69,016,877	152,369,664
Restricted for debt service	758,615	1,181,734	1,940,349
Restricted for donor purposes	-	-	-
Unrestricted	186,420,301	70,831,613	290,251,914
<b>Total net assets</b>	<u>\$ 359,495,671</u>	<u>\$ 373,289,770</u>	<u>\$ 732,785,441</u>

The notes to the financial statements are an integral part of this statement.

Component Units	
Chandler Industrial Development Authority	Chandler Cultural Foundation
\$ -	\$ -
252,220	1,049,903
3,703	20
-	-
-	-
-	-
-	-
-	-
-	-
-	61,776
<u>255,923</u>	<u>1,111,699</u>
-	-
-	421,996
-	-
-	32,197
-	454,193
<u>255,923</u>	<u>1,565,892</u>
-	-
-	28,136
-	-
-	-
-	-
-	-
-	128,086
<u>-</u>	<u>156,222</u>
-	-
-	-
-	-
<u>-</u>	<u>-</u>
<u>-</u>	<u>156,222</u>
-	-
-	32,197
-	-
-	-
-	421,996.00
255,923	955,477
<u>\$ 255,923</u>	<u>\$ 1,409,670</u>

**CITY OF CHANDLER, ARIZONA  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2003**

<b>Functions/Programs</b>	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
Governmental activities:				
General government	\$ 30,610,529	\$ 19,379,788	\$ 1,723,944	\$ -
Public safety	54,854,074	2,962,608	1,076,949	-
Community development	7,067,675	-	124,911	-
Public works	16,097,894	11,764,790	63,206	28,908,979
Community services	19,823,356	1,950,792	334,479	314,066
Municipal utilities	97,425	-	-	-
Interest and fiscal charges	10,858,078	-	-	-
Total governmental activities	139,409,031	36,057,978	3,323,489	29,223,045
Business-type activities:				
Water	35,992,958	34,895,930	-	18,394,799
Wastewater	22,986,319	19,253,061	-	10,629,679
Solid waste	14,414,774	9,290,021	-	335,274
Airport	1,420,574	832,232	-	46,020
Community services - Housing Authority	7,082,747	684,758	6,165,984	202,054
Total business-type activities	81,897,372	64,956,002	6,165,984	29,607,826
Total primary government	\$ 221,306,403	\$ 101,013,980	\$ 9,489,473	\$ 58,830,871
<b>Component Units</b>				
Chandler Industrial Development Authority	\$ 21,271	\$ 6,750	\$ -	\$ -
Chandler Cultural Foundation	540,472	533,481	103,947	-
Total component units	\$ 561,743	\$ 540,231	\$ 103,947	\$ -

General revenues:

- Property taxes, levied for general purposes
- Sales taxes
- Franchise taxes
- State shared revenues
- System development fees
- Investment income (loss)
- Miscellaneous
- Transfers
- Total general revenues and transfers

Changes in net assets

Net assets, beginning of year

Net assets, end of year

**The notes to the financial statements are an integral part of this statement.**

Net (Expense) Revenue and Changes in Net Assets

Primary Government			Component Units	
Governmental Activities	Business-type Activities	Totals	Chandler Industrial Development Authority	Chandler Cultural Foundation
\$ (9,506,797)	\$ -	\$ (9,506,797)	\$ -	\$ -
(50,814,517)	-	(50,814,517)	-	-
(6,942,764)	-	(6,942,764)	-	-
24,639,081	-	24,639,081	-	-
(17,224,019)	-	(17,224,019)	-	-
(97,425)	-	(97,425)	-	-
(10,858,078)	-	(10,858,078)	-	-
<u>(70,804,519)</u>	<u>-</u>	<u>(70,804,519)</u>	<u>-</u>	<u>-</u>
-	17,297,771	17,297,771	-	-
-	6,896,421	6,896,421	-	-
-	(4,789,479)	(4,789,479)	-	-
-	(542,322)	(542,322)	-	-
-	(29,951)	(29,951)	-	-
<u>-</u>	<u>18,832,440</u>	<u>18,832,440</u>	<u>-</u>	<u>-</u>
<u>\$ (70,804,519)</u>	<u>\$ 18,832,440</u>	<u>\$ (51,972,079)</u>	<u>\$ -</u>	<u>\$ -</u>
-	-	-	\$ (14,521)	\$ -
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>96,956</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ (14,521)</u>	<u>\$ 96,956</u>
17,953,164	-	17,953,164	-	-
60,614,779	-	60,614,779	-	-
2,249,190	-	2,249,190	-	-
39,559,356	-	39,559,356	-	-
8,105,353	-	8,105,353	-	-
(4,895,290)	(2,624,182)	(7,519,472)	1,816	(18,413)
261,069	897,511	1,158,580	-	-
(767,922)	767,922	-	-	-
<u>123,079,699</u>	<u>(958,749)</u>	<u>122,120,950</u>	<u>1,816</u>	<u>(18,413)</u>
52,275,180	17,873,691	70,148,871	(12,705)	78,543
<u>307,220,491</u>	<u>355,416,079</u>	<u>662,636,570</u>	<u>268,628</u>	<u>1,331,127</u>
<u>\$ 359,495,671</u>	<u>\$ 373,289,770</u>	<u>\$ 732,785,441</u>	<u>\$ 255,923</u>	<u>\$ 1,409,670</u>

**CITY OF CHANDLER, ARIZONA  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2003**

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
<b><u>ASSETS</u></b>			
Equity in pooled cash and investments	\$ 178,686,945	\$ 110,867,955	\$ 289,554,900
Accounts receivable (net)	481,235	68,645	549,880
Accrued interest receivable	438,109	206,756	644,865
Property taxes receivable	935,160	-	935,160
Other taxes receivable	6,172,103	-	6,172,103
Due from other funds	-	1,008,348	1,008,348
Amounts due from other governments	1,761,997	1,873,375	3,635,372
Inventories	681,384	-	681,384
Special assessments receivable	-	1,255,662	1,255,662
Other assets	140,169	5,340	145,509
<b>Total assets</b>	<b>\$ 189,297,102</b>	<b>\$ 115,286,081</b>	<b>\$ 304,583,183</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>			
Liabilities:			
Accounts payable	\$ 4,492,472	\$ 3,414,757	\$ 7,907,229
Accrued payroll and compensated absences	8,224,344	333,616	8,557,960
Trust liabilities and deposits	6,586,248	-	6,586,248
Accrued interest payable	-	5,653,283	5,653,283
Due to other funds	-	1,008,348	1,008,348
Arbitrage liability	-	192,877	192,877
Bonds payable	-	6,515,000	6,515,000
Deferred revenue	357,897	1,170,405	1,528,302
<b>Total liabilities</b>	<b>19,660,961</b>	<b>18,288,286</b>	<b>37,949,247</b>
Fund balances:			
Reserved for capital improvements	25,791,221	90,561,566	116,352,787
Reserved for debt service	-	758,615	758,615
Reserved for encumbrances	8,537,062	-	8,537,062
Unreserved:			
Undesignated	83,691,602	-	83,691,602
Designated	51,616,256	-	51,616,256
Unreserved reported in:			
Special revenue funds	-	5,677,614	5,677,614
<b>Total fund balances</b>	<b>169,636,141</b>	<b>96,997,795</b>	<b>266,633,936</b>
<b>Total liabilities and fund balances</b>	<b>\$ 189,297,102</b>	<b>\$ 115,286,081</b>	<b>\$ 304,583,183</b>

The notes to the financial statements are an integral part of this statement.

**CITY OF CHANDLER, ARIZONA  
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS  
JUNE 30, 2003**

**Total Governmental Fund balances** **\$ 266,633,936**

Amounts reported for *governmental activities* in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Governmental capital assets	\$ 271,219,930	
Less accumulated depreciation	<u>(28,865,732)</u>	242,354,198

The Internal service fund is used by management to charge the cost of self insurance programs to user funds. Certain assets and liabilities of the internal service fund are included in governmental activities in the Statement of Net Assets.

28,831,814

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

Property taxes	\$ 357,897	
Special assessments	<u>1,170,405</u>	1,528,302

Long-term liabilities, including bonds payable, special assessment debt and accrued interest on capital bonds, are not due and payable in the current period and therefore are not reported in the funds

Bonds payable	\$ (149,180,000)	
Bond premium	(1,408,993)	
Bond issuance costs	1,431,644	
Special assessment debt	(1,547,500)	
Accrued interest, capital appreciation bonds	<u>(29,147,730)</u>	<u>(179,852,579)</u>

**Net Assets of Governmental Activities** **\$ 359,495,671**

**The notes to the financial statements are integral part of this statement.**

**CITY OF CHANDLER, ARIZONA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2003**

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>Revenues:</b>			
Taxes-local	\$ 82,591,633	\$ -	\$ 82,591,633
Taxes-intergovernmental	38,406,531	11,443,762	49,850,293
Grants and entitlements	-	3,983,091	3,983,091
System development fees	-	8,105,353	8,105,353
Special assessments	-	513,242	513,242
Licenses and permits	6,386,478	-	6,386,478
Charges for current services	12,709,081	134,066	12,843,147
Fines and forfeitures	3,975,613	-	3,975,613
Rentals	93,630	-	93,630
Interest income	2,872,101	1,455,181	4,327,282
Decrease in fair value of investments	(6,003,830)	(2,653,760)	(8,657,590)
Miscellaneous	632,702	906,128	1,538,830
<b>Total revenues</b>	<u>141,663,939</u>	<u>23,887,063</u>	<u>165,551,002</u>
<b>Expenditures:</b>			
Current -			
General government	29,352,542	95,483	29,448,025
Public safety	52,626,283	1,259,039	53,885,322
Community development	7,053,616	7,500	7,061,116
Public works	8,409,738	10,589,619	18,999,357
Community services	19,575,825	735,169	20,310,994
Municipal utilities	-	97,425	97,425
Capital improvements	-	33,211,184	33,211,184
Debt service -			
Principal retirement	-	6,614,500	6,614,500
Interest and fiscal charges	-	8,515,445	8,515,445
<b>Total expenditures</b>	<u>117,018,004</u>	<u>61,125,364</u>	<u>178,143,368</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>24,645,935</u>	<u>(37,238,301)</u>	<u>(12,592,366)</u>
<b>Other financing sources (uses):</b>			
Bond premium	736,787	289,355	1,026,142
Face amount of bonds issued	8,935,000	36,915,000	45,850,000
Proceeds from the sale of capital assets	39,087	52,158	91,245
Transfers in	-	32,480,447	32,480,447
Bond issuance costs	-	(100,000)	(100,000)
Payment to escrow agent	(9,895,247)	(10,593,295)	(20,488,542)
Transfers out	(31,662,228)	(6,061,086)	(37,723,314)
<b>Total other financing sources (uses)</b>	<u>(31,846,601)</u>	<u>52,982,579</u>	<u>21,135,978</u>
<b>Changes in fund balances</b>	<u>(7,200,666)</u>	<u>15,744,278</u>	<u>8,543,612</u>
<b>Fund balances, beginning of year</b>	176,836,807	81,253,517	258,090,324
<b>Fund balances, end of year</b>	<u>\$ 169,636,141</u>	<u>\$ 96,997,795</u>	<u>\$ 266,633,936</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF CHANDLER, ARIZONA  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2003**

**Net Changes in Fund Balances -Total Governmental Funds** **\$ 8,543,612**

Amounts reported for *governmental activities* in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Expenditures for capital improvements	\$	33,211,184	
Expenditures for capital assets from general fund		8,261,708	
Less current year depreciation		<u>(6,080,563)</u>	35,392,329

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.

Bond Proceeds	\$	(45,830,000)	
Principal payments on debt		6,614,500	
Bond premium		(1,012,862)	
Loss on disposal of capital assets		(121,547)	
Payment to refunding escrow		<u>20,468,542</u>	(19,881,367)

Bond issuance costs are recognized as debt service expenditures in the governmental funds, however these costs are capitalized on the statement of net assets and amortized in the statement of activities.

(210,391)

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.

(2,045,522)

Certain revenues in the governmental funds that provide current financial resources are not included in the statement of activities because they were recognized in a prior period. However, other revenues that are deferred in the governmental funds because they do not provide current financial resources due to unavailability are recognized in the statement of activities.

Property taxes, levied for general purposes	\$	217,863	
Special assessments		<u>(374,260)</u>	(156,397)

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.

27,653,082

Internal service funds are used by management to charge the costs of certain activities, such as the City's self-insurance program to individual funds. The following activities of the internal service fund is reported with governmental activities.

Operating loss	\$	(929,859)	
Investment loss		(564,982)	
Elimination of interfund transactions		<u>4,474,675</u>	<u>2,979,834</u>

**Change in Net Assets in Governmental Activities.** **\$ 52,275,180**

The notes to the financial statements are integral part of this statement.

**CITY OF CHANDLER, ARIZONA  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2003**

Business Type Activities - Enterprise Funds

	<u>Water</u>	<u>Wastewater</u>	<u>Solid Waste</u>
<b><u>ASSETS</u></b>			
Current assets:			
Equity in pooled cash and investments	\$ 101,610,346	\$ 33,134,044	\$ 17,061,236
Accounts receivable (net)	4,666,326	2,118,478	911,832
Accrued interest receivable	218,700	83,997	39,410
Amounts due from other governments	-	-	-
Inventories	262,905	-	-
Short term notes receivable	-	-	-
Assets held for resale	-	-	-
Other assets	-	-	5,520
<b>Total current assets</b>	<u>106,758,277</u>	<u>35,336,519</u>	<u>18,017,998</u>
Noncurrent assets:			
Other assets	1,589,889	1,381,367	-
Cash and investments - restricted	289,723	892,011	-
Long-term notes receivable	-	-	-
Capital assets, net where applicable	189,376,087	158,018,130	8,433,057
<b>Total noncurrent assets</b>	<u>191,255,699</u>	<u>160,291,508</u>	<u>8,433,057</u>
<b>Total assets</b>	<u>298,013,976</u>	<u>195,628,027</u>	<u>26,451,055</u>
<b><u>LIABILITIES</u></b>			
Current liabilities:			
Accounts payable	1,770,934	2,560,026	673,864
Accrued payroll and compensated absences	539,360	219,668	116,282
Trust liabilities and deposits	712,378	228,572	13,360
Accrued interest payable	1,703,755	876,635	100,273
Arbitrage liability	186,195	151,797	28,043
Bonds payable	5,812,395	3,172,606	125,000
Deferred revenue	1,862,804	978,185	23,506
<b>Total current liabilities</b>	<u>12,587,821</u>	<u>8,187,489</u>	<u>1,080,328</u>
Noncurrent liabilities:			
Bonds payable	92,460,833	53,459,167	3,465,000
Arbitrage liability	35,767	475	157
Landfill closure and postclosure costs	-	-	12,264,005
Claims payable	2,258,600	-	-
<b>Total non-current liabilities</b>	<u>94,755,200</u>	<u>53,459,642</u>	<u>15,729,162</u>
<b>Total liabilities</b>	<u>107,343,021</u>	<u>61,647,131</u>	<u>16,809,490</u>
<b><u>NET ASSETS</u></b>			
Invested in capital assets, net of related debt	91,102,859	101,386,357	4,843,057
Restricted for capital improvements	42,595,499	20,220,694	6,145,165
Restricted for debt service	289,723	892,011	-
Unrestricted (deficit)	56,682,874	11,481,834	(1,346,657)
<b>Total net assets</b>	<u>\$ 190,670,955</u>	<u>\$ 133,980,896</u>	<u>\$ 9,641,565</u>

The notes to the financial statements are an integral part of this statement.

Non-Major Enterprise Funds	Total	Governmental Activities: Internal Service Fund
\$ 3,224,554	\$ 155,030,180	\$ 34,163,964
29,069	7,725,705	23
7,675	349,782	79,002
304,867	304,867	-
21,005	283,910	-
42,852	42,852	-
550,781	550,781	-
-	5,520	-
<u>4,180,803</u>	<u>164,293,597</u>	<u>34,242,989</u>
-	2,971,256	-
-	1,181,734	-
672,674	672,674	-
<u>35,690,978</u>	<u>391,518,252</u>	<u>-</u>
<u>36,363,652</u>	<u>396,343,916</u>	<u>-</u>
<u>40,544,455</u>	<u>560,637,513</u>	<u>34,242,989</u>
340,207	5,345,031	5,343,170
168,171	1,043,481	68,005
240,823	1,195,133	-
23,305	2,703,968	-
-	366,035	-
17,922	9,127,923	-
11,014	2,875,509	-
<u>801,442</u>	<u>22,657,080</u>	<u>5,411,175</u>
745,783	150,130,783	-
876	37,275	-
-	12,264,005	-
-	2,258,600	-
<u>746,659</u>	<u>164,690,663</u>	<u>-</u>
<u>1,548,101</u>	<u>187,347,743</u>	<u>5,411,175</u>
34,927,273	232,259,546	-
55,519	69,016,877	-
-	1,181,734	-
4,013,562	70,831,613	28,831,814
<u>\$ 38,996,354</u>	<u>\$ 373,289,770</u>	<u>\$ 28,831,814</u>

**CITY OF CHANDLER, ARIZONA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2003**

	Enterprise Funds		
	Water	Wastewater	Solid Waste
<b>Operating revenues:</b>			
Service fees	\$ 34,895,930	\$ 19,253,061	\$ 9,257,218
Grants and entitlements	-	-	-
Rentals	-	-	-
Worker's compensation premiums	-	-	-
Miscellaneous	813,006	3,540	58
<b>Total operating revenues</b>	<u>35,708,936</u>	<u>19,256,601</u>	<u>9,257,276</u>
<b>Operating expenses:</b>			
General and administrative	3,422,972	2,424,625	798,272
Personal services	5,397,214	2,288,824	1,239,115
Contractual services	7,757,719	4,137,248	5,348,441
Commodities	4,857,524	2,850,326	918,354
Claims	-	-	-
Housing assistance payments	-	-	-
Depreciation and amortization	10,618,003	8,640,768	583,271
Landfill closure and postclosure	-	-	5,323,714
<b>Total operating expenses</b>	<u>32,053,432</u>	<u>20,341,791</u>	<u>14,211,167</u>
<b>Operating income (loss)</b>	<u>3,655,504</u>	<u>(1,085,190)</u>	<u>(4,953,891)</u>
<b>Nonoperating revenues (expenses):</b>			
Interest income	1,389,145	669,710	285,818
Landfill energy sales	-	-	32,803
Decrease in fair value of investments	(2,816,821)	(1,554,792)	(553,957)
Gain (loss) on disposal of capital assets	(7,000)	(42,759)	-
Interest expense	(3,936,298)	(2,608,843)	(203,607)
Accretion of bond premium	21,747	7,074	-
Bond issuance costs	(17,975)	-	-
<b>Total nonoperating revenues (expenses)</b>	<u>(5,367,202)</u>	<u>(3,529,610)</u>	<u>(438,943)</u>
<b>Income (loss) before capital contributions and transfers</b>	<u>(1,711,698)</u>	<u>(4,614,800)</u>	<u>(5,392,834)</u>
<b>Capital contributions</b>	18,394,799	10,629,679	335,274
<b>Transfers in</b>	1,701,769	-	-
<b>Transfers out</b>	<u>(589,279)</u>	<u>(104,486)</u>	<u>(101,227)</u>
<b>Changes in net assets</b>	<u>17,795,591</u>	<u>5,910,393</u>	<u>(5,158,787)</u>
<b>Total net assets, beginning of year</b>	172,875,364	128,070,503	14,800,352
<b>Total net assets, end of year</b>	<u>\$ 190,670,955</u>	<u>\$ 133,980,896</u>	<u>\$ 9,641,565</u>

The notes to the financial statements are an integral part of this statement.

Non-Major Enterprise Funds	Total	Governmental Activities: Internal Service Fund
\$ 832,232	\$ 64,238,441	\$ -
6,165,984	6,165,984	-
684,758	684,758	-
-	-	2,515,423
80,907	897,511	1,702,404
<u>7,763,881</u>	<u>71,986,694</u>	<u>4,217,827</u>
-	6,645,869	-
1,721,111	10,646,264	804,858
1,398,981	18,642,389	561,252
1,106,573	9,732,777	557,897
-	-	3,223,679
3,332,123	3,332,123	-
1,195,113	21,037,155	-
-	5,323,714	-
<u>8,753,901</u>	<u>75,360,291</u>	<u>5,147,686</u>
<u>(990,020)</u>	<u>(3,373,597)</u>	<u>(929,859)</u>
40,652	2,385,325	535,706
-	32,803	-
(83,937)	(5,009,507)	(1,100,688)
302,443	252,684	-
(51,863)	(6,800,611)	-
-	28,821	-
-	(17,975)	-
<u>207,295</u>	<u>(9,128,460)</u>	<u>(564,982)</u>
<u>(782,725)</u>	<u>(12,502,057)</u>	<u>(1,494,841)</u>
248,074	29,607,826	-
-	1,701,769	4,500,000
(138,855)	(933,847)	(25,325)
<u>(673,506)</u>	<u>17,873,691</u>	<u>2,979,834</u>
39,669,860	355,416,079	25,851,980
<u>\$ 38,996,354</u>	<u>\$ 373,289,770</u>	<u>\$ 28,831,814</u>

**CITY OF CHANDLER, ARIZONA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2003**

**MAJOR ENTERPRISE FUNDS**

	<u>WATER</u>	<u>WASTEWATER</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash Received From Customers	\$ 35,586,858	\$ 19,362,812
Cash Received From Grantors	-	-
Cash Received From Interfund Services Provided	-	-
Cash Payments to Suppliers	(15,420,204)	(10,675,089)
Cash Payments to Employees	(5,323,371)	(2,260,078)
Net Cash Provided By (Used For) Operating Activities	<u>14,843,283</u>	<u>6,427,645</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Transfers In From Other Funds	1,701,769	-
Transfers Out To Other Funds	(589,279)	(104,486)
Net Cash Provided By (Used For) Noncapital Financing Activities	<u>1,112,490</u>	<u>(104,486)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Proceeds From Bond Sales	14,364,587	-
Acquisition/Construction of Capital Assets	(21,291,512)	(26,787,622)
Proceeds from the Sale of Capital Assets	-	-
Principal Paid on Bond Maturities	(4,252,090)	(7,198,105)
Interest Paid on Bonds	(3,932,526)	(3,188,783)
Proceeds from Capital Grants	-	-
Capital Contributed by Developers and Grantors	18,394,799	10,629,679
Net Cash Provided By (Used For) Capital And Related Financing Activities	<u>3,283,258</u>	<u>(26,544,831)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
(Decrease) in Fair Value of Investments	(2,816,821)	(1,554,792)
Interest Received	1,489,891	785,726
Net Cash Provided By (Used For) Investing Activities	<u>(1,326,930)</u>	<u>(769,066)</u>
Net Increase In Cash And Cash Equivalents	17,912,101	(20,990,738)
Cash And Cash Equivalents At Beginning Of Year	83,987,968	55,016,793
Cash And Cash Equivalents At End Of Year	<u>\$ 101,900,069</u>	<u>\$ 34,026,055</u>
Reconciliation Of Operating Income (Loss) To Net Cash Provided By (Used For) Operating Activities:		
Operating Income (Loss)	\$ 3,655,504	\$ (1,085,190)
Adjustments To Reconcile Operating Income (Loss) To Net Cash Provided By (Used For) Operating Activities:		
Depreciation and Amortization	10,618,003	8,640,768
Landfill Closure and Postclosure Costs	-	-
Landfill Energy Sales	-	-
Changes In Assets And Liabilities:		
(Increase) Decrease In Receivables	(262,548)	10,139
(Increase) In Inventories	(262,905)	-
(Increase) Decrease in Other Assets	-	-
(Decrease) Increase In Payables	(1,377,684)	(1,262,890)
Increase in Accrued Payroll and Compensated Absences	73,843	28,746
Increase In Deposits	140,470	96,072
Increase in Claims Payable	2,258,600	-
Increase In Deferred Revenue	-	-
Total Adjustments	<u>11,187,779</u>	<u>7,512,835</u>
Net Cash Provided By (Used For) Operating Activities	<u>\$ 14,843,283</u>	<u>\$ 6,427,645</u>
Reconciliation of Cash and Cash Equivalents at End of Year to Statement of Net Assets:		
Equity in Pooled Cash and Investments	\$ 101,610,346	\$ 33,134,044
Cash and Investments - restricted	289,723	892,011
Cash and Cash Equivalents at End of Year	<u>\$ 101,900,069</u>	<u>\$ 34,026,055</u>

The notes to the financial statements are an integral part of this statement.

<u>Solid Waste</u>	<u>NON-MAJOR ENTERPRISE FUNDS</u>	<u>TOTAL ENTERPRISE FUNDS</u>	<u>GOVERNMENTAL ACTIVITIES</u>
			<u>INTERNAL SERVICE FUND</u>
\$ 9,201,233	\$ 1,566,960	\$ 65,717,863	\$ -
-	6,246,228	6,246,228	-
-	-	-	4,217,804
(6,650,217)	(6,102,347)	(38,847,857)	(2,673,047)
<u>(1,221,688)</u>	<u>(1,696,844)</u>	<u>(10,501,981)</u>	<u>(785,489)</u>
<u>1,329,328</u>	<u>13,997</u>	<u>22,614,253</u>	<u>759,268</u>
-	-	1,701,769	4,500,000
<u>(101,227)</u>	<u>(138,855)</u>	<u>(933,847)</u>	<u>(25,325)</u>
<u>(101,227)</u>	<u>(138,855)</u>	<u>767,922</u>	<u>4,474,675</u>
-	-	14,364,587	-
(667,348)	(419,508)	(49,165,990)	-
-	499,514	499,514	-
(125,000)	(17,050)	(11,592,245)	-
(217,166)	(51,863)	(7,390,338)	-
-	202,054	202,054	-
335,274	46,020	29,405,772	-
<u>(674,240)</u>	<u>259,167</u>	<u>(23,676,646)</u>	<u>-</u>
(553,957)	(83,937)	(5,009,507)	(1,100,688)
312,178	42,696	2,630,491	570,968
<u>(241,779)</u>	<u>(41,241)</u>	<u>(2,379,016)</u>	<u>(529,720)</u>
312,082	93,068	(2,673,487)	4,704,223
16,749,154	3,131,486	158,885,401	29,459,741
<u>\$ 17,061,236</u>	<u>\$ 3,224,554</u>	<u>\$ 156,211,914</u>	<u>\$ 34,163,964</u>
\$ (4,953,891)	\$ (990,020)	\$ (3,373,597)	\$ (929,859)
583,271	1,195,113	21,037,155	-
5,323,714	-	5,323,714	-
32,803	-	32,803	-
(69,940)	66,280	(256,069)	(23)
-	(480,337)	(743,242)	-
(5,520)	5,575	55	-
387,567	168,875	(2,084,132)	1,669,781
17,427	24,267	144,283	19,369
5,244	19,697	261,483	-
-	-	2,258,600	-
8,653	4,547	13,200	-
<u>6,283,219</u>	<u>1,004,017</u>	<u>25,987,850</u>	<u>1,689,127</u>
<u>\$ 1,329,328</u>	<u>\$ 13,997</u>	<u>\$ 22,614,253</u>	<u>\$ 759,268</u>
\$ 17,061,236	\$ 3,224,554	\$ 155,030,180	\$ 34,163,964
-	-	1,181,734	-
<u>\$ 17,061,236</u>	<u>\$ 3,224,554</u>	<u>\$ 156,211,914</u>	<u>\$ 34,163,964</u>

**CITY OF CHANDLER, ARIZONA  
STATEMENT OF FIDUCIARY FUNDS NET ASSETS  
JUNE 30, 2003**

	Volunteer Fireman's Pension and Trust Fund	Agency Funds
<b><u>ASSETS</u></b>		
Equity in pooled cash and investments	\$ 28,666	\$ 21,127
Accrued interest receivable	68	-
Other taxes receivable	1,064	-
Cash and investments - restricted	40,000	-
Accounts receivable	-	693
<b>Total assets</b>	69,798	21,820
 <b><u>LIABILITIES</u></b>		
Due to others	-	21,820
<b>Total liabilities</b>	-	21,820
 <b><u>NET ASSETS</u></b>		
Held in trust for pension benefits	\$ 69,798	\$ -

**The notes to the financial statements are an integral part of this statement.**

**CITY OF CHANDLER, ARIZONA**  
**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - FIDUCIARY FUND**  
**JUNE 30, 2003**

	<u>Volunteer Fireman's Pension and Relief Trust Fund</u>
<b><u>ADDITIONS</u></b>	
Fire insurance premium tax	\$ 1,064
Investment income	1,037
Increase(Decrease) in fair value of investments	<u>(1,038)</u>
Total additions	<u>1,063</u>
<b><u>DEDUCTIONS</u></b>	
Benefits paid to plan members	<u>4,800</u>
Total deductions	<u>4,800</u>
Change in net assets	(3,737)
Total net assets, beginning of year	73,535
Total net assets, end of year	<u><u>\$ 69,798</u></u>

**The notes to the financial statements are an integral part of this statement**



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

**CITY OF CHANDLER, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2003**

The City of Chandler (the 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. The City is governed by an elected mayor and seven-member council.

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 (the 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 five members of the Board, who are responsible for approving the Corporation's bond sales, are appointed by the Chandler City Council. 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. 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 (the 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 financial statements for the Authority are available from the City of Chandler, Management Services Department, P.O. Box 4008, MS 702, Chandler, AZ 85244-4008.

The Chandler Cultural Foundation (the 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, 2003**

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

**B. Government-Wide and Fund Financial Statements**

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes, State shared revenues, system development fees, 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. 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.

**Fund Financial Statements** - Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting, except for agency funds, which use the accrual basis of accounting but do not have a measurement focus. 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, expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes, 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.

Delinquent property taxes have been recorded as deferred revenue. Grants and similar awards received before the eligibility requirements are met are also recorded as deferred revenue. Receivables that will not be collected within the available period have also been reported as deferred revenue on the governmental fund financial statements.

**CITY OF CHANDLER, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2003**

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

The City reports the following major governmental fund:

General Fund – This fund accounts for all financial resources of the City, except those required to be accounted for in other funds.

The City reports the following major proprietary funds:

Water Services Fund – This fund is used to account for the provision of water services to the residents of the City and certain residents outside of City limits. All activities necessary to provide such service are accounted for in this fund.

Wastewater Services Fund – This fund is used to account for the provision of wastewater services to the residents of the City and certain residents outside of City limits. All activities necessary to provide such service are accounted for in this fund.

Solid Waste Fund – This fund is used to account for the provision of solid waste (refuse) services to the residential and commercial customers of the City. All activities necessary to provide such service are accounted for in this fund.

Additionally, the City reports the following fund types:

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

Fiduciary Fund – Fiduciary Funds account for assets held by the City on behalf of others and includes the Volunteer Firefighter's Relief and Pension Trust Fund. The Volunteer Firefighter's Relief and Pension Trust Fund accounts for the contributions to and earnings of the volunteer firefighter's pension trust.

Agency Funds – Agency funds account for resources held by the City in a custodial capacity on behalf of others.

All applicable pronouncements of the Financial Accounting Standards Board (FASB) issued on or before November 30, 1989, as well as the FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins are followed in both the government-wide business type and enterprise fund financial statements, unless these pronouncements conflict with or contradict GASB pronouncements. Under this requirement, the City is given the option whether or not to apply all FASB Statements and Interpretations issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements. Accordingly, the City has elected not to implement FASB Statements and Interpretations issued after November 30, 1989.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's internal service fund are interfund transfers from the general fund and water fund for property and liability insurance and charges to user departments for premiums related to worker's compensation 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, 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

**CITY OF CHANDLER, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2003**

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

single column. Internal service funds are combined and the totals are presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by fund type.

**D. Budgeting and Budgetary Control**

The City Council formally adopts an annual operating budget for the General, Special Revenue, Capital Projects, Enterprise and Internal Service Funds. Formal budgetary integration is not employed for the Debt Service Funds because effective budgetary control is alternately achieved through bond indenture provisions.

The level of control at which expenditures may not exceed budget is by department within the fund, except for bond and grants-in-aid funds, which are exempted by statute. 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 \$1,641,236 was transferred from the contingency reserves within the General, Wastewater Enterprise, and Internal Service funds.

All appropriations expire at the end of the fiscal year except for encumbered appropriations. Encumbrance accounting, under which purchase orders, contracts and other commitments for the future expenditure of funds are recorded in order to reserve that portion of the related fund balance, is employed in the governmental fund types. Encumbrances outstanding at year-end are reported as reservations of fund balances.

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 postclosure costs are not recognized as expenditures until incurred; and (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.

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. At the primary election held March 12, 2002, the City of Chandler voters approved continuance of the Home Rule option. The Home Rule option, currently in effect, must be submitted to the electorate for renewal in 2006 at which time an additional four-year period can be implemented.

**E. Pooled Cash and Investments**

City Charter, Ordinance and Trust Agreements authorize the City to invest in obligations of the U.S. Treasury, its agencies, and instrumentalities, certificates of deposit in eligible depositories, repurchase agreements, and the State of Arizona's Local Government Investment Pool (LGIP). The City of Chandler Municipal Property Corporation is additionally authorized to invest in bankers 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.

The State Board of Deposit provides oversight for the State Treasurer's pool, and the LGIP Advisory Committee provides consultation and advice to the Treasurer. The fair value of a participant's position in the pool approximates the value of that participant's pool shares.

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.

**CITY OF CHANDLER, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2003**

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

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 Industrial Development Authority and the Chandler Cultural Foundation. Interest earned on the pooled cash and investments is distributed each month on the basis of average monthly equity in the pool.

**F. Restricted Assets**

Certain proceeds of the City's enterprise funds revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net assets because their use is limited by applicable bond covenants.

**G. Receivables and Payables**

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

All trade and property tax receivables are shown net of an allowance for uncollectibles. Trade accounts receivable in excess of 90 days comprise the trade accounts receivable allowance for uncollectibles.

**H. Inventories**

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

**I. 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. General government infrastructure capital assets include only those assets acquired or constructed since July 1, 2001. The City will complete the addition of infrastructure by June 30, 2006. In addition, the City defines these assets in general as those 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.

**CITY OF CHANDLER, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2003**

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

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. All employees may carry forward only the amount of vacation benefits equal to the maximum allowable earned credits for the preceding calendar year. Accordingly, at fiscal year end, the liability for accumulated vacation is reported on the government-wide and proprietary fund financial statements as a current liability. Funds include an accrual of vacation pay and related benefits, which would normally be liquidated with expendable available financial resources. As such, the vacation accrual of \$4,922,800 at June 30, 2003 will be paid in full from current available financial resources. Upon termination or retirement, an employee will be compensated for accumulated vacation leave up to a maximum of 240 hours 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.

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 up to 480 hours. Payment will be based on the monthly compensation paid to the employee at the time of retirement. 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 assets. Bond related charges and credits, such as premiums, discounts and issuance costs, are deferred and amortized over the life of the bonds using the straight-line method.

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 that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund.

**CITY OF CHANDLER, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2003**

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

Deep-discount debt instruments ("capital appreciation bonds") are issued at stated interest rates that are significantly below their effective interest rate, resulting in a substantial (i.e., deep) discount. Implicit interest on these bonds is not paid until the bond matures; therefore, the net value of the bonds is accreted (i.e., the discount is reduced) over the life of the bonds. Accreted interest is calculated each year using the interest method and is treated as an addition to the principal amount of the bonds recorded as long-term obligations. In addition, deep-discount capital appreciation bonds may be sold at a substantial premium. In the government-wide financial statements, premiums on capital appreciation bonds are recorded at face value.

**L. Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Restrictions of retained earnings are limited to outside third-party restrictions. Designations of fund balance represent tentative management plans that are subject to change.

**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.

**N. Post-Employment Health Care and Life Insurance Benefits**

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

**O. Statements of Cash Flows**

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

**P. Interfund Activity**

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

**Q. Use of Estimates**

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

**CITY OF CHANDLER, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2003**

**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 and the Chandler Cultural Foundation. 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, investments are separately held by the Chandler Cultural Foundation.

**Deposits**

At year-end, the carrying amount of the City deposits was \$4,591,132, and the bank balance was \$6,838,578. Of the bank balance, \$100,000 was covered by federal depository insurance (Category 1) and \$6,738,578, was covered by collateral held in the pledging bank's trust department in the City's name (Category 2). The \$2,247,446 difference represents outstanding checks and other reconciling items at June 30, 2003.

At year-end, the carrying amount of deposits for the Chandler Industrial Development Authority was \$24,595 and the bank balance was \$24,595. The bank balance of \$24,595 was covered by federal depository insurance (Category 1).

At year-end, the carrying amount of deposits for Chandler Cultural Foundation was \$117,678 and the bank balance was \$100,996. Of the bank balance, \$100,000 was covered by federal depository insurance (Category 1). The remaining balance of \$996 was collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Chandler Cultural Foundation's name.

**Investments**

The City's investments are categorized below to give an indication of the level of risk assumed by the City at June 30, 2003. Category 1 includes investments that are insured or registered or for which the securities are held by the City or its agent in the City's name. The LGIP is an external investment pool managed by the State Treasurer's Office with no regulatory oversight. The City's investment in the State of Arizona's LGIP is held in shares, each share is stated at \$1 fair value, and is not subject to categorization.

	Category 1	Fair Value
U.S. Government Securities	\$ 75,164,000	\$ 75,164,000
Investments Not Subject to Categorization		
Investment in Money Market Funds		1,505,078
Investment in State of Arizona		
Local Government Investment Pool		400,342,207
		\$ 477,011,285

**Reconciliation of cash and investments as reported on the Statement of Net Assets:**

	Primary Government	Component Units	Fiduciary Funds
Carrying Amount of Deposits	\$ 4,541,339	\$ 142,273	\$ 49,793
Fair Value of Investments	475,389,439	1,581,846	40,000
Total Cash and Investments	\$ 479,930,778	\$ 1,724,119	\$ 89,793
	Primary Government	Component Units	Fiduciary Funds
Equity in Pooled Cash and Investments	\$ 478,749,044	\$ -	\$ 49,793
Cash and Investments	-	1,302,123	-
Restricted Cash and Investments	1,181,734	421,996	40,000
Total Cash and Investments	\$ 479,930,778	\$ 1,724,119	\$ 89,793

**CITY OF CHANDLER, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2003**

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

The City recognized a decrease in the fair value of investments at June 30, 2003 of \$14,768,823. This decrease is attributed to the City's ratable share of a loss recognized in the State of Arizona's Local Government Investment Pool due to the bankruptcy of the issuer of the underlying securities. The City of Chandler and the State of Arizona are parties to an impending legal action, the intent of which is to recover some or all of the funds lost by the investors in the State of Arizona's Local Government Investment Pool. As of June 30, 2003 an objective measure of the potential recovery, if any, has not been made.

**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 1978-79. 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 2002-03, current property tax collections were \$17,429,004 or 100.19 percent of the tax levy, and were recognized as revenue when received. Collections exceed the tax levy due to the under-estimate of the unsecured levy for personal property assessments. 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 2003 are not available for fiscal year 2002-03; accordingly, such taxes will not be recognized as revenue until fiscal year 2003-2004.

**CITY OF CHANDLER, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2003**

**NOTE 4 – Capital Assets**

The City has not completed its evaluation of the City's entire infrastructure as of June 30, 2003, and therefore, only the additions for infrastructure since July 1, 2001, have been capitalized. The City will complete the infrastructure evaluation prior to June 30, 2006.

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

Governmental Activities	Balance July 1, 2002	Additions and Transfers In	Deletions and Transfers Out	Balance June 30, 2003
Capital assets, not being depreciated:				
Land	\$ 38,064,444	\$ 4,657,994	\$ -	\$ 42,722,438
Construction in progress	42,092,757	41,692,740	(56,985,335)	26,800,162
Total capital assets not being depreciated	<u>80,157,201</u>	<u>46,350,734</u>	<u>(56,985,335)</u>	<u>69,522,600</u>
Capital assets, being depreciated:				
Infrastructure	30,842,362	51,425,165	-	82,267,527
Buildings and improvements	70,193,877	21,840,933	-	92,034,810
Machinery and equipment	21,075,677	6,494,478	(175,162)	27,394,993
Total capital assets being depreciated	<u>122,111,916</u>	<u>79,760,576</u>	<u>(175,162)</u>	<u>201,697,330</u>
Less accumulated depreciation for:				
Infrastructure	(519,036)	(1,832,145)	-	(2,351,181)
Buildings and improvements	(14,048,820)	(2,245,859)	-	(16,294,679)
Machinery and equipment	(8,270,927)	(2,002,559)	53,614	(10,219,872)
Total accumulated depreciation	<u>(22,838,783)</u>	<u>(6,080,563)</u>	<u>53,614</u>	<u>(28,865,732)</u>
Total capital assets, being depreciated, net	<u>99,273,133</u>	<u>73,680,013</u>	<u>(121,548)</u>	<u>172,831,598</u>
Governmental activities capital assets, net	<u>\$ 179,430,334</u>	<u>\$ 120,030,747</u>	<u>\$ (57,106,883)</u>	<u>\$ 242,354,198</u>

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

	Expended During FYE June 30, 2003	Remaining Commitments
Streets	\$ 25,147,886	\$ 12,801,381
Parks and recreation	7,550,364	2,070,219
Buildings and related improvements	8,994,490	8,383,258
Total	<u>\$ 41,692,740</u>	<u>\$ 23,254,858</u>

**CITY OF CHANDLER, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2003**

**NOTE 4 – Capital Assets, continued**

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

Business-Type Activities	Balance July 1, 2002	Additions and Transfers In	Deletions and Transfers Out	Balance June 30, 2003
Capital assets, not being depreciated:				
Land	\$ 35,524,163	\$ 532,058	\$ (155,854)	\$ 35,900,367
Construction in progress	<u>39,335,684</u>	<u>38,743,893</u>	<u>(39,489,992)</u>	<u>38,589,585</u>
Total capital assets not being depreciated	<u>74,859,847</u>	<u>39,275,951</u>	<u>(39,645,846)</u>	<u>74,489,952</u>
Capital assets, being depreciated:				
System improvements	444,168,360	49,260,450	(1,308,542)	492,120,268
Building and improvements	14,754,607	870,135	(369,479)	15,255,263
Vehicles, machinery and equipment	12,134,832	449,538	(88,884)	12,495,486
Land improvements	<u>1,143,401</u>	<u>108,451</u>	<u>-</u>	<u>1,251,852</u>
Total capital assets being depreciated	<u>472,201,200</u>	<u>50,688,574</u>	<u>(1,766,905)</u>	<u>521,122,869</u>
Less accumulated depreciation for:				
System improvements	(167,064,190)	(19,623,255)	-	(186,687,445)
Buildings and improvements	(7,021,732)	(445,696)	94,646	(7,372,782)
Vehicles, machinery and equipment	(8,303,431)	(873,944)	29,125	(9,148,250)
Land improvements	<u>(822,235)</u>	<u>(63,857)</u>	<u>-</u>	<u>(886,092)</u>
Total accumulated depreciation	<u>(183,211,588)</u>	<u>(21,006,752)</u>	<u>123,771</u>	<u>(204,094,569)</u>
Total capital assets, being depreciated, net	<u>288,989,612</u>	<u>29,681,822</u>	<u>(1,643,134)</u>	<u>317,028,300</u>
Business-type activities capital assets, net	<u>\$ 363,849,459</u>	<u>\$ 68,957,773</u>	<u>\$ (41,288,980)</u>	<u>\$ 391,518,252</u>

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

	Expended to June 30, 2003	Remaining Commitments
Buildings and improvements	\$ 18,147,466	\$ 4,686,987
Mains/service/valves	4,946,470	1,801,547
Reservoirs and storage tanks	1,027,220	1,124,900
Sewer system improvements	7,685,280	1,162,589
Water system improvements	3,899,045	5,075,752
Airport improvements	2,124,681	-
Solid waste improvements	<u>759,423</u>	<u>767,253</u>
Total	<u>\$ 38,589,585</u>	<u>\$ 14,619,028</u>

**CITY OF CHANDLER, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2003**

**NOTE 4 – Capital Assets, concluded**

A summary of changes in capital assets for the Chandler Cultural Foundation is as follows:

<u>Chandler Cultural Foundation</u>	Balance July 1, 2002	Additions and Transfers In	Deletions and Transfers Out	Balance June 30, 2003
Artwork, not being depreciated	\$ 6,000	\$ -	\$ -	\$ 6,000
Equipment	29,423	-	-	29,423
Equipment - VG	6,518	-	-	6,518
Office Furniture	13,466	-	-	13,466
Leasehold - VG	5,414	-	-	5,414
Site Improvement - Marquee	52,552	-	-	52,552
Total capital assets being depreciated	107,373	-	-	107,373
Less accumulated depreciation for:				
Equipment	(28,995)	(321)	-	(29,316)
Equipment - VG	(5,069)	(918)	-	(5,987)
Office Furniture	(13,466)	-	-	(13,466)
Leasehold - VG	(1,008)	(180)	-	(1,188)
Site Improvement - Marquee	(25,964)	(5,255)	-	(31,219)
Total accumulated depreciation	(74,502)	(6,674)	-	(81,176)
Total capital assets, net	\$ 38,871	\$ (6,674)	\$ -	\$ 32,197

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 711,066
Public safety	1,630,521
Community services	1,634,362
Community development	6,559
Public works	2,098,055
Total depreciation expense - governmental activities	<u>\$ 6,080,563</u>
Business-type activities:	
Water	\$ 10,618,003
Wastewater	8,610,365
Solid waste	583,271
Airport	727,639
Chandler Housing Authority	467,474
Total depreciation expense - business-type activities	<u>\$ 21,006,752</u>

**CITY OF CHANDLER, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2003**

**NOTE 5 - Operating Leases**

The City leases approximately 64,000 square feet of office and library space under noncancelable operating leases expiring through June 2020. One office lease allows for basic annual rent escalations of 3% per annum in the 4<sup>th</sup>, 7<sup>th</sup> and 10<sup>th</sup> lease years and the library lease allows for annual rent escalations of 3.5% per annum. Total costs for such leases were \$921,754 for the year ended June 30, 2003. The future minimum lease payments for these leases are as follows:

<u>Year Ending June 30</u>		
2004	\$	951,712
2005		852,301
2006		852,872
2007		865,342
2008		885,698
2009-2020		6,919,189
Total		<u><u>\$ 11,327,114</u></u>

**NOTE 6 - 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 Proprietary Funds as they are to be repaid from proprietary 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. General Obligation bonds outstanding as reported in governmental and business-type activities at June 30, 2003 were as follows:

	<u>Outstanding June 30, 2003</u>
Governmental Activities General Obligation Bonds:	
\$25,285,000 Refunding Bonds, Series 1992, due in annual installments of \$600,000 to \$2,700,000 through 7/1/09; interest at 5 percent to 5.75 percent.	\$ 14,295,000
\$9,850,000 Capital Improvement Bonds, Series 1993, due in annual installments of \$100,000 to \$5,000,000 through 7/1/13; interest at 4.38 percent to 7.38 percent.	1,080,000
\$8,275,000 Capital Improvement Bonds, Series 1994, due in an annual installment of \$1,450,000 at 7/1/10; interest at 8 percent.	1,450,000
\$6,650,000 Capital Improvement Bonds, Series 1996, due in annual installments of \$125,000 to \$3,300,000 starting 7/1/03 through 7/1/15; interest at 5.13 percent to 6.63 percent.	1,350,000
\$8,205,000 Capital Improvement Bonds, Series 1996B, due in annual installments of \$430,000 to \$4,000,000 starting 7/1/10 through 7/1/16; interest at 5.25 percent to 7.25 percent.	1,905,000
\$9,730,000 Refunding Bonds, Series 1997, due in annual installments of \$100,000 to \$2,350,000 starting 7/1/98 through 7/1/13; interest at 4.7 percent to 7.5 percent.	6,805,000
\$3,590,000 Capital Improvement Bonds, Series 1998, due in annual installments of \$165,000 to \$325,000 starting 7/1/03 through 7/1/17; interest at 4.38 percent to 6.3 percent.	3,265,000
\$6,950,000 Capital Improvement Bonds, Series 1999, due in annual installments of \$550,000 to \$875,000 starting 7/1/09 through 7/1/18; interest at 4.35 percent to 6.35 percent.	6,950,000

**CITY OF CHANDLER, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2003**

**NOTE 6 - Long-Term Liabilities, continued**

\$8,520,000 Capital Improvement Bonds, Series 2000, due in annual installments of \$575,000 to \$1,025,000 starting 7/1/09 through 7/1/19; interest at 5 percent to 7 percent.	8,520,000
\$8,040,000 Capital Improvement Bonds, Series 2001, due in annual installments of \$475,000 to \$905,000 starting 7/1/09 through 7/1/20; interest at 5 percent to 5.5 percent.	8,040,000
\$23,000,000 Capital Improvement Bonds, Series 2002, due in annual installments of \$700,000 to \$2,235,000 starting 7/1/03 through 7/1/19; interest at 3 percent to 5 percent.	23,000,000
\$21,375,000 Capital Improvement Bonds, Series 2003, due in annual installments of \$500,000 to \$2,775,000 starting 7/1/04 through 7/1/17; interest at 2 percent to 4 percent.	21,375,000
\$8,935,000 Refunding Bonds, Series 2003, due in annual installments of \$730,000 to \$2,775,000 starting 7/1/10 through 7/1/16; interest at 2.75 percent to 5 percent.	8,935,000

<b>Total Governmental Activities General Obligation Bonds</b>	<b>\$ 106,970,000</b>
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Business-Type Activities Supported General Obligation Bonds:	<u>Outstanding June 30, 2003</u>
\$9,850,000 Capital Improvement Bonds, Series 1993, due in annual installments of \$100,000 to \$5,000,000 through 7/1/13; interest at 4.38 percent to 7.38 percent.	\$ 1,195,000
\$17,225,000 Refunding Bonds, Series 2001, due in annual installments of \$335,000 to \$2,290,000 through 7/1/11; interest at 4.25 percent to 5 percent.	16,870,000
\$7,330,000 Refunding Bonds, Series 2003, due in annual installments of \$140,000 to \$2,580,000 starting 7/1/10 through 7/1/15; interest at 2.75 percent to 5.0 percent.	7,330,000

<b>Total Business-Type Activities General Obligation Bonds</b>	<b>\$ 25,395,000</b>
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**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. Street and highway revenue bonds outstanding as reported in governmental activities at June 30, 2003 were as follows:

Governmental Activities Revenue Bonds:	<u>Outstanding June 30, 2003</u>
\$6,130,000 Street & Highway User Bonds, Series 1991, due in annual installments of \$855,000 at 7/1/05; interest at 9.13 percent.	\$ 855,000
\$11,175,000 Street & Highway User Refunding Bonds, Series 1992, due in annual installments of \$40,000 to \$1,805,000 through 7/1/10; interest at 5.38 percent to 6.88 percent.	1,550,000

**CITY OF CHANDLER, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2003**

**NOTE 6 - Long-Term Liabilities, continued**

\$4,850,000 Street & Highway User Refunding Bonds, Series 1993, due in annual installments of \$375,000 to \$875,000 through 7/1/03; interest at 4.25 percent to 5 percent.	875,000
\$2,500,000 Street & Highway User Bonds, Series 1993, due in annual installments of \$800,000 to \$875,000 starting 7/1/11 through 7/1/13; interest at 5 percent to 6 percent.	800,000
\$5,750,000 Street & Highway User Bonds, Series 1994, due in an annual installment of \$1,100,000 at 7/1/11; interest at 8 percent.	1,100,000
\$6,550,000 Street & Highway User Bonds, Series 1996, due in annual installments of \$125,000 to \$2,750,000 starting 7/1/97 through 7/1/15; interest at 4.88 percent to 6.38 percent.	5,625,000
\$1,250,000 Street & Highway User Bonds, Series 1996B, due in annual installments of \$25,000 to \$1,000,000 starting 7/1/06 though 7/1/16; interest at 5.5 percent to 7.5 percent.	1,250,000
\$5,280,000 Street & Highway User Refunding Bonds, Series 1997, due in annual installments of \$25,000 to \$2,230,000 starting 7/1/98 through 7/1/14; interest at 5.38 percent to 8 percent.	5,155,000
\$5,715,000 Street & Highway User Bonds, Series 1998, due in annual installments of \$165,000 to \$475,000 starting 7/1/99 through 7/1/17; interest at 4.88 percent to 7.38 percent.	4,975,000
\$3,300,000 Street & Highway User Bonds, Series 1999, due in annual installments of \$100,000 to \$250,000 starting 7/1/99 through 7/1/17; interest at 4 percent to 7 percent.	2,775,000
\$2,250,000 Street & Highway User Bonds, Series 2000, due in annual installments of \$75,000 to \$200,000 starting 7/1/00 through 7/1/18; interest at 5.2 percent to 7 percent.	2,025,000
\$6,830,000 Street & Highway User Bonds, Series 2001, due in annual installments of \$210,000 to \$555,000 starting 7/1/01 through 7/1/19; interest at 4.4 percent to 6.4 percent.	6,200,000
\$10,540,000 Street & Highway User Refunding Bonds, Series 2002, due in annual installments of \$240,000 to \$1,845,000 starting 7/1/05 through 7/1/13; interest at 3.0 percent to 4.3 percent.	10,540,000
\$5,000,000 Street & Highway User Bonds, Series 2003, due in annual installments of \$1,000,000 to \$1,500,000 starting 7/1/16 through 7/1/19; interest at 3.5 percent to 5.0 percent.	5,000,000
<b>Total Governmental Activities Revenue Bonds</b>	<b><u><u>\$ 48,725,000</u></u></b>

**C. Water, Sewer and Solid Waste Revenue Bonds**

Water, sewer and solid waste revenue bonds are issued as authorized by the voters to provide funds to acquire and construct certain improvements to the water, sewer and solid waste 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. Water, sewer and solid waste revenue bonds outstanding as reported in business-type activities at June 30, 2003 were as follows:

Business-Type Activities Revenue Bonds:	<u>Outstanding June 30, 2003</u>
\$17,275,000 Water & Sewer Refunding Bonds, Series 1993, due in annual installments of \$350,000 to \$3,350,000 through 7/1/09; interest at 5 percent to 8 percent.	\$ 1,250,000

**CITY OF CHANDLER, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2003**

**NOTE 6 - Long-Term Liabilities, continued**

\$5,150,000 Water & Sewer Bonds, Series 1994, due in annual installments of \$2,150,000 to \$3,000,000 starting 7/1/14 through 7/1/15; interest at 6.5 percent to 8 percent.	2,150,000
\$16,890,000 Water & Sewer Bonds, Series 1996, due in annual installments of \$240,000 to \$7,500,000 starting 7/1/09 through 7/1/16; interest at 5.25 percent to 7.25 percent.	1,390,000
\$7,770,000 Water & Sewer Refunding Bonds, Series 1997, due in annual installments of \$50,000 to \$4,100,000 starting 7/1/15; interest at 5.13 percent to 7 percent.	7,320,000
\$10,330,000 Water & Sewer Bonds, Series 1998, due in annual installments of \$250,000 to \$4,000,000 starting 7/1/04 through 7/1/17; interest at 4.5 percent to 6.5 percent.	10,330,000
\$5,985,000 Water & Sewer Bonds, Series 1999, due in annual installments of \$275,000 to \$575,000 starting 7/1/03 through 7/1/17; interest at 4.2 percent to 6.2 percent.	5,985,000
\$3,000,000 Water & Sewer Bonds, Series 2000, due in annual installments of \$100,000 to \$500,000 starting 7/1/01 through 7/1/09 and 7/1/13 through 7/1/17; interest at 5 percent to 6.5 percent.	2,500,000
\$12,500,000 Water & Sewer Bonds, Series 2001, due in annual installments of \$420,000 to \$1,045,000 starting 7/1/01 through 7/1/18; interest at 4.25 percent to 6 percent.	11,280,000
\$26,145,000 Water & Sewer Refunding Bonds, Series 2001, due in annual installments of \$515,000 to \$3,485,000 starting 7/1/02 through 7/1/10; interest at 4.25 percent to 5 percent.	25,630,000
\$13,525,000 Sub Lien Water & Sewer Bonds, Series 2002, due in annual installments of \$350,000 to \$1,185,000 starting 7/1/02 through 7/1/10; interest at 3 percent to 4 percent.	13,175,000
\$10,970,000 Water & Sewer Refunding Bonds, Series 2002, due in annual installments of \$300,000 to \$3,755,000 starting 7/1/03 through 7/1/13; interest at 3 percent to 5 percent.	10,970,000
\$17,830,000 Water & Sewer Refunding Bonds, Series 2003, due in annual installments of \$30,000 to \$7,515,000 starting 7/1/04 through 7/1/16; interest at 2 percent to 5 percent.	17,830,000
\$10,000,000 Water & Sewer Bonds, Series 2003, due in annual installments of \$ 150,000 to \$4,200,000 starting 7/1/04 through 7/1/13; interest at 2 percent to 4 percent.	10,000,000
\$1,700,000 Solid Waste Bonds, Series 1996, due in annual installments of \$50,000 to \$150,000 starting 7/1/98 through 7/1/16; interest at 5.38 percent to 7.38 percent.	1,425,000
\$1,700,000 Solid Waste Bonds, Series 1998, due in annual installments of \$50,000 to \$275,000 starting 7/1/99 through 7/1/17; interest at 6.25 percent to 6.75 percent.	1,500,000
<b>Total Business-Type Activities Revenue Bonds</b>	<u><u>\$ 122,735,000</u></u>

**CITY OF CHANDLER, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2003**

**NOTE 6 - Long-Term Liabilities, continued**

**D. 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, 2003, 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, 2003 were as follows:

	Outstanding June 30, 2003
Governmental Activities Special Assessment Bonds:	
\$145,000 Improvement District #88 Bonds, due in annual installments of \$14,500 starting 1/1/99 through 1/1/08; interest at 5.63 percent.	\$ 47,500
\$1,760,000 Improvement District #89 Bonds, due in annual installments of \$85,000 to \$160,000 starting 1/1/00 through 1/1/15; interest at 4.75 percent.	1,500,000
<b>Total Special Assessment Bonds with Governmental Commitment</b>	<b>\$ 1,547,500</b>

**E. Municipal Property Corporation Certificates of Participation**

The Corporation issued \$20,150,000 of Certificates of Participation in 1995 (Certificates). These Certificates were used to acquire a ground lease; acquire and construct certain water production facilities and water system improvements, an industrial process water treatment facility and certain improvements and facilities related to the recharge and reuse of treated wastewater, including engineering, program management and other consulting fees; and to pay all costs incurred to issue the Certificates. The City is required to make lease payments to the Corporation in amounts equal to the principal and interest payable on the Certificates. The lease payments are secured by the City's pledge of net revenues from the operation of the City's water and sewer systems. The Corporation's Certificates outstanding as reported in business-type activities at June 30, 2003 were as follows:

	Outstanding June 30, 2003
Business-Type Activities Certificates of Participation:	
\$20,150,000 Taxable Certificates of Participation, Series 1995, due in annual installments of \$525,000 to \$1,850,000 through 7/1/15; interest at 7 percent to 9.75 percent.	\$ 11,035,000

**F. Intergovernmental Loan**

The City has an intergovernmental loan with the Arizona Department of Transportation. The original loan amount was \$200,000. The City is required to make loan payments to the Arizona Department of Transportation in amounts equal to the principal and interest payable on the loan. The outstanding amount as reported in business-type activities at June 30, 2003 was as follows:

	Outstanding June 30, 2003
Business-Type Activities Intergovernmental Loan:	
\$200,000 Intergovernmental Loan, due in quarterly installments of \$5,575 through 2/1/08; interest at 5.08 percent	\$ 93,706

**CITY OF CHANDLER, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2003**

**NOTE 6 - Long-Term Liabilities, continued**

**Changes in Long-Term Liabilities**

Long-term liability activity for the year ended June 30, 2003 was as follows:

Governmental Activities:	Balance July 1, 2002	Additions	Reductions	Balance June 30, 2003	Due Within One Year
General obligation bonds	\$ 87,250,000	\$ 30,310,000	\$ (10,590,000)	\$ 106,970,000	\$ 4,490,000
Revenue bonds	45,300,000	15,540,000	(12,115,000)	48,725,000	2,025,000
Special assessment bonds	1,647,000	-	(99,500)	1,547,500	104,500
Accrued interest - capital appreciation bonds	27,102,208	2,045,522	-	29,147,730	-
<b>Totals</b>	<b>\$ 161,299,208</b>	<b>\$ 47,895,522</b>	<b>\$ (22,804,500)</b>	<b>\$ 186,390,230</b>	<b>\$ 6,619,500</b>

Business-Type Activities:	Balance July 1, 2002	Additions	Reductions	Balance June 30, 2003	Due Within One Year
General obligation bonds	\$ 25,770,000	\$ 7,330,000	\$ (7,705,000)	\$ 25,395,000	\$ 1,690,000
Revenue bonds	117,540,000	27,830,000	(22,635,000)	122,735,000	6,595,000
Certificates of participation	12,510,000	-	(1,475,000)	11,035,000	825,000
Intergovernmental loans	110,755	-	(17,049)	93,706	17,923
Landfill closure/post closure	6,940,291	5,323,714	-	12,264,005	-
<b>Totals</b>	<b>\$ 162,871,046</b>	<b>\$ 40,483,714</b>	<b>\$ (31,832,049)</b>	<b>\$ 171,522,711</b>	<b>\$ 9,127,923</b>

**Statutory Debt Limitation**

In the absence of more restrictive bond authorization ballot limitations, the City is subject to state limitations on the amount of net bonded debt, (exclusive of revenue and improvement district bonds) it may have outstanding. The statutory debt limitation is 20 percent of the secondary assessed valuation for purposes of water, sewer, open space and artificial lighting and 6 percent of the secondary assessed valuation for all other purposes. At June 30, 2003, the 6 percent debt limitation was \$98,302,556, providing a debt margin of \$52,827,556, and the 20 percent debt limitation was \$327,675,186, providing a debt margin of \$246,965,186.

**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.

**CITY OF CHANDLER, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2003**

**NOTE 6 - Long-Term Liabilities, concluded**

**Debt Service Requirements to Maturity**

The following is a summary of debt service requirements to maturity for all bonds, loans and certificates of participation payable as of June 30, 2003.

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
2004	\$ 4,490,000	\$ 6,915,043	\$ 2,025,000	\$ 2,309,104	\$ 104,500	\$ 73,922	\$ 15,917,569
2005	6,475,000	7,155,118	2,110,000	2,171,308	109,500	68,875	18,089,801
2006	6,125,000	7,198,227	2,095,000	2,036,730	114,500	63,591	17,633,048
2007	4,412,572	7,289,553	2,645,000	1,920,709	119,500	58,069	16,445,403
2008	4,417,571	7,336,398	2,740,000	1,821,123	124,500	52,309	16,491,901
2009-2013	32,634,857	20,534,287	15,640,000	7,209,465	665,000	149,862	76,833,471
2014-2018	39,325,000	6,418,671	17,195,000	2,881,652	310,000	43,938	66,174,261
2019-2023	9,090,000	500,188	4,275,000	165,100	-	-	14,030,288
Total	\$ 106,970,000	\$ 63,347,485	\$ 48,725,000	\$ 20,515,191	\$ 1,547,500	\$ 510,566	\$241,615,742

BUSINESS-TYPE ACTIVITIES									
Years Ended June 30	General Obligation Principal	General Obligation Interest	Revenue Principal	Revenue Interest	Certificates of Participation Principal	Certificates of Participation Interest	Intergov. Loan Principal	Intergov. Loan Interest	Total
2004	\$ 1,690,000	\$ 1,177,199	\$ 6,595,000	\$ 5,387,677	\$ 825,000	\$ 813,045	\$ 17,923	\$ 4,379	\$ 16,510,223
2005	1,770,000	1,066,826	6,790,000	5,069,853	875,000	755,295	18,841	3,460	16,349,275
2006	1,955,000	985,222	7,640,000	4,776,866	950,000	694,045	19,807	2,494	17,023,434
2007	2,092,429	892,893	7,925,000	4,475,378	1,025,000	625,170	20,822	1,479	17,058,171
2008	2,172,429	792,648	8,245,000	4,156,746	1,100,000	550,857	16,313	412	17,034,405
2009-2013	8,525,142	2,403,831	42,820,000	15,381,832	6,260,000	1,417,588	-	-	76,808,393
2014-2018	7,190,000	536,125	41,675,000	5,348,247	-	-	-	-	54,749,372
2019-2023	-	-	1,045,000	23,513	-	-	-	-	1,068,513
Total	\$ 25,395,000	\$ 7,854,744	\$ 122,735,000	\$44,620,112	\$ 11,035,000	\$ 4,856,000	\$ 93,706	\$ 12,224	\$216,601,786

**CITY OF CHANDLER, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2003**

**NOTE 7 - Defeased Debt**

**Current Year Defeasance**

On November 21, 2002, the City issued \$10,540,000 in Streets and Highway User Refunding Revenue Bonds with an average interest rate of 3.55 percent to advance refund \$8,505,000 of Series 1992 Streets and Highway User Refunding Revenue Bonds and \$1,700,000 of Series 1993 Streets and Highway User Revenue Bonds with average interest rates of 5.7 and 5.0 percent, respectively. The net proceeds of \$10,590,916 (after payment of \$ 155,533 in underwriting fees, insurance, and other issuance costs and receipt of \$186,496 in original issue premium) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1992 and 1993 bonds. As a result, the 1992 and 1993 bonds referred to above are considered to be defeased and the liability for those bonds has been removed from the government-wide statement of net assets. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$102,050. This difference, reported in the accompanying financial statements as a component of other assets, is being charged to operations through the year 2013 using the straight-line amortization method. The City completed the advance refunding to decrease its total debt service payments over the next 11 years by \$888,487 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$910,819.

On June 10, 2003, the City issued \$16,265,000 in General Obligation Refunding Bonds with an average interest rate of 4.4 percent to advance refund \$7,575,000 of Series 1993 General Obligation Bonds, \$5,300,000 of Series 1996 General Obligation Bonds, and \$3,390,000 of Series 1996B General Obligation Bonds with average interest rates of 4.59, 5.13, and 5.29 percent, respectively. The net proceeds of \$17,606,627 (after payment of \$ 186,988 in underwriting fees, insurance, and other issuance costs and receipt of \$1,511,089 in original issue premium) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1993, 1996, and 1996B bonds. As a result, the 1993, 1996, and 1996B bonds referred to above are considered to be defeased and the liability for those bonds has been removed from the government-wide statement of net assets. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$1,342,753. This difference, reported in the accompanying financial statements as a component of other assets, is being charged to operations through the year 2016 using the straight-line amortization method. The City completed the advance refunding to decrease its total debt service payments over the next 14 years by \$1,118,177 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$1,140,244.

On June 10, 2003, the City issued \$17,830,000 in Water and Sewer Revenue Refunding Bonds with an average interest rate of 4.64 percent to advance refund \$5,900,000 of Series 1993 Water and Sewer Revenue Refunding Bonds and \$11,500,000 of Series 1996 Water and Sewer Revenue Bonds with average interest rates of 5.22 and 5.34 percent, respectively. The net proceeds of \$19,290,137 (after payment of \$186,778 in underwriting fees, insurance, and other issuance costs and receipt of \$1,628,782 in original issue premium) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1993 and 1996 bonds. As a result, the 1993 and 1996 bonds referred to above are considered to be defeased and the liability for those bonds has been removed from the government-wide statement of net assets. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$1,891,885. This difference, reported in the accompanying financial statements as a component of other assets, is being charged to operations through the year 2016 using the straight-line amortization method. The City completed the advance refunding to decrease its total debt service payments over the next 14 years by \$908,097 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$927,978.

**CITY OF CHANDLER, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2003**

**NOTE 7 - Defeased Debt, concluded**

**Prior Year Defeasance**

In prior years, the City defeased certain general obligation, water and sewer revenue, street and highway user revenue, and Municipal Property Corporation 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 which have been advance refunded (defeased) as of June 30, 2003 are as follows:

Refunded Debt Outstanding	Amount
Water and Sewer Revenue Bonds, Series 1994	\$ 3,000,000
Water and Sewer Revenue Bonds, Series 1996	15,500,000
Water and Sewer Revenue Refunding Bonds, Series 1993	5,900,000
Streets and Highway User Revenue Bonds, Series 1994	4,650,000
Streets and Highway User Revenue Bonds, Series 1993	1,700,000
General Obligation Bonds, Projects of 1985 & 1987, Series 1998	8,400,000
General Obligation Bonds, Series 1990	6,485,000
General Obligation Refunding Bonds, Series 1991	3,370,000
General Obligation Bonds, Series 1994	6,825,000
General Obligation Bonds, Series 1996B	6,300,000
General Obligation Bonds, Series 1998	325,000
General Obligation Bonds, Series 1993	7,575,000
General Obligation Bonds, Series 1996	5,300,000
Municipal Property Corporation Bonds, Series 1995	4,165,000
Total Refunded Bonds Outstanding	<u>\$ 79,495,000</u>

**CITY OF CHANDLER, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2003**

**NOTE 8 – 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 current activities of the landfill, an expense provision and related liability are being recognized based on the future closure and postclosure care costs that will 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, 2003, the City estimated total costs, related to landfill closure and postclosure care, is \$17,650,075. Using the percentage of usage method, currently at 91.05 percent, the City has recognized closure and postclosure care costs of \$16,070,099, of which \$3,806,094 has been paid to date. The remaining balance of \$12,264,005 is recorded as a non-current liability on the City's financial statements. The remaining estimated costs of \$1,579,976 will be recognized between July 1, 2003 and October 2005 when the landfill is projected to be filled to capacity.

The estimated total current cost of the landfill closure and postclosure, \$17,650,075, 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, 2003. 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 the local government financial test requirements that assure the City can meet the costs of landfill closure, postclosure, and corrective action when needed. The City meets the Bond Rating Requirement as the City's outstanding, rated, general obligation bonds are not secured by insurance, a letter of credit, or other collateral or guarantees, and the general obligation bonds have a current rating of Aaa, Aa, A, or Baa, as issued by Moody's, or AAA, AA, A, or BB, as issued by Standard and Poor's on all such general obligation bonds. In addition, the City is neither currently in default on any outstanding general obligation bonds, nor has any general obligation bonds rated lower than Baa, as issued by Moody's, or BBB, as issued by Standard and Poor's. 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 landfill users, taxpayers, or both.

The City's estimated total current cost of the landfill closure and postclosure liability increased from \$12,087,597 at June 30, 2002 to \$17,650,075 at June 30, 2003. The majority of this increase is attributed to the decision to convert the surface of the reclaimed property into an open-air recreational facility. The projected cost of this additional project is approximately \$5.3 million.

As a result of the increase in estimated postclosure liability recognized in fiscal year 2003, the Solid Waste Fund reported an operating loss of \$ 4,953,891. The City expects that the Solid Waste Fund will return to positive operating results in future years and therefore has not made an adjustment to landfill fees to compensate for this increase in postclosure costs.

**CITY OF CHANDLER, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2003**

**NOTE 9 - Capital Contributions**

Capital contributions in the Water, Wastewater, Solid Waste, Airport, and Housing Authority funds amounted to the following:

	System Development Fees	Developer Contributions	Government Contributions	Total
Water	\$ 13,055,419	\$ 5,339,380	\$ -	\$ 18,394,799
Wastewater	5,038,674	5,591,005	-	10,629,679
Solid Waste	335,274	-	-	335,274
Airport	-	-	46,020	46,020
Housing Authority	-	-	202,054	202,054
Total	<u>\$ 18,429,367</u>	<u>\$ 10,930,385</u>	<u>\$ 248,074</u>	<u>\$ 29,607,826</u>

**NOTE 10 – Fund Equity**

In addition, reserves for encumbrances and inventories are shown on the governmental fund financial statements. The City may also designate through administrative policy portions of net assets in funds to demonstrate the government's intended use of those net assets. Restrictions, reservations and designations of fund balances and net assets at June 30, 2003, were as follows:

Fund Balance Reservations

	Fund Statements	
	General	Non-Major Governmental Funds
Fund Balance:		
Reserved:		
Encumbrances	\$ 8,537,062	\$ -
Debt Service	-	758,615
Capital Improvements	25,791,221	90,561,566
Total Reserved	<u>34,328,283</u>	<u>91,320,181</u>
Unreserved:		
Designated:		
Capital Improvements	24,037,271	-
Expenditure Control Budgeting	2,365,236	-
Self-Insurance	2,500,000	-
Parking Garage Operations	955,301	-
City Council 15 percent Contingency Reserve	21,758,448	-
Undesignated	83,691,602	5,677,614
Total Fund Balance	<u>\$ 169,636,141</u>	<u>\$ 96,997,795</u>

**Reservations of Fund Balances**

At June 30, 2003, reserved amounts of fund balance represent the following:

- 1) Encumbrances - comprises purchase obligations outstanding at the end of the fiscal year;

**CITY OF CHANDLER, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2003**

**NOTE 10 – Fund Equity, concluded**

- 2) Debt Service - payment of future principal and interest unpaid at the end of the fiscal year and/or amounts accumulated and reserved/restricted for improvement district debt and general obligation debt;
- 3) Capital Improvements - amounts reserved for specific projects and amounts appropriated as part of the City's 2003/2004 budget.

**Net Assets**

Restricted net assets shown on the financial statements are restrictions imposed by external sources or by law through constitutional provisions or enabling legislation. Net assets at June 30, 2003, were as follows:

	Governmental Activities	Water	Wastewater	Solid Waste	Non-Major Enterprise Funds	Pension Trust
<b>Net Assets:</b>						
Invested in capital assets,						
net of related debt	\$ 55,963,968	\$ 91,102,859	\$ 101,386,357	\$ 4,843,057	\$ 34,927,273	
<b>Restricted:</b>						
Debt Service	758,615	289,723	892,011			
Capital Improvements	116,352,787	42,595,499	20,220,694	6,145,165	55,519	
Volunteer Fireman's Pension						69,798
Unrestricted	186,420,301	56,682,874	11,481,834	(1,346,657)	4,013,562	
<b>Total Net Assets</b>	<b><u>\$ 359,495,671</u></b>	<b><u>\$ 190,670,955</u></b>	<b><u>\$ 133,980,896</u></b>	<b><u>\$ 9,641,565</u></b>	<b><u>\$ 38,996,354</u></b>	<b><u>\$ 69,798</u></b>

**Restricted Net Assets**

At June 30, 2003, restricted amounts of net assets represent the following:

- 1) Debt Service - amount reserved pursuant to Municipal Property Corporation bond agreement;
- 2) Capital Improvements - amounts reserved for specific projects and amounts appropriated as part of the City's 2003/2004 budget;
- 3) Volunteer Firemen's Pension - actuarially determined benefits payable under the Volunteer Firemen's Pension and Relief Trust Fund.

**NOTE 11 - Retirement and Pension Plans**

All full-time employees of the City, the Mayor and City Council are covered by one of three pension plans. All full-time City employees, except public safety personnel, participate in the Arizona State Retirement System, a multiple-employer cost-sharing pension plan. Public safety personnel participate in the Public Safety Personnel Retirement System, which is an agent multiple-employer plan. The Mayor and City Council participate in the Elected Officials' Retirement Plan, a multiple-employer cost sharing pension plan. All three pension plans are administered by the State of Arizona.

**Arizona State Retirement System**

**A. Plan Description**

All full-time City employees (except public safety personnel) participate in the Arizona State Retirement System (the System), a multiple-employer cost sharing defined benefit pension plan. The System was established by the State of Arizona to provide pension benefits for employees of the state and employees of participating political subdivisions and school districts. The System is administered in accordance with Title 38, Chapter 5, of the Arizona Revised Statutes. The system provides for retirement, disability, health

**CITY OF CHANDLER, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2003**

**NOTE 11 - Retirement and Pension Plans, continued**

insurance premium benefits, and death and survivor benefits. The Arizona State Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to Arizona State Retirement System, P.O. Box 33910, Phoenix, AZ 85067-3910, or by calling 1-800-621-3778.

**B. Funding Policy**

The Arizona Revised Statutes provide statutory authority for determining the employees' and employers' contribution amounts as a percentage of covered payroll. Employers are required to contribute at the same rate as employees. Although the statutes prescribe the basis of making the actuarial calculation, the Arizona Legislature is able to legislate a contribution rate other than the actuarially determined rate. The actuarially determined contribution rates for the years ended June 30, 2003, 2002, and 2001 were 2.49 percent (2.0 percent retirement and .49 percent long-term disability), 2.49 percent (2.0 percent retirement and .49 percent long-term disability), and 2.66 percent (2.17 percent retirement and .49 percent long-term disability), respectively for both employees and employers. The City's contributions to the System for the years ended June 30, 2003, 2002 and 2001, were \$1,159,788, \$1,068,785, and \$995,156, respectively, equal to the required contributions for each year.

**Arizona Public Safety Personnel Retirement System (Full-time Police and Fire Employees)**

**A. Plan Description**

All full-time sworn police officers and fire fighters are eligible to participate in the Public Safety Personnel Retirement System (PSPRS) in separate agent multiple-employer defined benefit retirement plans. PSPRS was established by Title 38, chapter 5, Article 4 of the Arizona Revised Statutes to provide pension benefits for public safety employees of certain state and local governments. The PSPRS is jointly administered by the fund manager and 167 local boards. The fund manager is a five-member board appointed by the Governor and the State Legislature. The fund manager is responsible for establishing contribution rates in accordance with an actuarial study. The PSPRS provides retirement benefits, as well as death and disability benefits. The Public Safety Personnel Retirement System of the State of Arizona issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Public Safety Personnel Retirement System, 1020 East Missouri Avenue, Phoenix, AZ 85014 or by calling (602) 255-5575.

**B. Funding Policy**

The System is funded through a member contribution of 7.65 percent of gross payroll, an employer contribution set by an actuarial valuation expressed as a percent of gross payroll, and a distribution of the net earnings of the Fund. The City's current contribution rate for police is 8.11 percent of annual covered payroll, and the current contribution rate for firefighters is 5.11 percent of annual covered payroll. Contribution rates for police for 2002 and 2001 were 10.32 percent and 10.93 percent, respectively and contribution rates for firefighters for 2002 and 2001 were 7.61 percent and 9.09 percent respectively.

**C. Annual Pension Cost**

For fiscal year 2002/03, the City's annual pension cost of \$1,489,466, for police and \$546,538, for firefighters for PSPRS was equal to the City's required and actual contributions. The required contributions were determined as part of the June 30, 2002, actuarial valuations using the individual entry-age actuarial cost method.

**CITY OF CHANDLER, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2003**

**NOTE 11 - Retirement and Pension Plans, continued**

For police, the actuarial assumptions include (a) a rate of return on the investment of present and future assets of 9 percent per year compounded annually, attributable to inflation and other across-the-board increases, (b) projected salary increases of 6.5 percent compounded annually attributable to inflation and other across-the-board increases, and (c) additional projected salary increases of 0 percent to 3 percent per year attributable to seniority/merit. For firefighters, the actuarial assumptions include (a) a rate of return on the investment of present and future assets of 9 percent per year compounded annually, attributable to inflation and other across-the-board increases, (b) projected salary increases of 6.5 percent compounded annually attributable to inflation and other across-the-board increases, and (c) additional projected salary increases of 0 percent to 3.0 percent per year attributable to seniority/merit. For both police and firefighters, Included in (b) is an inflation component of 5.5 percent. The actuarial value of PSPRS assets was determined using techniques that smooth the market value of assets over a four-year period. PSPRS's unfunded accrued liability is being amortized as a level percent of projected payroll on an open basis. The remaining amortization period at July 1, 2002, was 20 years.

Arizona Public Safety Personnel Retirement System - Police  
Three-Year Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percent of APC Contributed	Net Pension Obligation
2000	\$ 838,714	100%	\$ -
2001	\$ 1,654,558	100%	\$ -
2002	\$ 1,677,675	100%	\$ -

Arizona Public Safety Personnel Retirement System - Firefighters  
Three-Year Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percent of APC Contributed	Net Pension Obligation
2000	\$ 549,424	100%	\$ -
2001	\$ 867,410	100%	\$ -
2002	\$ 797,177	100%	\$ -

**CITY OF CHANDLER, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2003**

**NOTE 11 - Retirement and Pension Plans, continued**

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

Valuation Date	(1) Actuarial Value of Assets	(2) Entry Age Actuarial Accrued Liability (AAL)	(3) Percent Funded (1)/(2)	(4) Unfunded AAL (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded AAL as a Percentage of Covered Payroll (4)/(5)
30-Jun						
2000	\$ 33,390,009	\$ 33,812,424	98.8%	\$ 422,415	\$ 12,812,399	3.3%
2001	39,280,337	35,481,639	110.7%	(3,798,698)	15,612,044	—
2002	42,359,413	39,896,296	106.2%	(2,463,117)	16,650,975	—

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

Valuation Date	(1) Actuarial Value of Assets	(2) Entry Age Actuarial Accrued Liability (AAL)	(3) Percent Funded (1)/(2)	(4) Unfunded AAL (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded AAL as a Percentage of Covered Payroll (4)/(5)
30-Jun						
2000	\$ 24,709,737	\$ 21,499,655	114.9%	\$ (3,210,082)	\$ 7,037,118	—
2001	28,698,459	22,722,135	126.3%	(5,976,324)	8,568,962	—
2002	30,500,426	25,675,248	118.8%	(4,825,178)	9,239,086	—

**Elected Officials' Retirement Plan (Mayor and City Council)**

**A. Plan Description**

The City's Mayor and Council participate in the Elected Officials' Retirement Plan (EORP), a multiple-employer cost sharing defined benefit pension plan. The EORP was established and is administered by the State of Arizona to provide pension benefits for state and county elected officials, judges, and certain City-elected officials. The fund manager of the PSPRS is also the administrator for the EORP. EORP provides retirement benefits, as well as death and disability benefits. The Elected Officials' Retirement Plan issues a publicly available financial report that includes financial statements and required supplementary information for EORP. The report may be obtained by writing to Elected Officials' Retirement Plan, 1020 East Missouri Avenue, Phoenix, AZ 85014 or by calling (602) 255-5575.

**CITY OF CHANDLER, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2003**

**NOTE 11 - Retirement and Pension Plans, concluded**

**B. Funding Policy**

Covered employees are required by state statute to contribute an amount equal to 7 percent of gross salary. Incorporated city or town employers are required to contribute an amount sufficient to meet both the normal cost of a level-cost method attributable to the EORP, plus the amount required to amortize the unfunded accrued liability for the employer. Such amount is to be determined each year by actuarial valuation and paid as a level percent of compensation. The contribution requirements for plan members are established and may be amended by the Fund Manager, a five-member board. The City's rates for fiscal years ended June 2003, 2002, and 2001, were 6.97 percent, 6.97 percent, and 10.22 percent, respectively. The city's contributions to EORP for the years ended June 30, 2003, 2002, and 2001, were \$7,576, \$7,652 and \$11,109, respectively, equal to the required contributions for each year.

**Volunteer Firemen's Pension And Relief Fund**

**A. Plan Description**

The Volunteer Firemen's Pension Plan (VFPP) is a single-employer defined benefit pension plan administered by the City. The last actuarial valuation of the Volunteer Firemen's Pension and Relief Fund was made as of June 30, 1983, at which time the actuarial liability was fully funded. As of June 30, 2002, there were two retirees and/or beneficiaries of retirees 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 2002/03. Pursuant to the June 30, 1983, actuarial valuation, the present value of all benefits payable in future years was \$42,626 and the pension obligation was deemed to be fully funded.

To be eligible for benefits under the plan, individuals must have served with a legally organized volunteer fire company or a fire department of any legally incorporated city or town for (1) at least twenty-five years or more or (2) at least twenty years and have reached sixty years of age. Maximum monthly benefits under the plan are two hundred dollars. Pensions may increase or decrease or be discontinued at the discretion of the Board of Directors.

**NOTE 12 - Commitments and Contingencies**

**A. Contractual Commitments**

The City has entered into a contract with the United States Government, the State of Arizona, the Central Arizona Water Conservation District, the Flood Control District of Maricopa County, the Salt River Agricultural Improvement Power District, the Salt River Valley Water User's Association and the cities of Glendale, Phoenix, Mesa, Tempe and Tucson to fund certain facilities of the Central Arizona Project known as "Plan Six." Actual contributions and accumulated earnings at June 30, 2003, amounted to \$2,258,600, and the account is fully funded at June 30, 2003.

**CITY OF CHANDLER, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2003**

**NOTE 12 - Commitments and Contingencies, concluded**

**B. Litigation**

The City is subject to a number of lawsuits, investigations, and other claims (some of which involve substantial amounts) that are incidental to the ordinary course of its operations, including those related to wrongful death and personal injury matters. Although the City Attorney does not currently possess sufficient information to reasonably estimate the amounts of the liabilities to be recorded upon the settlement of such claims and lawsuits, some claims could be significant to the City's operations. While the ultimate resolution of such lawsuits, investigations, and claims cannot be determined at this time, in the opinion of City management, based on the advice of the City Attorney, the resolution of these matters will not have a material adverse effect on the City's financial position.

**NOTE 13 - Risk Management**

The City is exposed to various risks of loss related to litigation, claims and torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters (for which the City carries commercial insurance). During fiscal year 1988, the City established a Self-Insurance Fund (an Internal Service Fund) to account for and finance its uninsured risks of loss. In fiscal year 2002/2003, the Self-Insurance Fund provided coverage for up to a maximum of \$2,000,000 per occurrence for liability claims and \$50,000 for each property damage claim. 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 2002/2003, there were not significant reductions in the amounts of excess coverage purchased, nor has the City experienced any settlements in excess of insurance coverage over the past four fiscal years.

Premiums are paid into the Internal Service Fund by all other funds and are available to pay claims, claim reserves and 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.

The claims liability of \$5,302,000 reported in the Self-Insurance Fund at June 30, 2003, 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. An excess coverage insurance policy covers individual claims in excess of \$2,000,000 for general liability and \$500,000 for worker's compensation. 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. Changes in the Fund's claims liability amount in fiscal years 2002 and 2003 were:

Years Ended June 30,	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
2002	\$ 3,834,000	\$ 2,192,079	\$(2,556,079)	\$ 3,470,000
2003	\$ 3,470,000	\$ 3,223,679	\$(1,391,679)	\$ 5,302,000

**CITY OF CHANDLER, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2003**

**NOTE 14 – Interfund Transfers**

The interfund transfers in and out at June 30, 2003 are as follows:

<u>Fund</u>	<u>Transfer Detail</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	Debt Service-General Obligation Bonds	\$ -	\$ 10,907,796
	Capital Projects-Capital Equipment	-	2,428,666
	Capital Projects-Computer Replacement	-	1,827,472
	Capital Projects-Streets	-	2,418,024
	Capital Projects-Community Services	-	10,000,000
	Internal Service-Self Insurance	-	4,080,000
	Agency-Chandler Management Association	-	271
	Total General Fund	-	31,662,229
Special Revenue	Debt Service-Highway User Revenue Bonds	-	4,046,322
Highway User Revenue	Capital Projects-Computer Replacement	-	18,683
	Capital Projects- Capital Equipment	-	241,924
	Total Special Revenue-Highway User Revenue	-	4,306,929
Special Revenue	Capital Projects-Computer Replacement	-	1,525
Local Trans. Assistance	Capital Projects-Capital Equipment	-	3,852
	Total Special Revenue-Local Transportation Assistance	-	5,377
Special Revenue	Capital Projects-Capital Equipment	-	11,698
Grants In Aid	Total Special Revenue-Grants in Aid	-	11,698
	Total Special Revenue Funds	-	4,324,004
Debt Service	General Obligation Bonds	10,907,796	-
	Special Revenue-Highway User Revenue	4,046,322	-
	Total Debt Service	14,954,118	-
Capital Projects	General	2,418,024	-
Streets & Storm Sewers	Total Capital Projects-Streets	2,418,024	-
Capital Projects	General	10,000,000	-
Community Services	Enterprise-Water	-	1,701,769
	Total Capital Projects-Community Services	10,000,000	1,701,769
Capital Projects	General	2,428,666	-
Capital Equipment	Special Revenue-Highway User Revenue	241,924	-
	Special Revenue-Local Transportation Assistance	3,852	-
	Special Revenue-Grants in Aid	11,698	-
	Capital Projects-Computer Replacement	-	35,313
	Enterprise-Airport	137,605	-
	Enterprise-Solid Waste	86,006	-
	Enterprise-Wastewater	90,446	-
	Enterprise-Water	118,605	-
	Internal Service-Self Insurance	14,881	-
	Total Capital Projects-Capital Equipment	3,133,683	35,313

**CITY OF CHANDLER, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2003**

**NOTE 14 – Interfund Transfers, concluded**

<u>Fund</u>	<u>Transfer Detail</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Capital Projects	General	1,827,472	-
Computer Replacement	Special Revenue-Highway User Revenue	18,683	-
	Special Revenue-Local Transportation Assistance	1,525	-
	Capital Projects-Capital Equipment	35,313	-
	Enterprise-Airport	1,250	-
	Enterprise-Solid Waste	15,221	-
	Enterprise-Wastewater	14,040	-
	Enterprise-Water	50,674	-
	Internal Service-Self Insurance	10,444	-
	Total Capital Projects-Computer Replacement	<u>1,974,622</u>	<u>-</u>
	Total Capital Projects Funds	<u>17,526,329</u>	<u>1,737,082</u>
Enterprise	Capital Projects-Capital Equipment	-	137,605
Airport	Capital Projects-Computer Replacement	-	1,250
	Total Enterprise-Airport	<u>-</u>	<u>138,855</u>
Enterprise	Capital Projects-Capital Equipment	-	86,006
Solid Waste	Capital Projects-Computer Replacement	-	15,221
	Total Enterprise-Solid Waste	<u>-</u>	<u>101,227</u>
Enterprise	Capital Projects-Computer Replacement	-	14,040
Wastewater	Capital Projects-Capital Equipment	-	90,446
	Total Enterprise-Wastewater	<u>-</u>	<u>104,486</u>
Enterprise	Capital Projects-Capital Equipment	-	118,605
Water	Capital Projects-Computer Replacement	-	50,674
	Capital Projects-Community Services	1,701,769	-
	Internal Service-Self Insurance	-	420,000
	Total Enterprise-Water	<u>1,701,769</u>	<u>589,279</u>
	Total Enterprise Funds	<u>1,701,769</u>	<u>933,847</u>
Internal Service	General	4,080,000	-
Self Insurance	Capital Projects-Capital Equipment	-	14,881
	Capital projects-Computer Replacement	-	10,444
	Enterprise-Water	420,000	-
	Total Internal Service	<u>4,500,000</u>	<u>25,325</u>
Agency	General	271	-
Chandler Mgmt Assn	Total Agency	<u>271</u>	<u>-</u>
	Total Transfers	<u>\$ 38,682,487</u>	<u>\$ 38,682,487</u>

Interfund transfers are made from various funds and cost centers to fund costs including dental insurance, computer replacements, capital equipment purchases and debt service.

**CITY OF CHANDLER, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2003**

**NOTE 15 – Interfund Due To/Due From**

The interfund loans at June 30, 2003 are as follows:

Fund	Loan Detail	Due To	Due From
Special Revenue			
Highway User Revenue	Special Revenue - Grants-in-Aid	\$ 1,008,348	\$ -
	Total Special Revenue - Highway User Revenue	<u>1,008,348</u>	<u>-</u>
Special Revenue			
Grants-in-Aid	Special Revenue - Highway User Revenue	<u>-</u>	<u>1,008,348</u>
		-	1,008,348
	Total Special Revenue Funds	<u>1,008,348</u>	<u>1,008,348</u>
	Total Interfund Loans	<u>\$ 1,008,348</u>	<u>\$ 1,008,348</u>

The interfund loan is made to cover Grants-In-Aid operating expenditures pending the receipt of grant revenues.

**BUDGETARY COMPARISON SCHEDULE FOR MAJOR  
GOVERNMENTAL FUND  
(REQUIRED SUPPLEMENTARY INFORMATION)**

**CITY OF CHANDLER, ARIZONA**  
**BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND**  
**YEAR ENDED JUNE 30, 2003**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Non-GAAP Actual	
<b>Revenues:</b>				
Taxes-local	76,273,356	76,273,356	81,119,247	4,845,891
Taxes-intergovernmental	38,512,320	38,512,320	37,828,569	(683,751)
Licenses and permits	4,637,500	4,637,500	6,386,478	1,748,978
Charges for current services	12,258,656	12,189,993	12,709,081	519,088
Fines and forfeitures	3,369,600	3,369,600	3,975,613	606,013
Rentals	4,500	4,500	93,630	89,130
Interest income	4,520,000	4,520,000	2,872,101	(1,647,899)
Decrease in fair value of investments	-	-	(6,003,830)	(6,003,830)
Miscellaneous	236,220	236,220	632,702	396,482
<b>Total revenues</b>	<u>139,812,152</u>	<u>139,743,489</u>	<u>139,613,591</u>	<u>(129,898)</u>
<b>Expenditures:</b>				
Current -				
General government	91,819,176	88,835,148	32,297,642	56,537,506
Public safety	52,725,049	54,707,661	51,829,409	2,878,252
Community development	8,711,805	8,947,902	7,416,072	1,531,830
Public works	15,102,611	15,137,881	9,340,730	5,797,151
Community services	21,297,088	22,401,379	19,342,696	3,058,683
<b>Total expenditures</b>	<u>189,655,729</u>	<u>190,029,971</u>	<u>120,226,549</u>	<u>69,803,422</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(49,843,577)</u>	<u>(50,286,482)</u>	<u>19,387,042</u>	<u>69,673,524</u>
<b>Other financing sources (uses):</b>				
Bond premium	-	-	736,787	736,787
Face amount of bonds issued	-	-	8,935,000	8,935,000
Proceeds from the sale of capital assets	21,250	21,250	39,087	17,837
Payment to escrow agent	-	-	(9,895,247)	(9,895,247)
Transfers out	(39,949,077)	(39,594,837)	(31,662,228)	7,932,609
<b>Total other financing sources (uses)</b>	<u>(39,927,827)</u>	<u>(39,573,587)</u>	<u>(31,846,601)</u>	<u>7,726,986</u>
<b>Change in fund balances</b>	<u>(89,771,404)</u>	<u>(89,860,069)</u>	<u>(12,459,559)</u>	<u>77,400,510</u>
<b>Fund balances, July 1, 2002</b>	-	-	176,836,807	176,836,807
<b>Fund balances (deficits), June 30, 2003</b>	<u>(89,771,404)</u>	<u>(89,860,069)</u>	<u>164,377,248</u>	<u>254,237,317</u>

See accompanying notes to this schedule.

**CITY OF CHANDLER, ARIZONA**  
**Notes to Required Supplementary Information**  
**June 30, 2003**

**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 exceptions: (1) reserved encumbrances at June 30, 2002 were recognized as expenditures, (2) sales tax accrual, (3) accrued compensated absences were not recognized as expenditures. Consequently, the following adjustments are necessary to present the excess of revenues and other financing sources over expenditures and other financing uses and fund balance on a budgetary basis in order to provide a meaningful comparison.

	<u>Change in Fund Balances</u>	<u>Fund Balance June 30, 2003</u>
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ (7,200,666)	\$ 169,636,141
Sales taxes accrued as revenue for GAAP in the fiscal year ended June 30, 2002	4,699,717	4,699,717
Sales taxes accrued as revenue for GAAP in the fiscal year ended June 30, 2003	(6,172,103)	(6,172,103)
Auto Lieu taxes accrued as revenue for GAAP in the fiscal year ended June 30, 2003	(577,962)	(577,962)
Reserved encumbrances at June 30, 2002 recognized as budgetary expenditures in the fiscal year ended June 30, 2002	4,861,482	4,861,482
Reserved encumbrances at June 30, 2003 recognized as budgetary expenditures in the fiscal year ended June 30, 2003	(8,537,062)	(8,537,062)
Accrued compensated absences not recognized as budgetary basis expenditures for the fiscal year ended June 30, 2002	(3,919,668)	(3,919,668)
Accrued compensated absences not recognized as budgetary basis expenditures for the fiscal year ended June 30, 2003	4,198,063	4,198,063
Miscellaneous payables recognized for GAAP but not for budgetary basis for the fiscal year ended June 30, 2003	<u>188,640</u>	<u>188,640</u>
Budgetary Comparison Schedule for the General Fund	<u>\$ (12,459,559)</u>	<u>\$ 164,377,248</u>



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

**COMBINING NON-MAJOR AND FIDUCIARY FUND  
FINANCIAL STATEMENTS**

**CITY OF CHANDLER, ARIZONA**  
**COMBINING BALANCE SHEET - ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE**  
**JUNE 30, 2003**

	Special Revenue	Debt Service	Capital Projects
<b><u>ASSETS</u></b>			
Equity in pooled cash and investments	\$ 5,008,348	\$ 12,846,302	\$ 93,013,305
Accounts receivable (net)	18,841	-	49,804
Accrued interest receivable	17,300	-	189,456
Due from other funds	1,008,348	-	-
Amounts due from other governments	1,873,375	-	-
Special assessments receivable	-	1,255,662	-
Other assets	-	-	5,340
<b>Total assets</b>	<b><u>\$ 7,926,212</u></b>	<b><u>\$ 14,101,964</u></b>	<b><u>\$ 93,257,905</u></b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>			
Liabilities:			
Accounts payable	\$ 680,785	\$ 4,661	\$ 2,729,311
Accrued payroll and compensated absences	323,671	-	9,945
Accrued interest payable	-	5,653,283	-
Due to other funds	1,008,348	-	-
Arbitrage liability	-	-	192,877
Bonds payable	-	6,515,000	-
Deferred revenue	-	1,170,405	-
<b>Total liabilities</b>	<b><u>2,012,804</u></b>	<b><u>13,343,349</u></b>	<b><u>2,932,133</u></b>
Fund balances:			
Reserved for capital improvements	235,794	-	90,325,772
Reserved for debt service	-	758,615	-
Unreserved:			
Undesignated	5,677,614	-	-
<b>Total fund balances</b>	<b><u>5,913,408</u></b>	<b><u>758,615</u></b>	<b><u>90,325,772</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$ 7,926,212</u></b>	<b><u>\$ 14,101,964</u></b>	<b><u>\$ 93,257,905</u></b>

Total  
Non-Major  
Governmental  
Funds

\$ 110,867,955  
68,645  
206,756  
1,008,348  
1,873,375  
1,255,662  
5,340  
\$ 115,286,081

\$ 3,414,757  
333,616  
5,653,283  
1,008,348  
192,877  
6,515,000  
1,170,405  
18,288,286

90,561,566  
758,615

5,677,614  
96,997,795

\$ 115,286,081

**CITY OF CHANDLER, ARIZONA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE**  
**YEAR ENDED JUNE 30, 2003**

	Special Revenue	Debt Service	Capital Projects
<b>Revenues:</b>			
Taxes-intergovernmental	\$ 11,443,762	\$ -	\$ -
Grants and entitlements	3,983,091	-	-
System development fees	-	-	8,105,353
Special assessments	-	513,242	-
Charges for current services	134,066	-	-
Interest income	118,340	-	1,336,841
Decrease in fair value of investments	(237,598)	-	(2,416,162)
Miscellaneous	326,492	-	579,636
<b>Total revenues</b>	<u>15,768,153</u>	<u>513,242</u>	<u>7,605,668</u>
<b>Expenditures:</b>			
Current -			
General government	95,483	-	-
Public safety	1,259,039	-	-
Community development	7,500	-	-
Public works	10,589,619	-	-
Community services	735,169	-	-
Municipal utilities	97,425	-	-
Capital improvements	-	-	33,211,184
Debt service -			
Principal retirement	-	6,614,500	-
Interest and fiscal charges	-	8,515,445	-
<b>Total expenditures</b>	<u>12,784,235</u>	<u>15,129,945</u>	<u>33,211,184</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>2,983,918</u>	<u>(14,616,703)</u>	<u>(25,605,516)</u>
<b>Other financing sources (uses):</b>			
Bond premium	153,295	-	136,060
Face amount of bonds issued	10,540,000	-	26,375,000
Proceeds from sale of capital assets	-	-	52,158
Transfers in	-	14,954,118	17,526,329
Bond issuance costs	(100,000)	-	-
Payment to escrow agent	(10,593,295)	-	-
Transfers out	(4,324,004)	-	(1,737,082)
<b>Total other financing sources (uses)</b>	<u>(4,324,004)</u>	<u>14,954,118</u>	<u>42,352,465</u>
<b>Change in fund balances</b>	<u>(1,340,086)</u>	<u>337,415</u>	<u>16,746,949</u>
<b>Fund balances, beginning of year</b>	7,253,494	421,200	73,578,823
<b>Fund balances, end of year</b>	<u>\$ 5,913,408</u>	<u>\$ 758,615</u>	<u>\$ 90,325,772</u>

Total  
Non-Major  
Governmental  
Funds

\$ 11,443,762  
3,983,091  
8,105,353  
513,242  
134,066  
1,455,181  
(2,653,760)  
906,128  
23,887,063

95,483  
1,259,039  
7,500  
10,589,619  
735,169  
97,425  
33,211,184

6,614,500  
8,515,445  
61,125,364

(37,238,301)

289,355  
36,915,000  
52,158  
32,480,447  
(100,000)  
(10,593,295)  
(6,061,086)  
52,982,579

15,744,278

81,253,517

\$ 96,997,795



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

## **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 Users**

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-In-Aid**

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

### **Parks and Recreation**

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

### **Library**

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

### **Community Center Building**

Used to account for donations restricted to improvements to the City's Community Services Building and facilities.

### **Chandler Employee**

Used to account for monies derived from vending machine income utilized to defray expenses associated with City-sponsored employee functions.

### **Downtown Redevelopment**

Used to account for contributions earmarked for downtown improvements.

### **Municipal Arts**

Used to account for amounts earmarked for municipal arts.

**CITY OF CHANDLER, ARIZONA**  
**COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2003**

	Highway Users Fund	Local Transportation Assistance	Grants-in-Aid	Parks and Recreation
<b><u>ASSETS</u></b>				
Equity in pooled cash and investments	\$ 4,073,781	\$ 403,268	\$ 300	\$ 234,385
Accounts receivable (net)	1,166	-	17,675	-
Accrued interest receivable	15,170	871	-	551
Due from other funds	1,008,348	-	-	-
Amounts due from other governments	999,765	2,918	870,692	-
<b>Total assets</b>	<b><u>\$ 6,098,230</u></b>	<b><u>\$ 407,057</u></b>	<b><u>\$ 888,667</u></b>	<b><u>\$ 234,936</u></b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
Liabilities:				
Accounts payable	\$ 243,177	\$ 240,147	\$ 177,110	\$ 5
Accrued payroll and compensated absences	249,890	23,212	50,569	-
Due to other funds	-	-	1,008,348	-
<b>Total liabilities</b>	<b><u>493,067</u></b>	<b><u>263,359</u></b>	<b><u>1,236,027</u></b>	<b><u>5</u></b>
Fund balances (deficits):				
Reserved for capital improvements	-	-	-	-
Unreserved:				
Undesignated	5,605,163	143,698	(347,360)	234,931
<b>Total fund balances</b>	<b><u>5,605,163</u></b>	<b><u>143,698</u></b>	<b><u>(347,360)</u></b>	<b><u>234,931</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$ 6,098,230</u></b>	<b><u>\$ 407,057</u></b>	<b><u>\$ 888,667</u></b>	<b><u>\$ 234,936</u></b>

<u>Library</u>	<u>Community Center Building</u>	<u>Chandler Employee</u>	<u>Downtown Redevelopment</u>	<u>Municipal Arts</u>	<u>Totals</u>
\$ 13,346	\$ 18,439	\$ 3,216	\$ 6,481	\$ 255,132	\$ 5,008,348
-	-	-	-	-	18,841
30	43	8	15	612	17,300
-	-	-	-	-	1,008,348
-	-	-	-	-	1,873,375
<u>\$ 13,376</u>	<u>\$ 18,482</u>	<u>\$ 3,224</u>	<u>\$ 6,496</u>	<u>\$ 255,744</u>	<u>\$ 7,926,212</u>
\$ 396	\$ -	\$ -	\$ -	\$ 19,950	\$ 680,785
-	-	-	-	-	323,671
-	-	-	-	-	1,008,348
<u>396</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,950</u>	<u>2,012,804</u>
-	-	-	-	235,794	235,794
12,980	18,482	3,224	6,496	-	5,677,614
<u>12,980</u>	<u>18,482</u>	<u>3,224</u>	<u>6,496</u>	<u>235,794</u>	<u>5,913,408</u>
<u>\$ 13,376</u>	<u>\$ 18,482</u>	<u>\$ 3,224</u>	<u>\$ 6,496</u>	<u>\$ 255,744</u>	<u>\$ 7,926,212</u>

**CITY OF CHANDLER, ARIZONA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2003**

	Highway Users Fund	Local Transportation Assistance	Grants-in-Aid
<b>Revenues:</b>			
Taxes-intergovernmental	\$ 11,443,762	\$ -	\$ -
Grants and entitlements	-	1,023,203	2,959,888
Charges for current services	-	-	-
Interest income	97,526	9,879	1,919
Decrease in fair value of investments	(199,718)	(18,319)	-
Miscellaneous	193,600	38,489	19,324
<b>Total revenues</b>	<u>11,535,170</u>	<u>1,053,252</u>	<u>2,981,131</u>
<b>Expenditures:</b>			
Current -			
General government	-	-	94,153
Public safety	-	-	1,259,039
Community development	-	-	7,500
Public works	7,453,094	1,762,227	1,374,298
Community services	-	-	529,128
Municipal utilities	-	-	97,425
<b>Total expenditures</b>	<u>7,453,094</u>	<u>1,762,227</u>	<u>3,361,543</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>4,082,076</u>	<u>(708,975)</u>	<u>(380,412)</u>
<b>Other financing sources (uses):</b>			
Bond premium	153,295	-	-
Face amount of bonds issued	10,540,000	-	-
Bond issuance costs	(100,000)	-	-
Payment to escrow agent	(10,593,295)	-	-
Transfers out	(4,306,929)	(5,377)	(11,698)
<b>Total other financing sources (uses)</b>	<u>(4,306,929)</u>	<u>(5,377)</u>	<u>(11,698)</u>
<b>Change in fund balances</b>	<u>(224,853)</u>	<u>(714,352)</u>	<u>(392,110)</u>
<b>Fund balances, beginning of year</b>	5,830,016	858,050	44,750
<b>Fund balances (deficits), end of year</b>	<u>\$ 5,605,163</u>	<u>\$ 143,698</u>	<u>\$ (347,360)</u>

<u>Parks and Recreation</u>	<u>Library</u>	<u>Community Center Building</u>	<u>Chandler Employee</u>	<u>Downtown Redevelopment</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
3,831	273	303	71	107
(7,675)	(642)	(618)	(148)	(217)
44,922	15,021	-	136	-
<u>41,078</u>	<u>14,652</u>	<u>(315)</u>	<u>59</u>	<u>(110)</u>
-	-	-	1,330	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
53,705	14,254	-	-	-
-	-	-	-	-
<u>53,705</u>	<u>14,254</u>	<u>-</u>	<u>1,330</u>	<u>-</u>
<u>(12,627)</u>	<u>398</u>	<u>(315)</u>	<u>(1,271)</u>	<u>(110)</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>(12,627)</u>	<u>398</u>	<u>(315)</u>	<u>(1,271)</u>	<u>(110)</u>
247,558	12,582	18,797	4,495	6,606
<u>\$ 234,931</u>	<u>\$ 12,980</u>	<u>\$ 18,482</u>	<u>\$ 3,224</u>	<u>\$ 6,496</u>

(Continued)

**CITY OF CHANDLER, ARIZONA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2003**  
**(Concluded)**

	Municipal Arts	Totals
<b>Revenues:</b>		
Taxes-intergovernmental	\$ -	\$ 11,443,762
Grants and entitlements	-	3,983,091
Charges for current services	134,066	134,066
Interest income	4,431	118,340
Decrease in fair value of investments	(10,261)	(237,598)
Miscellaneous	15,000	326,492
<b>Total revenues</b>	143,236	15,768,153
<b>Expenditures:</b>		
Current -		
General government	-	95,483
Public safety	-	1,259,039
Community development	-	7,500
Public works	-	10,589,619
Community services	138,082	735,169
Municipal utilities	-	97,425
<b>Total expenditures</b>	138,082	12,784,235
<b>Excess (deficiency) of revenues over expenditures</b>	5,154	2,983,918
<b>Other financing sources (uses):</b>		
Bond premium	-	153,295
Face amount of bonds issued	-	10,540,000
Bond issuance costs	-	(100,000)
Payment to escrow agent	-	(10,593,295)
Transfers out	-	(4,324,004)
<b>Total other financing sources (uses)</b>	-	(4,324,004)
<b>Change in fund balances</b>	5,154	(1,340,086)
<b>Fund balances, beginning of year</b>	230,640	7,253,494
<b>Fund balances (deficits), end of year</b>	\$ 235,794	\$ 5,913,408

## **NON-MAJOR DEBT SERVICE FUNDS**

Debt Service Funds are established to account for the accumulation of resources and payments of debt other than debt issued for and serviced by Enterprise Funds.

### **General Obligation Bonds**

Accumulates monies for the payment of principal and interest requirements of the City's tax-supported General Obligation Bonds. General Obligation Bonds are repaid from secondary property taxes.

### **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.



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**CITY OF CHANDLER, ARIZONA  
COMBINING BALANCE SHEET - NON-MAJOR DEBT SERVICE FUNDS  
JUNE 30, 2003**

	General Obligation Bonds	Highway User Revenue Bonds	Special Assessment Bonds	Totals
<b><u>ASSETS</u></b>				
Equity in pooled cash and investments	\$ 9,019,733	\$ 3,148,550	\$ 678,019	\$ 12,846,302
Special assessments receivable	-	-	1,255,662	1,255,662
<b>Total assets</b>	<b><u>\$ 9,019,733</u></b>	<b><u>\$ 3,148,550</u></b>	<b><u>\$ 1,933,681</u></b>	<b><u>\$ 14,101,964</u></b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 4,661	\$ 4,661
Accrued interest payable	4,529,733	1,123,550	-	5,653,283
Bonds payable	4,490,000	2,025,000	-	6,515,000
Deferred revenue	-	-	1,170,405	1,170,405
<b>Total liabilities</b>	<b><u>9,019,733</u></b>	<b><u>3,148,550</u></b>	<b><u>1,175,066</u></b>	<b><u>13,343,349</u></b>
Fund balances:				
Reserved for debt service	-	-	758,615	758,615
<b>Total fund balances</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>758,615</u></b>	<b><u>758,615</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$ 9,019,733</u></b>	<b><u>\$ 3,148,550</u></b>	<b><u>\$ 1,933,681</u></b>	<b><u>\$ 14,101,964</u></b>

**CITY OF CHANDLER, ARIZONA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 NON-MAJOR DEBT SERVICE FUNDS  
 YEAR ENDED JUNE 30, 2003**

	General Obligation Bonds	Highway User Revenue Bonds	Special Assessment Bonds
<b>Revenues:</b>			
Special assessments	\$ -	\$ -	\$ 513,242
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>513,242</u>
<b>Expenditures:</b>			
Debt service -			
Principal retirement	4,490,000	2,025,000	99,500
Interest and fiscal charges	6,417,796	2,021,322	76,327
<b>Total expenditures</b>	<u>10,907,796</u>	<u>4,046,322</u>	<u>175,827</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(10,907,796)</u>	<u>(4,046,322)</u>	<u>337,415</u>
<b>Other financing sources (uses):</b>			
Transfers in	10,907,796	4,046,322	-
<b>Total other financing sources (uses)</b>	<u>10,907,796</u>	<u>4,046,322</u>	<u>-</u>
<b>Change in fund balances</b>	<u>-</u>	<u>-</u>	<u>337,415</u>
<b>Fund balances, beginning of year</b>	-	-	421,200
<b>Fund balances, end of year</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 758,615</u></u>

Totals

\$ 513,242  
513,242

6,614,500  
8,515,445  
15,129,945

(14,616,703)

14,954,118  
14,954,118

337,415

421,200  
\$ 758,615



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## **NON-MAJOR CAPITAL PROJECTS FUNDS**

Capital Projects Funds are designed to account for the resources expended to acquire assets of a relatively permanent nature. (Special Revenue and Enterprise Fund resources are not included in this category.) These funds evolved from the need for special accounting for bond proceeds and grants and contributions for the acquisition of capital assets.

### **Streets**

Used to account for the acquisition, construction and improvements of City streets' projects.

### **Community Services**

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

### **Public Works and General Government**

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

### **Capital Equipment Acquisition and Replacement**

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

### **Special Assessments**

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

### **Computer Purchase**

Used to account for the purchase and/or replacement of computer equipment.

**CITY OF CHANDLER, ARIZONA**  
**COMBINING BALANCE SHEET - NON-MAJOR CAPITAL PROJECTS FUNDS**  
**JUNE 30, 2003**

	Streets	Community Services	Public Works and General Government
<b><u>ASSETS</u></b>			
Equity in pooled cash and investments	\$ 37,422,156	\$ 30,496,723	\$ 6,261,439
Accounts receivable (net)	1,680	-	-
Accrued interest receivable	68,223	65,683	14,614
Other assets	-	5,340	-
<b>Total assets</b>	<b>\$ 37,492,059</b>	<b>\$ 30,567,746</b>	<b>\$ 6,276,053</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>			
Liabilities:			
Accounts payable	\$ 1,517,229	\$ 968,957	\$ 107,600
Accrued payroll and compensated absences	-	-	-
Arbitrage liability	7,850	133,360	-
<b>Total liabilities</b>	<b>1,525,079</b>	<b>1,102,317</b>	<b>107,600</b>
Fund balances:			
Reserved for capital improvements	35,966,980	29,465,429	6,168,453
<b>Total fund balances</b>	<b>35,966,980</b>	<b>29,465,429</b>	<b>6,168,453</b>
<b>Total liabilities and fund balances</b>	<b>\$ 37,492,059</b>	<b>\$ 30,567,746</b>	<b>\$ 6,276,053</b>

<u>Public Safety Buildings and Improvements</u>	<u>Equipment Acquisition and Replacement</u>	<u>Special Assessments</u>	<u>Computer Purchase</u>	<u>Totals</u>
\$ 8,734,330	\$ 3,525,552	\$ 5,062,824	\$ 1,510,281	\$ 93,013,305
-	624	47,500	-	49,804
14,878	8,566	13,476	4,016	189,456
-	-	-	-	5,340
<u>\$ 8,749,208</u>	<u>\$ 3,534,742</u>	<u>\$ 5,123,800</u>	<u>\$ 1,514,297</u>	<u>\$ 93,257,905</u>
\$ 118,087	\$ 16,688	\$ 750	\$ -	\$ 2,729,311
-	-	9,945	-	9,945
37,192	-	14,475	-	192,877
<u>155,279</u>	<u>16,688</u>	<u>25,170</u>	<u>-</u>	<u>2,932,133</u>
<u>8,593,929</u>	<u>3,518,054</u>	<u>5,098,630</u>	<u>1,514,297</u>	<u>90,325,772</u>
<u>8,593,929</u>	<u>3,518,054</u>	<u>5,098,630</u>	<u>1,514,297</u>	<u>90,325,772</u>
<u>\$ 8,749,208</u>	<u>\$ 3,534,742</u>	<u>\$ 5,123,800</u>	<u>\$ 1,514,297</u>	<u>\$ 93,257,905</u>

**CITY OF CHANDLER, ARIZONA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NON-MAJOR CAPITAL PROJECTS FUNDS**  
**YEAR ENDED JUNE 30, 2003**

	Streets	Community Services	Public Works and General Government
<b>Revenues:</b>			
System development fees	\$ 1,622,002	\$ 4,298,047	\$ 1,020,450
Interest income	627,112	319,071	98,243
Decrease in fair value of investments	(868,024)	(692,423)	(202,098)
Miscellaneous	528,094	46,454	-
<b>Total revenues</b>	<u>1,909,184</u>	<u>3,971,149</u>	<u>916,595</u>
<b>Expenditures:</b>			
Capital improvements	15,053,076	9,919,972	558,520
<b>Total expenditures</b>	<u>15,053,076</u>	<u>9,919,972</u>	<u>558,520</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(13,143,892)</u>	<u>(5,948,823)</u>	<u>358,075</u>
<b>Other financing sources (uses):</b>			
Bond premium	102,315	18,418	-
Face amount of bonds issued	15,375,000	6,000,000	-
Proceeds from sale of capital assets	-	-	-
Transfers in	2,418,024	10,000,000	-
Transfers out	-	(1,701,769)	-
<b>Total other financing sources (uses)</b>	<u>17,895,339</u>	<u>14,316,649</u>	<u>-</u>
<b>Change in fund balances</b>	<u>4,751,447</u>	<u>8,367,826</u>	<u>358,075</u>
<b>Fund balances, beginning of year</b>	31,215,533	21,097,603	5,810,378
<b>Fund balances, end of year</b>	<u>\$ 35,966,980</u>	<u>\$ 29,465,429</u>	<u>\$ 6,168,453</u>

Public Safety Buildings and Improvements	Capital Equipment Acquisition and Replacement	Special Assessments	Computer Purchase	Totals
\$ 1,164,854	\$ -	\$ -	\$ -	\$ 8,105,353
64,536	87,786	96,559	43,534	1,336,841
(172,975)	(188,007)	(191,572)	(101,063)	(2,416,162)
450	4,488	150	-	579,636
<u>1,056,865</u>	<u>(95,733)</u>	<u>(94,863)</u>	<u>(57,529)</u>	<u>7,605,668</u>
<u>3,266,861</u>	<u>2,307,026</u>	<u>89,940</u>	<u>2,015,789</u>	<u>33,211,184</u>
<u>3,266,861</u>	<u>2,307,026</u>	<u>89,940</u>	<u>2,015,789</u>	<u>33,211,184</u>
<u>(2,209,996)</u>	<u>(2,402,759)</u>	<u>(184,803)</u>	<u>(2,073,318)</u>	<u>(25,605,516)</u>
15,327	-	-	-	136,060
5,000,000	-	-	-	26,375,000
-	52,158	-	-	52,158
-	3,133,683	-	1,974,622	17,526,329
-	(35,313)	-	-	(1,737,082)
<u>5,015,327</u>	<u>3,150,528</u>	<u>-</u>	<u>1,974,622</u>	<u>42,352,465</u>
<u>2,805,331</u>	<u>747,769</u>	<u>(184,803)</u>	<u>(98,696)</u>	<u>16,746,949</u>
5,788,598	2,770,285	5,283,433	1,612,993	73,578,823
<u>\$ 8,593,929</u>	<u>\$ 3,518,054</u>	<u>\$ 5,098,630</u>	<u>\$ 1,514,297</u>	<u>\$ 90,325,772</u>



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## **NON-MAJOR ENTERPRISE FUNDS**

Enterprise Funds are used to account for the acquisition, operation and maintenance of governmental facilities and services which are predominantly self-supporting by user charges.

### **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, ARIZONA**  
**COMBINING STATEMENT OF NET ASSETS - ALL NON-MAJOR ENTERPRISE FUNDS**  
**JUNE 30, 2003**

	Airport	Chandler Housing Authority	Totals
<b><u>ASSETS</u></b>			
Current assets:			
Equity in pooled cash and investments	\$ 875,649	\$ 2,348,905	\$ 3,224,554
Accounts receivable (net)	3,755	25,314	29,069
Accrued interest receivable	1,954	5,721	7,675
Amounts due from other governments	-	304,867	304,867
Inventories	21,005	-	21,005
Short term notes receivable	-	42,852	42,852
Assets held for resale	-	550,781	550,781
<b>Total current assets</b>	<b>902,363</b>	<b>3,278,440</b>	<b>4,180,803</b>
Noncurrent assets:			
Long-term notes receivable	-	672,674	672,674
Capital assets, net where applicable	27,534,717	8,156,261	35,690,978
<b>Total noncurrent assets</b>	<b>27,534,717</b>	<b>8,828,935</b>	<b>36,363,652</b>
<b>Total assets</b>	<b>28,437,080</b>	<b>12,107,375</b>	<b>40,544,455</b>
<b><u>LIABILITIES</u></b>			
Current liabilities:			
Accounts payable	47,634	292,573	340,207
Accrued payroll and compensated absences	19,754	148,417	168,171
Trust liabilities and deposits	32,525	208,298	240,823
Accrued interest payable	23,305	-	23,305
Bonds payable	17,922	-	17,922
Deferred revenue	11,014	-	11,014
<b>Total current liabilities</b>	<b>152,154</b>	<b>649,288</b>	<b>801,442</b>
Noncurrent liabilities:			
Bonds payable	745,783	-	745,783
Arbitrage liability	876	-	876
<b>Total non-current liabilities</b>	<b>746,659</b>	<b>-</b>	<b>746,659</b>
<b>Total liabilities</b>	<b>898,813</b>	<b>649,288</b>	<b>1,548,101</b>
<b><u>NET ASSETS</u></b>			
Invested in capital assets, net of related debt	26,771,012	8,156,261	34,927,273
Restricted for capital improvements	55,519	-	55,519
Unrestricted	711,736	3,301,826	4,013,562
<b>Total net assets</b>	<b>\$ 27,538,267</b>	<b>\$ 11,458,087</b>	<b>\$ 38,996,354</b>

**CITY OF CHANDLER, ARIZONA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**ALL NON-MAJOR ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2003**

	Airport	Chandler Housing Authority	Totals
<b>Operating revenues:</b>			
Service fees	\$ 832,232	\$ -	\$ 832,232
Grants and entitlements	-	6,165,984	6,165,984
Rentals	-	684,758	684,758
Miscellaneous	24	80,883	80,907
<b>Total operating revenues</b>	<u>832,256</u>	<u>6,931,625</u>	<u>7,763,881</u>
<b>Operating expenses:</b>			
Personal services	217,198	1,503,913	1,721,111
Contractual services	53,281	1,345,700	1,398,981
Commodities	360,593	745,980	1,106,573
Housing assistance payments	-	3,332,123	3,332,123
Depreciation and amortization	727,639	467,474	1,195,113
<b>Total operating expenses</b>	<u>1,358,711</u>	<u>7,395,190</u>	<u>8,753,901</u>
<b>Operating loss</b>	<u>(526,455)</u>	<u>(463,565)</u>	<u>(990,020)</u>
<b>Nonoperating revenues (expenses):</b>			
Interest income	3,884	36,768	40,652
Decrease in fair value of investments	(5,759)	(78,178)	(83,937)
Gain (loss) on disposal of capital assets	(10,000)	312,443	302,443
Interest expense	(51,863)	-	(51,863)
<b>Total nonoperating revenues (expenses)</b>	<u>(63,738)</u>	<u>271,033</u>	<u>207,295</u>
<b>Loss before operating transfers</b>	<u>(536,455)</u>	<u>(151,122)</u>	<u>(687,577)</u>
<b>Capital contributions</b>	46,020	202,054	248,074
<b>Transfers out</b>	<u>(138,855)</u>	<u>-</u>	<u>(138,855)</u>
<b>Change in net assets</b>	<u>(683,028)</u>	<u>9,522</u>	<u>(673,506)</u>
<b>Total net assets, beginning of year</b>	28,221,295	11,448,565	39,669,860
<b>Total net assets, end of year</b>	<u>\$ 27,538,267</u>	<u>\$ 11,458,087</u>	<u>\$ 38,996,354</u>

**CITY OF CHANDLER, ARIZONA  
COMBINING STATEMENT OF CASH FLOWS  
ALL NON-MAJOR ENTERPRISE FUNDS  
YEAR ENDED JUNE 30, 2003**

	<u>AIRPORT</u>	<u>CHANDLER HOUSING AUTHORITY</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash Received From Customers	\$ 833,973	\$ 732,987
Cash Received From Grantors	-	6,246,228
Cash Payments to Suppliers	(414,524)	(5,687,823)
Cash Payments to Employees	(209,106)	(1,487,738)
Net Cash Provided By (Used For) Operating Activities	<u>210,343</u>	<u>(196,346)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Transfers Out To Other Funds	(138,855)	-
Net Cash Provided Used For Noncapital Financing Activities	<u>(138,855)</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Acquisition/Construction of Capital Assets	(46,020)	(373,488)
Proceeds From Sales of Capital Assets	-	499,514
Principal Paid on Bond Maturities	(17,050)	-
Interest Paid on Bonds	(51,863)	-
Proceeds from Capital Grants	-	202,054
Capital Contributed by Developers and Grantors	46,020	-
Net Cash Provided By (Used For) Capital And Related Financing Activities	<u>(68,913)</u>	<u>328,080</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
(Decrease) in Fair Value of Investments	(5,759)	(78,178)
Interest Received	3,051	39,645
Net Cash Provided By Investing Activities	<u>(2,708)</u>	<u>(38,533)</u>
Net Increase In Cash And Cash Equivalents	(133)	93,201
Cash And Cash Equivalents At Beginning Of Year	875,782	2,255,704
Cash And Cash Equivalents At End Of Year	<u>\$ 875,649</u>	<u>\$ 2,348,905</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities:		
Operating Income (Loss)	\$ (526,455)	\$ (463,565)
Adjustments To Reconcile Operating Income (Loss) To Net Cash Provided By (Used For) Operating Activities:		
Depreciation and Amortization	727,639	467,474
Changes In Assets And Liabilities:		
(Increase) Decrease In Receivables	(3,755)	70,035
(Increase) In Inventories	(4,556)	(475,781)
Decrease in Other Assets	5,575	-
Increase (Decrease) In Payables	(1,669)	170,544
Increase in Accrued Payroll and Compensated Absences	8,092	16,175
Increase In Deposits	925	18,772
Increase In Deferred Revenue	4,547	-
Total Adjustments	<u>736,798</u>	<u>267,219</u>
Net Cash Provided By (Used For) Operating Activities	<u>\$ 210,343</u>	<u>\$ (196,346)</u>
Reconciliation of Cash and Cash Equivalents at End of Year to Combining Statement of Net Assets:		
Equity in Pooled Cash and Investments	\$ 875,649	\$ 2,348,905
Cash and Investments	-	-
Cash and Cash Equivalents at End of Year	<u>\$ 875,649</u>	<u>\$ 2,348,905</u>

**TOTAL**

\$ 1,566,960  
6,246,228  
(6,102,347)  
(1,696,844)  
13,997

(138,855)  
(138,855)

(419,508)  
499,514  
(17,050)  
(51,863)  
202,054  
46,020  
259,167

(83,937)  
42,696  
(41,241)  
93,068  
3,131,486  
\$ 3,224,554

\$ (990,020)

1,195,113  
66,280  
(480,337)  
5,575  
168,875  
24,267  
19,697  
4,547  
1,004,017  
\$ 13,997

\$ 3,224,554  
-  
\$ 3,224,554



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

## **FIDUCIARY FUNDS**

Fiduciary Funds are used to administer resources received and held by a governmental unit as the trustee or as the agent for others. Use of these funds facilitates the discharge of responsibilities placed upon the governmental unit by virtue of law or other similar authority.

### **Agency Funds**

#### **Miscellaneous Deposit**

Used to account for the collection and retention of various deposits as authorized by City Code.

#### **Chandler Management Association**

Used to account for the financial activities of the City-sponsored chapter of the National Management Association.

**CITY OF CHANDLER, ARIZONA  
 COMBINING STATEMENT OF NET ASSETS - AGENCY FUNDS  
 JUNE 30, 2003**

	Miscellaneous Deposit	Chandler Management Association	Totals
<b><u>ASSETS</u></b>			
Equity in pooled cash and investments	\$ 21,127	\$ -	\$ 21,127
Accounts receivable	693		693
<b>Total assets</b>	<b>\$ 21,820</b>	<b>\$ -</b>	<b>\$ 21,820</b>
<b><u>LIABILITIES</u></b>			
Due to others	\$ 21,820	\$ -	\$ 21,820
<b>Total liabilities</b>	<b>\$ 21,820</b>	<b>\$ -</b>	<b>\$ 21,820</b>

**CITY OF CHANDLER, ARIZONA**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS**  
**YEAR ENDED JUNE 30, 2003**

	<u>Balance</u> <u>July 1, 2002</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2003</u>
<b><u>MISCELLANEOUS DEPOSIT FUND</u></b>				
<u>Assets</u>				
Equity in pooled cash and investments	\$ 19,007	106,938	104,818	\$ 21,127
Accounts receivable	626	67	-	693
Total assets	<u>\$ 19,633</u>	<u>107,005</u>	<u>104,818</u>	<u>\$ 21,820</u>
<u>Liabilities</u>				
Due to others	\$ 19,633	107,005	104,818	\$ 21,820
Total liabilities	<u>\$ 19,633</u>	<u>107,005</u>	<u>104,818</u>	<u>\$ 21,820</u>
<b><u>CHANDLER MANAGEMENT ASSOCIATION</u></b>				
<u>Assets</u>				
Equity in pooled cash and investments	\$ (271)	271	-	\$ -
Total assets	<u>\$ (271)</u>	<u>271</u>	<u>-</u>	<u>\$ -</u>
<u>Liabilities</u>				
Due to others	\$ (271)	271	-	\$ -
Total liabilities	<u>\$ (271)</u>	<u>271</u>	<u>-</u>	<u>\$ -</u>
<b><u>TOTAL AGENCY FUNDS</u></b>				
<u>Assets</u>				
Equity in pooled cash and investments	\$ 18,736	107,209	104,818	\$ 21,127
Accounts receivable	626	67	-	693
Total assets	<u>\$ 19,362</u>	<u>107,276</u>	<u>104,818</u>	<u>\$ 21,820</u>
<u>Liabilities</u>				
Due to others	\$ 19,362	107,276	104,818	\$ 21,820
Total liabilities	<u>\$ 19,362</u>	<u>107,276</u>	<u>104,818</u>	<u>\$ 21,820</u>



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

**OTHER SUPPLEMENTAL INFORMATION**



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

**BUDGETARY COMPARISON SCHEDULES -  
NON-MAJOR GOVERNMENTAL FUNDS**

**CITY OF CHANDLER, ARIZONA**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL - NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2003**

	Highway Users Fund		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Taxes-intergovernmental	\$ 11,447,526	\$ 10,443,997	\$ (1,003,529)
Grants and entitlements	-	-	-
Charges for current services	-	-	-
Interest income	182,700	97,526	(85,174)
Decrease in fair value of investments	-	(199,718)	(199,718)
Miscellaneous	273,000	193,600	(79,400)
<b>Total revenues</b>	<u>11,903,226</u>	<u>10,535,405</u>	<u>(1,367,821)</u>
<b>Expenditures:</b>			
Current -			
General government	-	-	-
Public safety	-	-	-
Community development	-	-	-
Public works	11,078,734	6,485,955	4,592,779
Community services	-	-	-
Municipal utilities	-	-	-
<b>Total expenditures</b>	<u>11,078,734</u>	<u>6,485,955</u>	<u>4,592,779</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>824,492</u>	<u>4,049,450</u>	<u>3,224,958</u>
<b>Other financing sources (uses):</b>			
Bond premium	-	153,295	153,295
Face amount of bonds issued	-	10,540,000	10,540,000
Bond issuance costs	-	(100,000)	(100,000)
Payment to escrow agent	-	(10,593,295)	(10,593,295)
Transfers out	(4,636,233)	(4,306,929)	329,304
<b>Total other financing sources (uses)</b>	<u>(4,636,233)</u>	<u>(4,306,929)</u>	<u>329,304</u>
<b>Change in fund balances</b>	<u>(3,811,741)</u>	<u>(257,479)</u>	<u>3,554,262</u>
<b>Fund balances, July 1, 2002</b>	-	5,830,016	5,830,016
<b>Fund balances (deficits), June 30, 2003</b>	<u>\$ (3,811,741)</u>	<u>\$ 5,572,537</u>	<u>\$ 9,384,278</u>

Local Transportation Assistance			Grants-in-Aid		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1,020,285	1,023,203	2,918	19,264,930	2,959,888	(16,305,042)
-	-	-	-	-	-
28,000	9,879	(18,121)	-	1,919	1,919
-	(18,319)	(18,319)	-	-	-
41,930	38,489	(3,441)	171,927	19,324	(152,603)
<u>1,090,215</u>	<u>1,053,252</u>	<u>(36,963)</u>	<u>19,436,857</u>	<u>2,981,131</u>	<u>(16,455,726)</u>
-	-	-	2,334,370	94,099	2,240,271
-	-	-	4,499,075	1,246,387	3,252,688
-	-	-	7,500	7,500	-
3,124,176	1,721,480	1,402,696	11,350,941	786,629	10,564,312
-	-	-	1,289,685	561,900	727,785
-	-	-	190,000	133,657	56,343
<u>3,124,176</u>	<u>1,721,480</u>	<u>1,402,696</u>	<u>19,671,571</u>	<u>2,830,172</u>	<u>16,841,399</u>
<u>(2,033,961)</u>	<u>(668,228)</u>	<u>1,365,733</u>	<u>(234,714)</u>	<u>150,959</u>	<u>385,673</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(5,377)	(5,377)	-	(14,736)	(11,698)	3,038
<u>(5,377)</u>	<u>(5,377)</u>	<u>-</u>	<u>(14,736)</u>	<u>(11,698)</u>	<u>3,038</u>
<u>(2,039,338)</u>	<u>(673,605)</u>	<u>1,365,733</u>	<u>(249,450)</u>	<u>139,261</u>	<u>388,711</u>
-	858,050	858,050	-	44,750	44,750
<u>\$ (2,039,338)</u>	<u>\$ 184,445</u>	<u>\$ 2,223,783</u>	<u>\$ (249,450)</u>	<u>\$ 184,011</u>	<u>\$ 433,461</u>

(Continued)

**CITY OF CHANDLER, ARIZONA**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL - NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2003**  
(Continued)

	Parks and Recreation		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Taxes-intergovernmental	\$ -	\$ -	\$ -
Grants and entitlements	-	-	-
Charges for current services	-	-	-
Interest income	5,700	3,831	(1,869)
Decrease in fair value of investments	-	(7,675)	(7,675)
Miscellaneous	66,050	44,922	(21,128)
<b>Total revenues</b>	<u>71,750</u>	<u>41,078</u>	<u>(30,672)</u>
<b>Expenditures:</b>			
Current -			
General government	-	-	-
Public safety	-	-	-
Community development	-	-	-
Public works	-	-	-
Community services	221,750	52,257	169,493
Municipal utilities	-	-	-
<b>Total expenditures</b>	<u>221,750</u>	<u>52,257</u>	<u>169,493</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(150,000)</u>	<u>(11,179)</u>	<u>138,821</u>
<b>Other financing sources (uses):</b>			
Bond premium	-	-	-
Face amount of bonds issued	-	-	-
Bond issuance costs	-	-	-
Payment to escrow agent	-	-	-
Transfers out	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Change in fund balances</b>	<u>(150,000)</u>	<u>(11,179)</u>	<u>138,821</u>
<b>Fund balances, July 1, 2002</b>	-	247,558	247,558
<b>Fund balances (deficits), June 30, 2003</b>	<u>\$ (150,000)</u>	<u>\$ 236,379</u>	<u>\$ 386,379</u>

Library		
Budget	Actual	Variance - Positive (Negative)
\$ -	\$ -	\$ -
-	-	-
-	-	-
300	273	(27)
-	(642)	(642)
12,000	15,021	3,021
<u>12,300</u>	<u>14,652</u>	<u>2,352</u>

Community Center Building		
Budget	Actual	Variance - Positive (Negative)
\$ -	\$ -	\$ -
-	-	-
-	-	-
400	303	(97)
-	(618)	(618)
-	-	-
<u>400</u>	<u>(315)</u>	<u>(715)</u>

-	-	-
-	-	-
-	-	-
-	-	-
17,400	14,254	3,146
-	-	-
<u>17,400</u>	<u>14,254</u>	<u>3,146</u>

19,186	-	19,186
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
<u>19,186</u>	<u>-</u>	<u>19,186</u>

<u>(5,100)</u>	<u>398</u>	<u>5,498</u>
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<u>(18,786)</u>	<u>(315)</u>	<u>18,471</u>
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-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
<u>-</u>	<u>-</u>	<u>-</u>

-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
<u>-</u>	<u>-</u>	<u>-</u>

<u>(5,100)</u>	<u>398</u>	<u>5,498</u>
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<u>(18,786)</u>	<u>(315)</u>	<u>18,471</u>
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-	12,582	12,582
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-	18,797	18,797
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<u>\$ (5,100)</u>	<u>\$ 12,980</u>	<u>\$ 18,080</u>
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<u>\$ (18,786)</u>	<u>\$ 18,482</u>	<u>\$ 37,268</u>
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(Continued)

**CITY OF CHANDLER, ARIZONA**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL - NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2003**  
(Continued)

	Chandler Employee		
	Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Taxes-intergovernmental	\$ -	\$ -	\$ -
Grants and entitlements	-	-	-
Charges for current services	-	-	-
Interest income	100	71	(29)
Decrease in fair value of investments	-	(148)	(148)
Miscellaneous	2,400	136	(2,264)
<b>Total revenues</b>	<u>2,500</u>	<u>59</u>	<u>(2,441)</u>
<b>Expenditures:</b>			
Current -			
General government	7,500	1,330	6,170
Public safety	-	-	-
Community development	-	-	-
Public works	-	-	-
Community services	-	-	-
Municipal utilities	-	-	-
<b>Total expenditures</b>	<u>7,500</u>	<u>1,330</u>	<u>6,170</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(5,000)</u>	<u>(1,271)</u>	<u>3,729</u>
<b>Other financing sources (uses):</b>			
Bond premium	-	-	-
Face amount of bonds issued	-	-	-
Bond issuance costs	-	-	-
Payment to escrow agent	-	-	-
Transfers out	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Change in fund balances</b>	<u>(5,000)</u>	<u>(1,271)</u>	<u>3,729</u>
<b>Fund balances, July 1, 2002</b>	-	4,495	4,495
<b>Fund balances (deficits), June 30, 2003</b>	<u>\$ (5,000)</u>	<u>\$ 3,224</u>	<u>\$ 8,224</u>

Downtown Redevelopment			
Budget	Actual	Variance - Positive (Negative)	
\$ -	\$ -	\$ -	
-	-	-	
-	-	-	
100	107	7	
-	(217)	(217)	
-	-	-	
<u>100</u>	<u>(110)</u>	<u>(210)</u>	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
<u>-</u>	<u>-</u>	<u>-</u>	
<u>100</u>	<u>(110)</u>	<u>(210)</u>	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
<u>-</u>	<u>-</u>	<u>-</u>	
<u>100</u>	<u>(110)</u>	<u>(210)</u>	
-	6,606	6,606	
<u>\$ 100</u>	<u>\$ 6,496</u>	<u>\$ 6,396</u>	

Municipal Arts			
Budget	Non-GAAP Actual	Variance - Positive (Negative)	
\$ -	\$ -	\$ -	
-	-	-	
139,140	134,066	(5,074)	
6,800	4,431	(2,369)	
-	(10,261)	(10,261)	
-	15,000	15,000	
<u>145,940</u>	<u>143,236</u>	<u>(2,704)</u>	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
338,050	141,725	196,325	
-	-	-	
<u>338,050</u>	<u>141,725</u>	<u>196,325</u>	
<u>(192,110)</u>	<u>1,511</u>	<u>193,621</u>	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
<u>-</u>	<u>-</u>	<u>-</u>	
<u>(192,110)</u>	<u>1,511</u>	<u>193,621</u>	
-	230,640	230,640	
<u>\$ (192,110)</u>	<u>\$ 232,151</u>	<u>\$ 424,261</u>	

(Continued)

**CITY OF CHANDLER, ARIZONA**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL - NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2003**  
**(Concluded)**

	Totals		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Taxes-intergovernmental	\$ 11,447,526	\$ 10,443,997	\$ (1,003,529)
Grants and entitlements	20,285,215	3,983,091	(16,302,124)
Charges for current services	139,140	134,066	(5,074)
Interest income	224,100	118,340	(105,760)
Decrease in fair value of investments	-	(237,598)	(237,598)
Miscellaneous	567,307	326,492	(240,815)
<b>Total revenues</b>	<u>32,663,288</u>	<u>14,768,388</u>	<u>(17,894,900)</u>
<b>Expenditures:</b>			
Current -			
General government	2,361,056	95,429	2,265,627
Public safety	4,499,075	1,246,387	3,252,688
Community development	7,500	7,500	-
Public works	25,553,851	8,994,064	16,559,787
Community services	1,866,885	770,136	1,096,749
Municipal utilities	190,000	133,657	56,343
<b>Total expenditures</b>	<u>34,478,367</u>	<u>11,247,173</u>	<u>23,231,194</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(1,815,079)</u>	<u>3,521,215</u>	<u>5,336,294</u>
<b>Other financing sources (uses):</b>			
Bond premium	-	153,295	153,295
Face amount of bonds issued	-	10,540,000	10,540,000
Bond issuance costs	-	(100,000)	(100,000)
Payment to escrow agent	-	(10,593,295)	(10,593,295)
Transfers out	(4,656,346)	(4,324,004)	332,342
<b>Total other financing sources (uses)</b>	<u>(4,656,346)</u>	<u>(4,324,004)</u>	<u>332,342</u>
<b>Change in fund balances</b>	<u>(6,471,425)</u>	<u>(802,789)</u>	<u>5,668,636</u>
<b>Fund balances, July 1, 2002</b>	-	7,253,494	7,253,494
<b>Fund balances (deficits), June 30, 2003</b>	<u>\$ (6,471,425)</u>	<u>\$ 6,450,705</u>	<u>\$ 12,922,130</u>



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

**CITY OF CHANDLER, ARIZONA**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL - NON-MAJOR CAPITAL PROJECTS FUNDS**  
**YEAR ENDED JUNE 30, 2003**

	Streets		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
System development fees	\$ 2,150,000	\$ 1,622,002	\$ (527,998)
Interest income	536,050	627,112	91,062
Decrease in fair value of investments	-	(868,024)	(868,024)
Miscellaneous	-	528,094	528,094
<b>Total revenues</b>	<u>2,686,050</u>	<u>1,909,184</u>	<u>(776,866)</u>
<b>Expenditures:</b>			
Capital improvements	45,456,413	18,112,550	27,343,863
<b>Total expenditures</b>	<u>45,456,413</u>	<u>18,112,550</u>	<u>27,343,863</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(42,770,363)</u>	<u>(16,203,366)</u>	<u>26,566,997</u>
<b>Other financing sources (uses):</b>			
Bond premium	-	102,315	102,315
Face amount of bonds issued	13,720,000	15,375,000	1,655,000
Proceeds from sale of capital assets	-	-	-
Transfers in	1,800,000	2,418,024	618,024
Transfers out	-	-	-
<b>Total other financing sources (uses)</b>	<u>15,520,000</u>	<u>17,895,339</u>	<u>2,375,339</u>
<b>Change in fund balances</b>	<u>(27,250,363)</u>	<u>1,691,973</u>	<u>28,942,336</u>
<b>Fund balances, July 1, 2002</b>	-	31,215,533	31,215,533
<b>Fund balances (deficits), June 30, 2003</b>	<u>\$ (27,250,363)</u>	<u>\$ 32,907,506</u>	<u>\$ 60,157,869</u>

Community Services			Public Works and General Government		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$ 3,250,000	\$ 4,298,047	\$ 1,048,047	\$ 750,000	\$ 1,020,450	\$ 270,450
424,700	319,071	(105,629)	127,000	98,243	(28,757)
-	(692,423)	(692,423)	-	(202,098)	(202,098)
-	46,454	46,454	-	-	-
<u>3,674,700</u>	<u>3,971,149</u>	<u>296,449</u>	<u>877,000</u>	<u>916,595</u>	<u>39,595</u>
47,825,930	10,704,547	37,121,383	5,877,000	1,777,016	4,099,984
<u>47,825,930</u>	<u>10,704,547</u>	<u>37,121,383</u>	<u>5,877,000</u>	<u>1,777,016</u>	<u>4,099,984</u>
(44,151,230)	(6,733,398)	37,417,832	(5,000,000)	(860,421)	4,139,579
(615,162)	18,418	633,580	-	-	-
14,045,000	6,000,000	(8,045,000)	-	-	-
-	-	-	-	-	-
12,840,778	10,000,000	(2,840,778)	-	-	-
(1,701,769)	(1,701,769)	-	-	-	-
<u>24,568,847</u>	<u>14,316,649</u>	<u>(10,252,198)</u>	<u>-</u>	<u>-</u>	<u>-</u>
(19,582,383)	7,583,251	27,165,634	(5,000,000)	(860,421)	4,139,579
-	21,097,603	21,097,603	-	5,810,378	5,810,378
<u>\$ (19,582,383)</u>	<u>\$ 28,680,854</u>	<u>\$ 48,263,237</u>	<u>\$ (5,000,000)</u>	<u>\$ 4,949,957</u>	<u>\$ 9,949,957</u>

(Continued)

**CITY OF CHANDLER, ARIZONA**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL - NON-MAJOR CAPITAL PROJECTS FUNDS**  
**YEAR ENDED JUNE 30, 2003**  
(Continued)

	Public Safety Buildings and Improvements		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
System development fees	\$ 894,000	\$ 1,164,854	\$ 270,854
Interest income	138,600	64,536	(74,064)
Decrease in fair value of investments	-	(172,975)	(172,975)
Miscellaneous	-	450	450
<b>Total revenues</b>	<u>1,032,600</u>	<u>1,056,865</u>	<u>24,265</u>
<b>Expenditures:</b>			
Capital improvements	16,285,218	5,664,273	10,620,945
<b>Total expenditures</b>	<u>16,285,218</u>	<u>5,664,273</u>	<u>10,620,945</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(15,252,618)</u>	<u>(4,607,408)</u>	<u>10,645,210</u>
<b>Other financing sources (uses):</b>			
Bond premium	(1,093,489)	15,327	1,108,816
Face amount of bonds issued	5,881,000	5,000,000	(881,000)
Proceeds from sale of capital assets	-	-	-
Transfers in	5,605,029	-	(5,605,029)
Transfers out	-	-	-
<b>Total other financing sources (uses)</b>	<u>10,392,540</u>	<u>5,015,327</u>	<u>(5,377,213)</u>
<b>Change in fund balances</b>	<u>(4,860,078)</u>	<u>407,919</u>	<u>5,267,997</u>
<b>Fund balances, July 1, 2002</b>	-	5,788,598	5,788,598
<b>Fund balances (deficits), June 30, 2003</b>	<u>\$ (4,860,078)</u>	<u>\$ 6,196,517</u>	<u>\$ 11,056,595</u>

Capital Equipment Acquisition and Replacement		
Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$ -	\$ -	\$ -
118,400	87,786	(30,614)
-	(188,007)	(188,007)
6,488	4,488	(2,000)
<u>124,888</u>	<u>(95,733)</u>	<u>(220,621)</u>
4,454,297	1,918,089	2,536,208
<u>4,454,297</u>	<u>1,918,089</u>	<u>2,536,208</u>
(4,329,409)	(2,013,822)	2,315,587
-	-	-
-	-	-
40,000	52,158	12,158
3,647,301	3,133,683	(513,618)
(35,313)	(35,313)	-
<u>3,651,988</u>	<u>3,150,528</u>	<u>(501,460)</u>
(677,421)	1,136,706	1,814,127
-	2,770,285	2,770,285
<u>\$ (677,421)</u>	<u>\$ 3,906,991</u>	<u>\$ 4,584,412</u>

Special Assessments		
Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$ -	\$ -	\$ -
131,000	96,559	(34,441)
-	(191,572)	(191,572)
-	150	150
<u>131,000</u>	<u>(94,863)</u>	<u>(225,863)</u>
2,131,000	89,136	2,041,864
<u>2,131,000</u>	<u>89,136</u>	<u>2,041,864</u>
(2,000,000)	(183,999)	1,816,001
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
<u>-</u>	<u>-</u>	<u>-</u>
(2,000,000)	(183,999)	1,816,001
-	5,283,433	5,283,433
<u>\$ (2,000,000)</u>	<u>\$ 5,099,434</u>	<u>\$ 7,099,434</u>

(Continued)

**CITY OF CHANDLER, ARIZONA**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL - NON-MAJOR CAPITAL PROJECTS FUNDS**  
**YEAR ENDED JUNE 30, 2003**  
**(Concluded)**

	Computer Purchase		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
System development fees	\$ -	\$ -	\$ -
Interest income	50,900	43,534	(7,366)
Decrease in fair value of investments	-	(101,063)	(101,063)
Miscellaneous	-	-	-
<b>Total revenues</b>	<u>50,900</u>	<u>(57,529)</u>	<u>(108,429)</u>
<b>Expenditures:</b>			
Capital improvements	2,958,043	1,243,776	1,714,267
<b>Total expenditures</b>	<u>2,958,043</u>	<u>1,243,776</u>	<u>1,714,267</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(2,907,143)</u>	<u>(1,301,305)</u>	<u>1,605,838</u>
<b>Other financing sources (uses):</b>			
Bond premium	-	-	-
Face amount of bonds issued	-	-	-
Proceeds from sale of capital assets	-	-	-
Transfers in	1,951,069	1,974,622	23,553
Transfers out	-	-	-
<b>Total other financing sources (uses)</b>	<u>1,951,069</u>	<u>1,974,622</u>	<u>23,553</u>
<b>Change in fund balances</b>	<u>(956,074)</u>	<u>673,317</u>	<u>1,629,391</u>
<b>Fund balances, July 1, 2002</b>	-	1,612,993	1,612,993
<b>Fund balances (deficits), June 30, 2003</b>	<u>\$ (956,074)</u>	<u>\$ 2,286,310</u>	<u>\$ 3,242,384</u>

Totals		
Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$ 7,044,000	\$ 8,105,353	\$ 1,061,353
1,526,650	1,336,841	(189,809)
-	(2,416,162)	(2,416,162)
6,488	579,636	573,148
<u>8,577,138</u>	<u>7,605,668</u>	<u>(971,470)</u>
124,987,901	39,509,387	85,478,514
<u>124,987,901</u>	<u>39,509,387</u>	<u>85,478,514</u>
(116,410,763)	(31,903,719)	84,507,044
(1,708,651)	136,060	1,844,711
33,646,000	26,375,000	(7,271,000)
40,000	52,158	12,158
25,844,177	17,526,329	(8,317,848)
(1,737,082)	(1,737,082)	-
<u>56,084,444</u>	<u>42,352,465</u>	<u>(13,731,979)</u>
(60,326,319)	10,448,746	70,775,065
-	73,578,823	73,578,823
<u>\$ (60,326,319)</u>	<u>\$ 84,027,569</u>	<u>\$ 144,353,888</u>



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

**FINANCIAL DATA SCHEDULE  
CITY OF CHANDLER HOUSING AND REDEVELOPMENT DIVISION**

**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, ARIZONA**

FINANCIAL DATA SCHEDULE  
CITY OF CHANDLER HOUSING AND REDEVELOPMENT DIVISION

AS SUBMITTED ELECTRONICALLY TO:  
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
REAL ESTATE ASSESSMENT CENTER (REAC)

COMBINING STATEMENT OF NET ASSETS - ALL HUD PROGRAMS  
June 30, 2003

FDS Line #	Account Description	HOME	CDBG	Low Rent	Housing
		14.239	14.218	Public Housing 14.850a	Choice Vouchers 14.871
<b>ASSETS</b>					
111	Cash - Unrestricted	-	-	1,349,959	178,490
113	Cash - Restricted for FSS Escrow Accounts	-	-	25,379	96,866
114	Cash - Security Deposits	-	-	76,465	-
122	Accounts Receivable - HUD Other Projects	-	96,260	-	50,464
124	Accounts Receivable - Other Governments	116,833	-	-	4,662
125	Accounts Receivable - Miscellaneous	-	-	1,000	-
126	Accounts Receivable - Tenants - Dwelling Rents	-	-	17,060	-
126.1	Allowance for Doubtful Accounts - Dwelling Rents	-	-	(3,792)	-
127	Notes and Mortgages Receivable - current	28,757	14,095	-	-
128	Fraud Recovery Receivable	-	-	6,383	-
129	Accrued Interest Receivable	-	-	3,239	628
145	Assets Held for Sale	-	-	-	-
161	Land	-	-	2,678,747	-
162	Buildings	-	-	11,104,189	-
164	Furniture, Equipment, Machinery - Admin	5,086	-	247,382	-
166	Accumulated Depreciation	(5,086)	-	(5,874,057)	-
171	Notes and Mortgages Receivable - non-current	196,931	56,276	419,467	-
	<b>TOTAL ASSETS</b>	<b>342,521</b>	<b>166,631</b>	<b>10,051,421</b>	<b>331,110</b>
<b>LIABILITIES</b>					
311	Bank Overdraft	59,287	43,463	-	-
312	Accounts Payable	441	26,771	29,000	5,120
321	Accrued Wage/Payroll Taxes Payable	1,111	11,049	33,015	13,790
322	Accrued Compensated Absences	2,544	14,977	42,732	11,296
341	Tenant Security Deposits	-	-	76,465	-
345	Other Current Liabilities	-	-	9,588	-
353	Noncurrent Liabilities - Other	-	-	25,379	96,866
	<b>TOTAL LIABILITIES</b>	<b>63,383</b>	<b>96,260</b>	<b>216,179</b>	<b>127,072</b>
<b>NET ASSETS</b>					
508.1	Invested in Capital Assets, net of related debt	-	-	8,156,261	-
512.1	Unrestricted Net Assets	279,138	70,371	1,678,981	204,038
	<b>TOTAL NET ASSETS</b>	<b>279,138</b>	<b>70,371</b>	<b>9,835,242</b>	<b>204,038</b>
	<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>342,521</b>	<b>166,631</b>	<b>10,051,421</b>	<b>331,110</b>

Capital Fund Program 14.872	ROSS Grant 14.870	Drug Elimination Program 14.854	Other Business	Total
1,680	-	-	722,818	2,252,947
-	-	-	-	122,245
-	-	-	-	76,465
25,531	15,779	-	-	188,034
-	-	-	-	121,495
-	-	-	-	1,000
-	-	-	-	17,060
-	-	-	-	(3,792)
-	-	-	-	42,852
-	-	-	-	6,383
-	-	-	1,854	5,721
-	-	-	550,781	550,781
-	-	-	-	2,678,747
-	-	-	-	11,104,189
-	-	-	-	252,468
-	-	-	-	(5,879,143)
-	-	-	-	672,674
<u>27,211</u>	<u>15,779</u>	<u>-</u>	<u>1,275,453</u>	<u>12,210,126</u>
-	1	-	-	102,751
10,795	15,778	-	204,668	292,573
9,457	-	-	470	68,892
6,959	-	-	1,017	79,525
-	-	-	-	76,465
-	-	-	-	9,588
-	-	-	-	122,245
<u>27,211</u>	<u>15,779</u>	<u>-</u>	<u>206,155</u>	<u>752,039</u>
-	-	-	-	8,156,261
-	-	-	1,069,298	3,301,826
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,069,298</u>	<u>11,458,087</u>
<u>27,211</u>	<u>15,779</u>	<u>-</u>	<u>1,275,453</u>	<u>12,210,126</u>

**CITY OF CHANDLER, ARIZONA**

FINANCIAL DATA SCHEDULE  
CITY OF CHANDLER HOUSING AND REDEVELOPMENT DIVISION

AS SUBMITTED ELECTRONICALLY TO:  
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
REAL ESTATE ASSESSMENT CENTER (REAC)

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS - ALL HUD PROGRAMS  
FOR THE YEAR ENDED JUNE 30, 2003

FDS Line #	Account Description	HOME 14.239	CDBG 14.218	Low Rent Public Housing 14.850a
<b>REVENUES</b>				
703	Net Tenant Rental Revenue	-	-	639,317
704	Tenant Revenue - Other	-	-	26,773
706	HUD Operating Grants	-	1,177,775	580,636
706.1	HUD Capital Grants	-	-	-
708	Other Government Grants	257,911	-	-
711	Investment Income - Unrestricted	-	-	(44,406)
714	Fraud Recovery	-	-	-
715	Other Revenue	61,416	9,573	22,209
716	Gain/Loss on sale of Fixed Assets	-	-	312,443
	TOTAL REVENUES	<u>319,327</u>	<u>1,187,348</u>	<u>1,536,972</u>
<b>EXPENSES</b>				
911	Administrative Salaries	20,099	178,506	300,797
912	Auditing Fees	-	-	4,000
915	Employee Benefit Contributions - Administrative	4,070	45,454	143,347
916	Other Operating - Administrative	-	11,277	45,344
924	Tenant Services - Other	-	-	730
931	Water	-	-	42,111
932	Electricity	-	-	33,328
933	Gas	-	-	2,325
938	Other Utility Expenditures	-	-	52,890
941	Ordinary Maintenance and Operations - Labor	-	-	318,914
942	Ordinary Maintenance and Operations - Materials	-	-	210,907
943	Ordinary Maintenance and Operations - Contract Costs	-	-	99,005
961	Insurance	-	-	61,412
962	Other General Expenditures	285,214	894,603	12,354
964	Bad Debt - Tenant rents	-	-	14,996
	Total Operating Expenses	<u>309,383</u>	<u>1,129,840</u>	<u>1,342,460</u>
	Other Expenses:			
973	Housing assistance Payments	-	-	-
974	Depreciation	5,000	-	462,474
	TOTAL EXPENSES	<u>314,383</u>	<u>1,129,840</u>	<u>1,804,934</u>
	<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<u>4,944</u>	<u>57,508</u>	<u>(267,962)</u>
1001	Transfers In	-	-	301,034
1002	Transfers Out	-	(73,480)	(1,000,000)
1008	Special Items	-	-	-
	TOTAL TRANSFERS	<u>-</u>	<u>(73,480)</u>	<u>(698,966)</u>
	<b>CHANGE IN NET ASSETS</b>	4,944	(15,972)	(966,928)
	<b>TOTAL NET ASSETS, BEGINNING OF YEAR</b>	<u>274,194</u>	<u>86,343</u>	<u>10,802,170</u>
	<b>NET ASSETS, END OF YEAR</b>	<u><u>279,138</u></u>	<u><u>70,371</u></u>	<u><u>9,835,242</u></u>
<b>OTHER MEMORANDUM AMOUNTS</b>				
1113	Maximum Annual Contributions Commitment	-	-	-
1115	Contingency Reserve	-	-	-
1120	Unit Months Available	-	-	3692
1121	Number of Unit Months Leased	-	-	3642

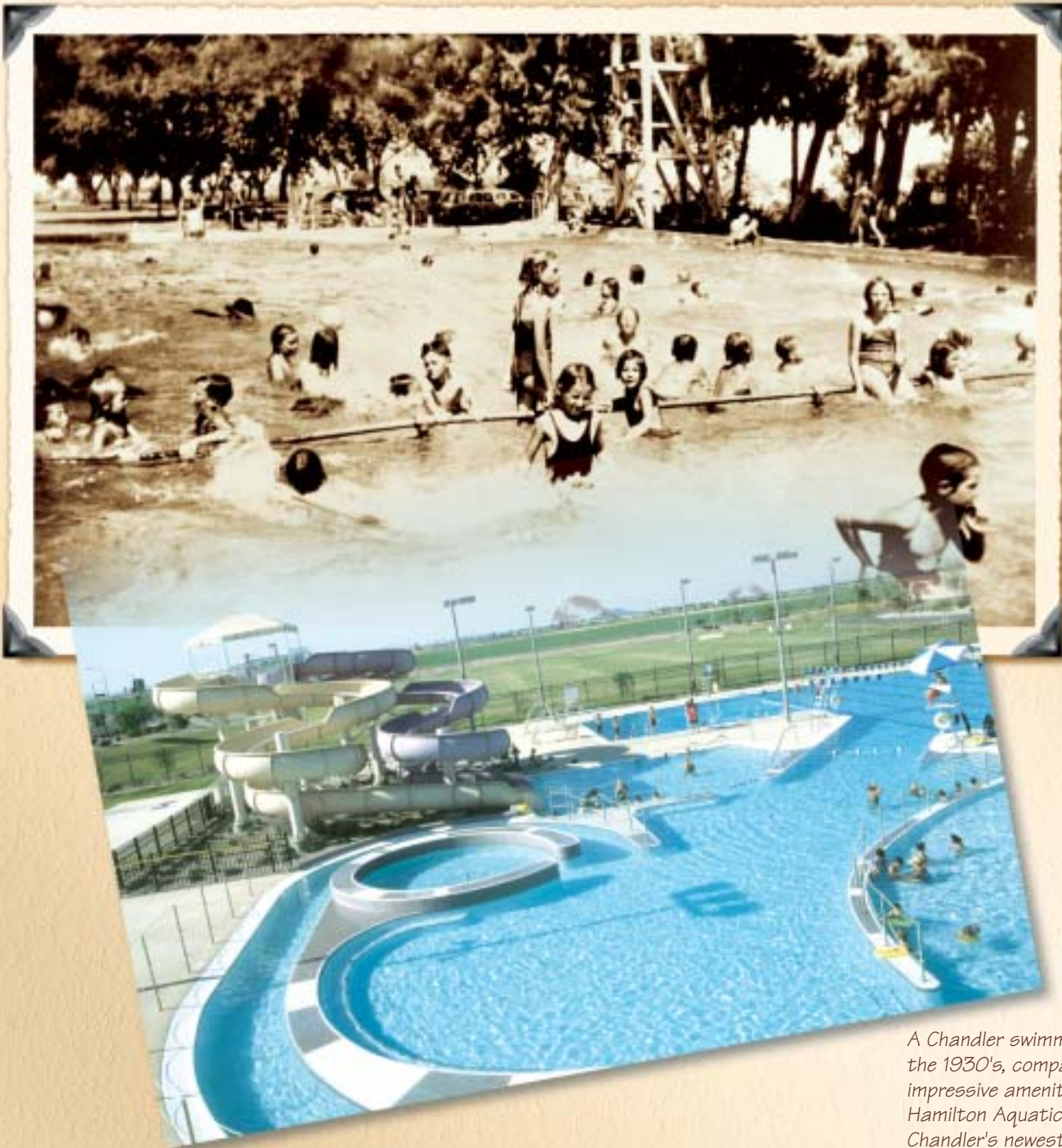
Housing Choice Vouchers 14.871	Capital Fund Program 14.872	ROSS Grant 14.870	Drug Elimination Program 14.854	Other Business	Total
-	-	-	-	-	639,317
-	-	-	-	-	26,773
3,672,269	417,641	15,779	43,973	-	5,908,073
-	202,054	-	-	-	202,054
-	-	-	-	-	257,911
1,801	-	-	-	1,186	(41,419)
85	-	-	-	-	85
6,268	-	-	-	-	99,466
-	-	-	-	-	312,443
<u>3,680,423</u>	<u>619,695</u>	<u>15,779</u>	<u>43,973</u>	<u>1,186</u>	<u>7,404,703</u>
230,654	142,636	-	15,559	4,520	892,770
3,000	-	-	-	-	7,000
64,688	27,690	-	4,703	834	290,786
-	2,518	24	-	-	59,163
-	-	15,755	-	-	16,485
-	-	-	-	-	42,111
-	-	-	-	-	33,328
-	-	-	-	-	2,325
-	-	-	-	-	52,890
-	-	-	-	-	318,914
-	-	-	-	-	210,907
-	-	-	-	-	99,005
-	-	-	-	-	61,412
37,352	234,797	-	23,711	1,534	1,489,565
-	-	-	-	-	14,996
<u>335,694</u>	<u>407,641</u>	<u>15,779</u>	<u>43,973</u>	<u>6,888</u>	<u>3,591,658</u>
3,332,123	-	-	-	-	3,332,123
-	-	-	-	-	467,474
<u>3,667,817</u>	<u>407,641</u>	<u>15,779</u>	<u>43,973</u>	<u>6,888</u>	<u>7,391,255</u>
12,606	212,054	-	(0)	(5,702)	13,449
-	-	-	-	1,000,000	1,301,034
(15,500)	(212,054)	-	-	-	(1,301,034)
-	-	-	(3,928)	-	(3,928)
<u>(15,500)</u>	<u>(212,054)</u>	<u>-</u>	<u>-</u>	<u>1,000,000</u>	<u>(3,928)</u>
(2,894)	-	-	-	994,298	9,521
206,932	-	-	3,928	75,000	11,448,567
<u>204,038</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,069,298</u>	<u>11,458,088</u>
3,549,901	-	-	-	-	
71,973	-	-	-	-	
5760	-	-	-	-	
5485	-	-	-	-	



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

# Statistical Section

CITY OF CHANDLER 90 AND GROWING STRONG



A Chandler swimming pool of the 1930's, compared to the impressive amenities at Hamilton Aquatic Center, Chandler's newest pool.

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



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*Where Values Make The Difference*

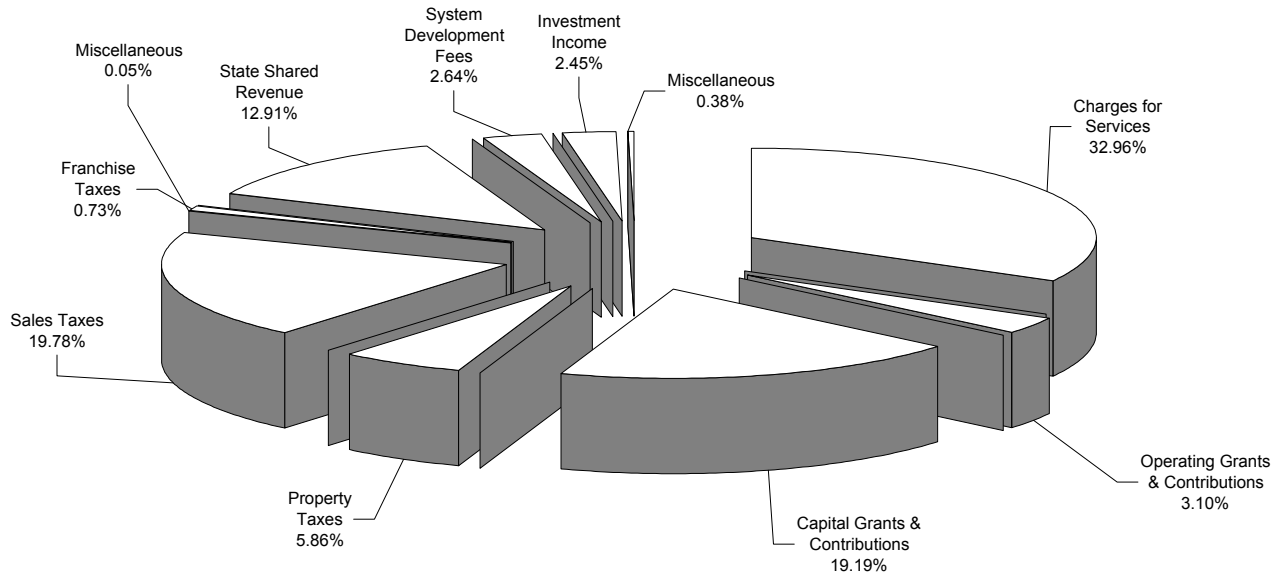
CITY OF CHANDLER, ARIZONA

GOVERNMENT-WIDE REVENUES  
YEAR ENDED JUNE 30, 2003\*

Fiscal Year	PROGRAM REVENUES			GENERAL REVENUES								Total
	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Property Taxes	Sales Taxes	Franchise Taxes	State Shared Revenue	System Development Fees	Investment Income	Miscellaneous		
2001-02	\$ 82,046,180	\$ 7,279,967	\$ 79,241,975	\$ 16,001,578	\$ 55,070,562	\$ 1,957,618	\$ 37,850,975	\$ 8,320,712	\$ 11,684,618	\$ 801,904	\$ 300,256,089	
2002-03	\$ 101,013,980	\$ 9,489,473	\$ 58,830,871	\$ 17,953,164	\$ 60,614,779	\$ 2,249,190	\$ 39,559,356	\$ 8,105,353	\$ (7,519,472)	\$ 1,158,580	\$ 291,455,274	

\*The provisions of the Governmental Accounting Standards Board (GASB) Statement No. 34 were adopted in fiscal year 2002 therefore only two years are shown. The source of this information is City records.

Government-Wide Revenues



**CITY OF CHANDLER, ARIZONA**

**GOVERNMENT-WIDE EXPENSES BY FUNCTION  
YEAR ENDED JUNE 30, 2003\***

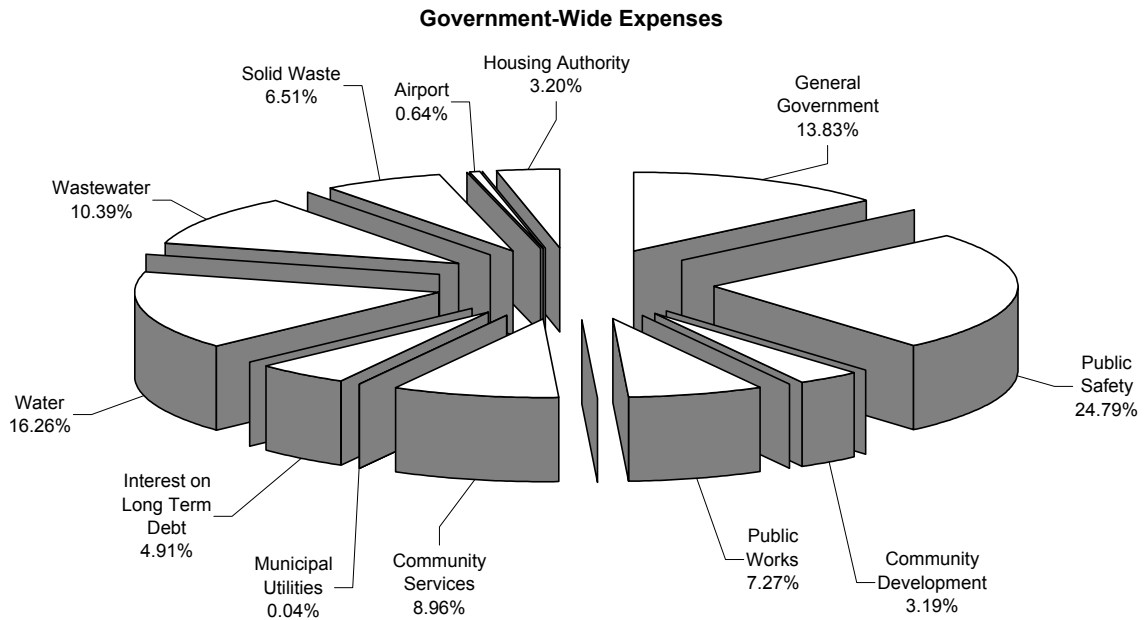
**Governmental Activities**

Fiscal Year	General Government	Public Safety	Community Development	Public Works	Community Services	Municipal Utilities	Interest on Long Term Debt
2001-02	\$ 32,159,571	\$ 50,221,565	\$ 6,760,718	\$ 20,431,691	\$ 17,668,011	\$ 84,539	\$ 12,398,031
2002-03	\$ 30,610,529	\$ 54,854,074	\$ 7,067,675	\$ 16,097,894	\$ 19,823,356	\$ 97,425	\$ 10,858,078

**Business-Type Activities**

	Water	Wastewater	Solid Waste	Airport	Housing Authority	Total Governmental and Business-Type Activities
2001-02	\$ 33,004,765	\$ 21,800,113	\$ 8,675,676	\$ 1,305,935	\$ 6,584,884	\$ 211,095,499
2002-03	\$ 35,992,958	\$ 22,986,319	\$ 14,414,774	\$ 1,420,574	\$ 7,082,747	\$ 221,306,403

\*The provisions of the Governmental Accounting Standards Board (GASB) Statement No. 34 were adopted in fiscal year 2002 therefore only two years are shown. The source of this information is City records.



**CITY OF CHANDLER, ARIZONA**

**GENERAL GOVERNMENTAL REVENUES BY SOURCE**

*Last Ten Fiscal Years*

	Total Revenues	Local Taxes	Licenses and Permits	Inter- Governmental	Fines and Forfeitures	Interest	Miscellaneous	Special Assessments
1993-94	\$ 72,133,479	\$ 23,459,456	\$ 2,446,169	\$ 20,725,377	\$ 1,289,594	\$ 978,816	\$ 15,195,759	\$ 8,038,308
1994-95	88,015,462	35,270,213	3,681,780	22,747,687	1,214,243	2,170,839	17,150,871	5,779,829
1995-96	99,670,819	39,802,513	3,044,396	24,218,772	1,939,625	3,785,176	22,876,877	4,003,460
1996-97	111,930,023	43,144,009	3,124,530	32,430,233	2,011,960	4,841,476	22,630,419	3,747,396
1997-98	113,261,881	47,514,573	4,029,720	34,241,154	2,565,759	5,807,734	17,345,291	1,757,650
1998-99	124,620,146	54,743,902	5,699,464	38,188,387	2,627,517	6,340,846	16,234,860	785,170
1999-00	135,757,133	59,732,187	5,572,080	42,199,249	1,969,478	8,670,019	17,392,587	221,533
2000-01	159,303,865	69,079,352	6,627,557	43,772,423	2,233,173	13,767,036	23,636,505	187,819
2001-02	166,867,792	72,951,061	5,651,522	48,797,917	2,796,157	6,885,010	29,610,973	175,152
2002-03	174,208,592	82,591,633	6,386,478	49,850,293	3,975,613	4,327,282	26,564,051	513,242

Source: City of Chandler, Arizona, Comprehensive Annual Financial Report  
General, Special Revenue and Debt Service Funds, GAAP Basis

**CITY OF CHANDLER, ARIZONA**

**GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE**

*Last Ten Fiscal Years*

	Local				State Shared		
	Total Tax Revenue	City Sales	General Property	Franchise	State Sales	Vehicle License	State Income
1993-94	\$ 38,673,941	\$ 17,050,425	\$ 6,649,175	\$ 694,199	\$ 6,355,851	\$ 2,066,482	\$ 5,857,809
1994-95	51,242,066	27,457,349	7,069,413	743,451	6,922,049	2,572,942	6,476,862
1995-96	56,613,533	30,909,683	8,011,080	881,750	7,482,255	2,465,230	6,863,535
1996-97	66,032,041	33,386,669	8,820,211	937,129	9,331,247	3,534,117	10,022,668
1997-98	72,482,656	36,188,241	10,033,775	1,292,557	9,867,102	3,778,304	11,322,677
1998-99	82,936,033	42,523,642	11,114,921	1,105,339	10,577,030	4,396,845	13,218,256
1999-00	90,651,036	45,371,992	12,506,958	1,628,723	11,626,261	4,849,432	14,667,670
2000-01	101,851,459	52,747,528	14,188,453	2,008,187	12,270,238	5,242,763	15,394,290
2001-02	110,802,036	55,070,563	15,922,881	1,957,617	13,607,408	5,825,942	18,417,625
2002-03	120,376,489	60,614,779	17,953,164	2,249,190	13,810,011	6,955,624	18,793,721

Source: City of Chandler, Arizona, Comprehensive Annual Financial Report  
General, Special Revenue and Debt Service Funds, GAAP Basis

**CITY OF CHANDLER, ARIZONA**

**GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION**

*Last Ten Fiscal Years*

	<u>Total Expenditures</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Community Development</u>	<u>Public Works</u>	<u>Community Services</u>	<u>Municipal Utilities</u>	<u>Debt Service</u>
1993-94	\$ 60,635,637	\$ 9,677,944	\$ 14,208,415	\$ 9,177,695	\$ 7,349,998	\$ 3,818,165	\$ 1,078,734	\$ 15,324,686
1994-95	69,122,505	10,133,454	17,886,332	8,482,726	8,307,841	4,860,220	2,963,573	16,488,359
1995-96	76,556,549	9,781,149	20,123,365	10,181,640	11,562,497	8,523,422	1,504,509	14,879,967
1996-97	95,192,361	11,052,664	25,089,002	9,446,705	13,614,850	8,944,073	786,015	26,259,052
1997-98	90,450,083	16,622,720	33,593,934	10,000,217	8,236,925	9,380,758	1,479,921	11,135,608
1998-99	104,720,964	19,510,960	33,611,007	10,658,913	9,128,756	11,103,823	219,178	20,488,327
1999-00	110,111,066	18,721,568	35,968,445	11,822,939	12,267,892	14,075,302	926,597	16,328,323
2000-01	118,041,931	19,921,160	42,355,666	15,217,991	13,427,718	16,786,006	165,793	10,167,597
2001-02	136,826,832	28,858,549	49,910,766	6,757,787	20,229,867	17,575,610	84,539	13,409,714
2002-03	144,932,184	29,448,025	53,885,322	7,061,116	18,999,357	20,310,994	97,425	15,129,945

Source: City of Chandler, Arizona, Comprehensive Annual Financial Report  
General, Special Revenue and Debt Service Funds, GAAP Basis

**CITY OF CHANDLER, ARIZONA**  
**PROPERTY TAX RATES**  
**DIRECT AND OVERLAPPING GOVERNMENTS**  
*Last Ten Fiscal Years (A)*

Tax Rates (2):	<u>City of Chandler</u>	<u>Chandler Unified School District (1)</u>	<u>Maricopa County Community College</u>	<u>Maricopa County Government</u>	<u>State of Arizona (B)</u>	<u>Flood Control</u>
1993-94 P*	0.34	5.36	0.85	1.05	0.47	-
1993-94 S	0.96	3.35	-	0.18	-	0.36
1994-95 P*	0.36	5.25	0.89	1.24	0.47	-
1994-95 S	0.99	3.74	-	-	-	0.36
1995-96 P*	0.36	5.28	0.95	1.16	0.47	-
1995-96 S	0.97	3.32	-	-	-	0.33
1996-97 P*	0.36	5.20	0.98	1.11	-	-
1996-97 S	0.97	3.32	0.07	0.16	-	0.34
1997-98 P*	0.35	5.06	0.97	1.13	-	-
1997-98 S	0.97	3.23	0.16	0.14	-	0.34
1998-99 P*	0.35	5.30	0.99	1.15	-	-
1998-99 S	0.97	3.73	0.13	0.13	-	0.33
1999-00 P*	0.38	5.01	0.97	1.19	-	-
1999-00 S	0.93	3.48	0.15	0.11	-	0.29
2000-01 P*	0.38	4.69	0.97	1.16	-	-
2000-01 S	0.92	3.27	0.15	0.12	-	0.25
2001-02 P*	0.38	4.99	0.96	1.18	-	-
2001-02 S	0.91	2.87	0.15	0.09	-	0.23
2002-03 P*	0.38	5.08	0.96	1.21	-	-
2002-03 S	0.90	2.71	0.15	0.08	-	0.21

Note 1: For residents located within the following school districts, the statistics are as follows:

				<u>Mesa</u>	<u>Kyrene</u>	<u>Tempe High</u>	<u>Gilbert</u>
2002-03 Tax Rate	P	P*	\$	5.30	2.27	2.19	4.68
	S	S		2.49	1.91	1.13	3.67
2002-03 Tax Levy	P	P*	\$	118,672,386	31,375,996	56,994,879	42,821,312
	S	S		58,518,922	27,794,419	31,162,656	35,191,936

Note 2: Based on \$100 of Assessed Valuation, P\* = Primary S = Secondary  
Source: (A) Maricopa County Assessor's Office (B) State of Arizona (CIS)

Library and Fire Assistance	Hospital District	Central Arizona Project Total	East Valley Institute of Technology	Education Equalization	Total Rate
-	-	-	-	0.53	8.60
0.11	0.07	0.14	0.07	-	5.24
-	-	-	-	0.53	8.74
0.05	0.07	0.14	0.06	-	5.41
-	-	-	-	0.53	8.75
0.01	0.06	0.14	0.04	-	4.87
-	-	-	0.06	0.53	8.22
0.05	0.06	0.14	0.11	-	5.21
-	-	-	0.06	0.53	8.10
0.05	0.04	0.14	0.07	-	5.14
-	-	-	0.06	0.53	8.38
0.05	0.06	0.14	0.07	-	5.61
-	-	-	0.05	0.52	8.12
0.05	0.02	0.14	0.07	-	5.24
-	-	-	0.05	0.51	7.76
0.05	-	0.13	0.07	-	4.96
-	-	-	0.05	0.50	8.06
0.05	-	0.13	0.06	-	4.49
-	-	-	0.06	0.49	8.18
0.05	-	0.13	0.06	-	4.29

**CITY OF CHANDLER, ARIZONA**

PROPERTY TAX LEVIES  
DIRECT AND OVERLAPPING GOVERNMENTS  
*Last Ten Fiscal Years (A)*

Tax Levies: (2)	City of Chandler	Chandler Unified School District (1)	Maricopa County Community College	Maricopa County Government	State of Arizona (B)	Flood Control
1993-94 P*	\$ 1,665,100	\$ 17,924,376	\$ 113,440,000	\$ 140,248,266	\$ 62,496,834	-
1993-94 S	4,790,173	11,425,482	-	25,360,203	-	\$ 35,142,441
1994-95 P*	1,813,165	17,682,761	118,841,866	164,865,317	101,934,235	-
1994-95 S	5,076,799	12,855,499	-	428,377	-	35,318,672
1995-96 P*	1,990,488	19,782,700	127,583,281	156,257,472	63,420,563	-
1995-96 S	5,632,436	13,079,452	23,643,816	20,670,863	-	36,078,354
1996-97 P*	2,216,615	22,186,907	136,570,230	154,487,036	-	-
1996-97 S	6,126,654	14,535,837	10,099,590	22,590,472	-	38,118,477
1997-98 P*	2,430,088	24,504,765	146,259,046	169,045,638	-	-
1997-98 S	7,040,766	16,342,625	25,143,528	21,446,852	-	42,339,342
1998-99 P*	2,730,357	29,588,815	158,026,342	183,750,071	-	-
1998-99 S	7,917,563	21,742,204	21,173,925	22,058,679	-	44,670,223
1999-00 P*	3,337,274	31,828,719	170,815,611	207,540,697	-	-
1999-00 S	8,587,981	23,028,314	28,833,135	20,264,381	-	44,310,754
2000-01 P*	3,941,711	37,462,185	187,642,684	225,396,514	-	-
2000-01 S	10,114,962	28,136,682	31,377,241	24,051,128	-	44,309,245
2001-02 P*	4,495,864	43,927,008	204,648,094	252,676,223	-	-
2001-02 S	11,319,490	26,779,368	34,930,475	20,071,906	-	45,322,696
2002-03 P*	4,793,607	49,118,834	221,156,802	277,949,612	-	-
2002-03 S	11,999,402	27,768,095	36,526,312	19,565,638	-	44,868,063

Note 1: For residents located within the following school districts, the statistics are as follows:

		Mesa	Kyrene	Tempe High	Gilbert
2002-03 Tax Rate	P*	5.30	2.27	2.19	4.68
	S	2.49	1.91	1.13	3.67
2002-03 Tax Levy	P*	118,672,386	31,375,996	56,994,879	42,821,312
	S	58,518,922	27,794,419	31,162,656	35,191,936

Note 2: Based on \$100 of Assessed Valuation, P\* = Primary S = Secondary

Source: (A) Maricopa County Assessor's Office (B) State of Arizona (CIS)

<u>Library and Fire Assistance</u>	<u>Hospital District</u>	<u>Central Arizona Project Total</u>	<u>East Valley Institute of Technology</u>	<u>Education Equalization</u>	<u>Total Levy</u>
-	-	-	-	\$ 70,469,834	\$ 406,244,410
\$ 9,227,176	-	\$ 18,905,751	-	-	104,851,226
-	-	-	-	70,502,331	475,639,675
7,085,645	\$ 844,018	18,929,645	\$ 2,863,873	-	83,402,528
-	-	-	-	71,516,805	440,551,309
2,915,806	813,568	19,767,209	3,842,930	-	126,444,434
-	-	-	3,231,860	74,071,041	392,763,689
7,605,530	873,583	20,080,420	6,120,184	-	126,150,747
-	-	-	3,672,969	79,533,234	425,445,740
8,265,184	668,982	22,012,897	4,274,560	-	147,534,736
-	-	-	4,246,713	84,891,508	463,233,806
8,815,645	1,144,708	23,536,796	5,130,129	-	156,189,872
-	-	-	3,970,493	91,109,039	508,601,833
9,736,723	483,234	26,147,456	5,922,133	-	167,314,111
-	-	-	4,786,052	99,193,054	558,422,200
10,786,836	-	27,141,030	6,155,098	-	182,072,222
-	-	-	5,197,584	106,221,394	617,166,167
11,732,514	-	29,787,075	6,258,774	-	186,202,298
-	-	-	6,119,631	112,231,223	671,369,709
12,155,883	-	31,805,013	6,175,823	-	190,864,229

**CITY OF CHANDLER, ARIZONA**

**2002-03 PROPERTY TAX LEVIES APPLICABLE  
TO CHANDLER PROPERTY OWNERS**

**PRIMARY TAXES**

	Total Valuation	Within Chandler		Rate (Per \$100)	Chandler Portion
		Percent	Amount		
<b>School Districts</b>					
Chandler Unified	\$ 967,273,454	77.87	\$ 753,209,975	\$ 5.08	\$ 38,263,067
Mesa Unified	2,239,412,203	4.88	109,385,117	5.30	5,797,411
Gilbert Unified	914,889,096	3.40	31,121,172	4.68	1,456,471
Kyrene Elementary	1,384,478,704	26.56	367,759,328	2.27	8,348,137
Tempe Union High	2,599,550,659	-	-	2.19	-
Maricopa Community College	22,955,864,882	5.50	1,261,475,592	0.96	12,110,166
<b>Total All Schools</b>					<b>\$ 65,975,252</b>
<b>City Wide Levies</b>					
City of Chandler	\$ 1,261,475,592	100.00	\$ 1,261,475,592	\$ 0.38	\$ 4,793,607
Maricopa County	22,955,864,882	5.50	1,261,475,592	1.21	15,263,855
Central Arizona Water Conservation	-	-	-	-	-
Flood Control	-	-	-	-	-
State of Arizona	22,955,864,882	-	-	-	-
Library and Fire Assistance	-	-	-	-	-
Hospital District	-	-	-	-	-
East Valley Institute of Technology	11,006,145,846	11.46	1,261,475,592	0.06	756,885
Education Equalization	22,955,864,882	5.50	1,261,475,592	0.49	6,181,230
<b>Total City-Wide Levies</b>					<b>26,995,577</b>
<b>TOTAL ALL LEVIES</b>					<b>\$ 92,970,829</b>

**Total Overall Tax Rates:**

Inside Chandler Unified School District	<u>\$12.47</u>
Inside Kyrene/Tempe High School District	<u>\$11.05</u>
Inside Mesa Unified School District	<u>\$12.47</u>
Inside Gilbert Unified School District	<u>\$13.03</u>

Source: Maricopa County Finance Department and Assessor's Office.

SECONDARY TAXES

Total Valuation	Within Chandler		Rate (Per \$100)	Chandler Proportion of Levy	Total Chandler Proportion of Levy
	Percent	Amount			
\$ 1,025,307,989	77.80	\$ 797,686,200	\$ 2.71	\$ 21,617,296	\$ 59,880,363
2,345,979,479	4.79	112,386,930	2.49	2,798,435	8,595,846
957,897,910	3.45	33,064,222	3.67	1,213,457	2,669,928
1,453,177,253	26.85	390,129,578	1.91	7,451,475	15,799,612
2,747,119,796	-	-	1.13	-	-
24,457,047,282	5.45	1,333,266,930	0.15	1,999,900	14,110,066
				<u>\$ 35,080,563</u>	<u>\$ 101,055,815</u>
\$ 1,333,266,930	100.00	\$ 1,333,266,930	\$ 0.90	\$ 11,999,402	\$ 16,793,009
24,457,047,282	5.45	1,333,266,930	0.08	1,066,614	16,330,469
24,457,047,282	5.45	1,333,266,930	0.13	1,733,247	1,733,247
21,174,168,674	5.62	1,190,118,956	0.21	2,499,250	2,499,250
-	-	-	-	-	-
24,457,047,282	0.54	133,266,930	0.05	66,633	66,633
-	-	-	-	-	-
11,006,145,846	12.11	1,333,266,930	0.06	799,960	1,556,845
-	-	-	-	-	6,181,230
				<u>18,165,106</u>	<u>45,160,683</u>
				<u>\$ 53,245,669</u>	<u>\$ 146,216,498</u>

**CITY OF CHANDLER, ARIZONA**

**PROPERTY TAX LEVIES AND COLLECTIONS**

*Last Ten Fiscal Years*

	Total City Tax Levy	COLLECTIONS							
		Current		Delinquent		Total		Outstanding Delinquencies	
		Amount	% of Levy	Amount	% of Levy	Amount	% of Levy	Amount (1)	% of Levy
1993-94	\$ 6,455,273	\$ 6,281,938	97.3	\$ 367,237	5.7	\$ 6,649,175	103.0	\$ 232,905	3.6
1994-95	6,889,964	6,786,981	98.5	282,432	4.1	7,069,413	102.6	163,539	2.4
1995-96	7,622,924	7,824,931	102.6	179,851	2.4	8,004,782	105.0	237,022	3.1
1996-97	8,343,269	8,668,735	103.9	151,476	1.8	8,820,211	105.7	308,838	3.7
1997-98	9,470,854	9,842,629	103.9	191,146	2.0	10,033,775	105.9	272,532	2.9
1998-99	10,647,920	10,957,416	102.9	157,506	1.5	11,114,922	104.4	289,456	2.7
1999-00	10,935,270	12,183,893	111.4	323,065	3.0	12,506,958	114.4	218,199	2.0
2000-01	14,056,673	14,041,449	99.9	147,004	1.0	14,188,453	100.9	248,465	1.8
2001-02	15,815,354	15,709,241	99.3	213,640	1.4	15,922,881	100.7	320,226	2.0
2002-03	16,793,009	17,429,004	103.8	275,088	1.6	17,704,092	105.4	86,554	0.5

Source: (1) Maricopa County Assessor's Office.

**CITY OF CHANDLER, ARIZONA**

**SPECIAL ASSESSMENT COLLECTIONS**

*Last Ten Fiscal Years*

	<u>Assessments Due</u>	<u>Assessments Collected</u>	<u>Ratio of Collections To Amount Due</u>	<u>Total Outstanding Collections (1)</u>
1993-94	\$ 4,671,276	\$ 4,571,450	\$ 97.86	\$ 99,826
1994-95	3,745,158	3,693,633	98.62	51,525
1995-96	3,232,574	3,199,847	98.99	32,727
1996-97	2,813,926	2,813,926	100.00	-
1997-98	1,814,614	1,814,614	100.00	-
1998-99	1,184,852	1,184,880	100.00	(28.00)
1999-00	456,148	456,148	100.00	-
2000-01	180,089	180,089	100.00	-
2001-02	174,920	167,445	95.73	7,475
2002-03	143,704	143,704	100.00	-

Note 1: Under Arizona law, public auctions are held in January of each year at which disposition, of then delinquent assessments, is made. By bid, special lien rights to properties against which due but unpaid assessments exist are offered in return for payment of all outstanding amounts plus penalties. In the event there are no interested bidders, the delinquency must be satisfied from budgetary funds of the sponsoring governmental unit. Thus, in January of each year, all outstanding delinquent assessments are collected. The amounts shown in this column, if any, represent unpaid balances of the June 1 semi-annual interest installment only.

**CITY OF CHANDLER, ARIZONA**

**RATIO OF NET GENERAL BONDED DEBT TO  
ASSESSED VALUATION AND NET GENERAL BONDED DEBT PER CAPITA**  
*Last Ten Fiscal Years*

	<u>Population</u>	<u>Assessed Valuation</u>	<u>Less: 7/1 Debt Service Pmts</u>	<u>Net General Bonded Debt</u>	<u>% Net General Bonded Debt to Assessed Value</u>	<u>Net General Bonded Debt Per Capita</u>	
1993-94	\$ 115,926	\$ 498,976,395	\$ 42,965,000	\$ 1,040,000	\$ 41,925,000	8.4	\$ 361.65
1994-95	125,388	512,807,949	50,200,000	3,090,000	47,110,000	9.2	375.71
1995-96	141,426	580,663,464	51,460,000	3,290,000	48,170,000	8.3	340.60
1996-97	151,420	631,613,770	56,330,000	2,875,000	53,455,000	8.5	353.02
1997-98	161,097	725,852,181	57,175,000	4,245,000	52,930,000	7.3	328.56
1998-99	171,047	816,243,568	59,880,000	5,025,000	54,855,000	6.7	320.70
1999-00	179,844	923,438,771	59,340,000	1,475,000	57,865,000	6.3	321.75
2000-01	189,318	1,099,452,357	65,905,000	1,655,000	64,250,000	5.8	339.38
2001-02	198,840	1,243,900,020	87,250,000	1,675,000	85,575,000	6.9	430.37
2002-03	211,984	1,638,375,932	106,970,000	4,490,000	102,480,000	6.3	483.43

Note (1) Excludes General Obligation Bonded Debt that is being repaid from Enterprise revenues.

**CITY OF CHANDLER, ARIZONA**

**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR  
GENERAL BONDED DEBT TO TOTAL GENERAL EXPENDITURES**

*Last Ten Fiscal Years*

	Principal	Interest	Total Debt Service	Total General Expenditures	Percent
1993-94	\$ 920,000	\$ 3,106,082	\$ 4,026,082	\$ 60,635,637	6.6
1994-95	1,040,000	3,655,113	4,695,113	69,122,505	6.8
1995-96	3,090,000	2,169,070	5,259,070	76,556,549	6.9
1996-97	4,313,731	2,043,435	6,357,166	95,192,361	6.7
1997-98	2,875,000	2,311,979	5,186,979	90,450,083	5.7
1998-99	5,025,000	2,296,155	7,321,155	104,720,964	7.0
1999-00	1,475,000	6,514,726	7,989,726	110,111,066	7.3
2000-01	1,655,000	6,924,065	8,579,065	118,041,931	7.3
2001-02	1,675,000	7,129,574	8,804,574	136,826,832	6.4
2002-03	4,490,000	6,417,796	10,907,796	144,932,184	7.5

**CITY OF CHANDLER, ARIZONA**

**COMPUTATION OF LEGAL DEBT MARGIN  
GENERAL OBLIGATION BONDS**

June 30, 2003

<u>2003 Valuation</u>		
Assessed Valuation	<u>\$ 1,638,375,932</u>	
	<u>6% Bonds (1)</u>	<u>20% Bonds (2)</u>
Legal Debt Limitation	\$ 98,302,556	\$ 327,675,186
Deduct Bonds Outstanding	<u>(45,475,000)</u>	<u>(80,710,000)</u>
Margin Available for Future G.O.B. Issues	<u>\$ 52,827,556</u>	<u>\$ 246,965,186</u>
Total Margin Available		<u>\$ 299,792,742</u>

Note 1: Under Arizona law, cities can issue general obligation bonds for all purposes other than those listed in Note (2) below, up to an amount not exceeding 6% of assessed valuation

Note 2: Under Arizona law, cities can issue general obligation bonds for purposes of water, wastewater and artificial light, and open space preserves, parks, playgrounds and recreational facilities up to an amount not exceeding 20% of assessed valuation.

Source: US Bancorp Piper Jaffray, Inc.

**COMPUTATION OF DIRECT AND OVERLAPPING  
BONDED DEBT AND ASSESSED VALUATION**

June 30, 2003

	2002-03 Secondary Assessed Valuation (in millions)	Net Bonded Debt	Portion Applicable to the City of Chandler	
			%	Amount
City of Chandler	\$ 1,638	\$ 132,365,000	100.00 %	\$ 132,365,000
State of Arizona	36,805	none	3.61	none
Maricopa County	22,457	39,515,000	5.45	2,153,568
Maricopa County Community College District	22,457	284,815,000	5.45	15,522,418
East Valley Institute of Technology	11,006	17,720,000	12.11	2,145,892
Chandler Unified School District No. 80	1,025	147,375,000	76.90	113,331,375
Mesa Unified School District No. 4	2,345	250,210,000	4.98	12,460,458
Gilbert Unified School District No. 41	958	73,115,000	3.26	2,383,549
Kyrene Elementary School District No. 28	1,453	54,830,000	26.35	14,447,705
Tempe Union High School No. 213	2,747	<u>202,585,000</u>	14.24	<u>28,848,104</u>
Total Direct and Overlapping General Obligation Debt		<u>\$ 1,202,530,000</u>		<u>\$ 323,658,069</u>

Source: Peacock, Hislop, Staley & Given, Inc.

CITY OF CHANDLER, ARIZONA

ASSESSED AND ESTIMATED ACTUAL VALUE  
OF TAXABLE PROPERTY

Last Ten Fiscal Years

	Real Estate	Improvements	Personal Property	Utilities Rails, Wire	Gross Valuation	Less Exemptions	Net Assessed Valuations	Percent of Increase	(A) Estimated Actual Cash Value
1993-94 P*	\$ 379,001,741	\$ Incl in R.E.	\$ 93,976,982	\$ 16,970,065	\$ 489,948,788	\$ 213,363	\$ 489,735,425	4.03	
1993-94 S	153,594,754	234,627,070	93,982,767	16,987,685	499,192,276	215,881	498,976,395	4.19	\$ 3,337,625,233
1994-95 P*	399,563,152	Incl in R.E.	85,238,905	19,064,560	503,866,617	209,777	503,656,840	2.84	
1994-95 S	153,559,222	255,137,320	85,238,905	19,081,928	513,017,375	209,426	512,807,949	2.77	3,545,684,337
1995-96 P*	452,845,580	Incl in R.E.	80,582,480	19,683,632	553,111,692	198,224	552,913,468	9.78	
1995-96 S	156,132,885	324,446,114	80,582,480	19,700,256	580,861,735	198,271	580,663,464	13.23	4,234,436,623
1996-97 P*	534,500,329	Incl in R.E.	87,775,380	46,948,482	669,224,191	53,497,906	615,726,285	11.36	
1996-97 S	173,046,885	378,077,946	87,775,380	46,964,268	685,864,479	54,250,709	631,613,770	8.77	4,579,542,569
1997-98 P*	606,160,472	Incl in R.E.	95,169,303	46,478,997	747,808,772	53,497,906	694,310,866	12.76	
1997-98 S	186,772,137	451,582,909	95,253,219	46,494,625	780,102,890	54,250,709	725,852,181	14.92	5,394,116,278
1998-99 P*	679,235,590	Incl in R.E.	115,453,515	46,701,597	841,390,702	53,636,163	787,754,539	13.46	
1998-99 S	210,238,011	500,107,377	115,453,515	46,724,721	872,523,624	56,280,056	816,243,568	12.45	5,487,333,654
1999-00 P*	770,746,335	Incl in R.E.	114,682,430	49,221,311	934,650,076	56,420,203	878,229,873	11.49	
1999-00 S	233,884,071	585,595,402	114,682,430	49,264,155	983,426,058	59,987,287	923,438,771	13.13	6,924,106,131
2000-01 P*	887,887,801	Incl in R.E.	114,682,430	53,081,674	1,055,651,905	59,830,337	995,821,568	13.39	
2000-01 S	261,595,484	694,957,817	114,682,430	53,135,497	1,124,371,228	66,249,033	1,058,122,195	14.58	7,361,557,694
2001-02 P*	1,040,269,420	Incl in R.E.	161,820,085	62,360,508	1,264,450,013	81,327,995	1,183,122,018	18.81	
2001-02 S	1,117,966,751	Incl in R.E.	161,820,085	62,378,730	1,342,165,566	98,265,546	1,243,900,020	17.56	8,368,335,959
2002-03 P*	1,150,010,316	Incl in R.E.	144,187,125	30,810,045	1,325,007,486	63,531,894	1,261,475,592	6.62	
2002-03 S	1,248,354,270	Incl in R.E.	144,187,125	30,827,856	1,423,369,251	90,102,321	1,333,266,930	7.18	8,981,174,789

Note A: Property tax legislation approved by the voters on June 3, 1980 created primary (P) and secondary (S) valuation bases. Taxes levied on primary valuations are for maintenance and operations of counties, cities, school districts, community college districts, and the State. Taxes levied on secondary valuations are for debt retirement, voter-approved budget overrides, and maintenance and operation of special service districts. In 1968, a statewide reappraisal program was completed in which a property's value was assessed by usage classification on varying percentages of actual cash value. Legislation has altered the percentages utilized in determining assessed valuation of various categories of property in subsequent years as follows:

	1968 Ratio	1974 Ratio	1980 Ratio	2001 Ratio
1. (mines,timbers,airlines,etc.)	60 %	60 %	52 %	25 %
2. (utilities)	40	50	44	25
3. (commercial)	25	27	25	25
4. (agricultural and vacant land)	18	18	16	16
5. (homes)	18	15	10	10
6. (apartments)	18	21	18	10
7. (railroads)	60	36	34	21

Classes 1 and 2 will be reduced annually until 1999. From 1999 and thereafter, they will remain fixed at 25%. For fiscal year 1989 and thereafter, the percentages for class 7 are calculated annually based on the ratio of the total assessed valuation of all mining, utility and commercial properties to the total full cash value of such properties.

P\* Primary valuations  
S Secondary valuations

Source: Maricopa County Assessor's Office

**CITY OF CHANDLER, ARIZONA**

**ESTIMATED ASSESSED VALUATIONS OF MAJOR TAXPAYERS**

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<u>Taxpayer</u>	<u>Description</u>	<u>2002-2003 Assessed Valuation(1)</u>	<u>Percent of City's 2002-2003 Secondary Assessed Valuation</u>
Intel Corporation	Manufacturer-Microcomputer Components	\$ 108,498,718	8.14
Motorola	Manufacturer-Semiconductor Products/Electronics	76,838,136	5.76
U.S. West/Qwest Communications	Telephone Utility Company	17,278,605	1.30
Microchip Technology	Manufacturer-Microcomputer Components	12,909,461	0.97
Phoenix Industrial Invt Ptrns	Industrial Park	6,826,728	0.51
Charles Schwab & Co Inc.	Brokerage	6,449,500	0.48
Avnet Inc.	Warehouse/Truck Terminals	5,361,243	0.40
G B Investment Co.	Warehouse/Truck Terminals	5,318,665	0.40
Southwest Gas Corporation	Gas & Electric Utilities	4,818,759	0.36
Orbital Sciences Corporation	Space Data Company	<u>4,720,024</u>	<u>0.35</u>
		<u>\$ 249,019,839</u>	<u>18.67 %</u>

Source: Peacock, Hislop, Staley & Given, Inc.

CITY OF CHANDLER, ARIZONA

SCHEDULE OF REVENUE BOND COVERAGE

HIGHWAY USERS FUND  
Last Ten Fiscal Years

	Gross Revenue and Transfers In	Debt Service Requirement			Coverage	Required
		Principal	Interest	Total		
1993-94	\$ 5,765,208	\$ 370,000	\$ 1,061,301	\$ 1,431,301	4.03	2.0
1994-95	6,236,739	750,000	1,239,869	1,989,869	3.13	2.0
1995-96	6,797,164	810,000	1,636,526	2,446,526	2.78	2.0
1996-97	8,848,784	865,000	1,846,102	2,711,102	3.26	2.0
1997-98	8,805,770	1,010,000	1,788,272	2,798,272	3.15	2.0
1998-99	9,574,791	1,005,000	2,666,225	3,671,225	2.61	2.0
1999-00	9,868,216	1,140,000	2,682,788	3,822,788	2.58	2.0
2000-01	10,215,420	420,000	2,787,849	3,207,849	3.18	2.0
2001-02	11,200,136	1,910,000	2,460,983	4,370,983	2.56	2.0
2002-03	11,535,170	2,025,000	2,021,322	4,046,322	2.85	2.0

ENTERPRISE FUNDS

Last Ten Fiscal Years

Water and Sewer Revenue Bonds

	Gross Revenue and Net Operating Transfers	Expense Excluding Depreciation	Net Revenue Available for Debt Service	Debt Service Requirement			Coverage	Required Coverage
				Principal	Interest	Total		
1993-94	24,562,480	13,226,047	11,336,433	1,600,000	4,023,765	5,623,765	2.02	1.2
1994-95	32,419,062	14,655,530	17,763,532	1,960,000	4,119,080	6,079,080	2.92	1.2
1995-96	40,665,972	18,553,907	22,112,065	2,020,000	4,156,276	6,176,276	3.58	1.2
1996-97	41,058,807	21,676,307	19,382,500	1,630,000	4,036,355	5,666,355	3.42	1.2
1997-98	40,685,946	19,632,375	21,053,571	1,845,000	5,047,680	6,892,680	3.05	1.2
1998-99	43,977,113	22,336,963	21,640,150	1,805,000	5,489,933	7,294,933	2.97	1.2
1999-00	45,737,916	25,500,386	20,237,530	3,305,000	5,596,306	8,901,306	2.27	1.2
2000-01	37,303,967	26,931,098	10,372,869	4,430,000	4,813,294	9,243,294	1.12	1.2
2001-02	50,414,214	29,062,343	21,351,871	5,110,000	5,128,133	10,238,133	2.09	1.2
2002-03	55,973,541	33,136,452	22,837,089	6,470,000	5,538,828	12,008,828	1.90	1.2

Solid Waste System Revenue Bonds

1996-97	7,142,492	4,671,379	2,471,113	—	68,020	68,020	36.33	1.2
1997-98	6,812,437	4,847,392	1,965,045	50,000	132,948	182,948	10.74	1.2
1998-99	6,991,747	5,124,323	1,867,424	100,000	236,813	336,813	5.54	1.2
1999-00	7,464,471	5,894,509	1,569,962	100,000	229,750	329,750	4.76	1.2
2000-01	8,132,130	6,423,477	1,708,653	100,000	222,688	322,688	5.30	1.2
2001-02	8,512,593	7,777,349	735,244	125,000	215,750	340,750	2.16	1.2
2002-03	9,156,049	13,627,896 *	(4,471,847)	125,000	206,969	331,969	-13.47	1.2

\* Expenses for FY 03 include \$5,323,714 in landfill closure and postclosure costs. The amount expended in FY 02 was \$812,319. The increase in comparable amounts is due to an increase in costs related to a change in the planned usage of the property following closure.

**CITY OF CHANDLER, ARIZONA**

**PROPERTY VALUE AND CONSTRUCTION**  
*Last Ten Fiscal Years*

	CONSTRUCTION (1)				PROPERTY VALUE (2)	
	COMMERCIAL		RESIDENTIAL		COMMERCIAL	RESIDENTIAL
	NUMBER OF PERMITS	VALUE	NUMBER OF DWELLING UNITS	VALUE		
1993-94	19	\$ 30,615,893	3,928	\$ 317,912,252	\$ 1,200,574,937	\$ 2,250,731,510
1994-95	28	55,645,466	3,676	368,726,421	1,145,826,152	2,503,833,920
1995-96	263	524,093,052	4,068	467,519,924	1,240,313,909	2,935,398,110
1996-97	74	12,979,908	1,870	269,681,765	1,310,983,269	3,268,559,300
1997-98	106	12,966,279	3,246	391,236,063	1,391,222,454	4,026,328,070
1998-99	36	4,668,861	2,748	427,549,093	1,572,206,486	4,374,773,420
1999-00	251	1,883,204,934	2,593	590,628,302	1,788,243,626	5,038,718,960
2000-01	540	517,398,936	5,420	643,755,107	2,160,569,208	5,933,501,040
2001-02	407	161,898,626	2,868	567,872,409	2,469,261,239	6,664,077,870
2002-03	292	113,355,800	6,922	1,365,088,985	2,672,711,661	7,080,253,590

Note (1) Source - City Building Inspection Program.

Note (2) Source - Estimated actual value Secondary Assessed Valuation,  
Maricopa Co. Assessors Office for years 1992 to 2001

**CITY OF CHANDLER, ARIZONA**

**SYSTEM DEVELOPMENT FEES BY FUND**

*Last Ten Fiscal Years*

	Capital Projects Funds				Enterprise Funds			
	<u>Streets</u>	<u>Community Services</u>	<u>Public Works and General Government</u>	<u>Public Safety Buildings and Improvements</u>	<u>Water</u>	<u>Wastewater</u>	<u>Solid Waste</u>	<u>Total</u>
1993-94	\$ 15,850	\$ 1,308,826	-	-	\$ 4,512,569	\$ 4,745,540	\$ 340,185	\$ 10,922,970
1994-95	38,354	1,680,968	-	-	6,463,246	6,523,133	443,760	15,149,461
1995-96	44,961	1,748,690	-	-	6,550,308	6,620,689	313,439	15,278,087
1996-97	438,523	1,404,012	\$ 318,790.00	\$ 262,485.00	6,713,962	3,345,097	260,806	12,743,675
1997-98	3,850,461	2,610,610	1,182,617	999,537	7,456,292	4,864,796	319,564	21,283,877
1998-99	1,545,997	730,818	904,644	979,920	7,637,980	4,570,885	291,034	16,661,278
1999-00	2,674,767	2,425,052	1,112,512	1,387,919	8,262,984	5,004,778	249,254	21,117,266
2000-01	3,760,159	2,822,204	1,222,923	1,588,944	9,704,119	4,520,896	261,796	23,881,041
2001-02	2,807,229	3,637,944	877,193	998,346	12,735,073	4,564,949	274,176	25,894,910
2002-03	1,622,002	4,298,047	1,020,450	1,164,854	13,055,419	5,038,674	335,274	26,534,720

Source: City of Chandler, Arizona, Comprehensive Annual Financial Report  
Capital Projects and Enterprise Funds, Budget Basis

## CITY OF CHANDLER, ARIZONA

### DEMOGRAPHIC STATISTICS

*Last Ten Fiscal Years*

Fiscal Year	Population (1)	Median Household Income (2)	Median Age (2)	Unemployment Rate Percentage (3)
1993-94	115,926	\$ 42,284 (4)	29.2	4.0
1994-95	125,388	46,618 (4)	28.8	4.2
1995-96	141,426	48,732 (4)	28.8	2.4
1996-97	151,420	47,478 (4)	30.6	2.2
1997-98	161,097	47,478 (4)	30.6	1.8
1998-99	171,047	47,478 (4)	30.6	1.8
1999-00	179,844	46,096 (4)	30.6	1.7
2000-01	189,498	66,737 (4)	31.2	2.8
2001-02	198,840	66,737 (4)	31.2	4.2
2002-03	211,984	66,737 (4)	31.2	4.0

Sources:

- (1) City Planning Staff and Official Census.
- (2) Chandler Chamber of Commerce; Arizona Gold.
- (3) Arizona Department of Economic Security.
- (4) Estimate based on Maricopa County statistical figures.

**CITY OF CHANDLER, ARIZONA**

**MISCELLANEOUS STATISTICAL DATA**

Date of Incorporation: February 17, 1920

Date Charter Adopted: May 25, 1964

Form of Government: Council-Manager

Area (Square Miles)	61,420	Refuse Collection:	
Population	211,984	Customers Served	55,664
Assessed Valuation :		Refuse Collected (Tons)	124,079
Primary	\$1,526,068,883	Refuse Recycled (Tons)	18,728
Secondary	\$1,638,375,932	Sewer:	
Privilege Tax Licenses Issued	3,516	Miles of Lines	755
Employees (Total):	1,466	Water:	
Governmental	1,308	Connections	64,862
Enterprise	158	Daily Pumping Capacity-Wells (Gallons)	55,800,000
Employees Per 1,000 Population	7.37	Total Daily Pumping Capacity-Plant (Gallons)	45,000,000
Police:		Building Inspections:	
Employees (full-time)	447	Building Permits Issued	9,027
Traffic Accidents	4,360	Construction Valuation	\$794,408,389
Traffic Citations	39,035	Municipal Parks:	
Total Calls for Police Services	127,179	Developed Parks	49
Fire:		Developed Acres	796
Fire Stations	7	Swimming Pools	5
Employees (full-time)	180	Other Recreation Facilities	39
Fire Inspections	3,705	Library:	
Fire Investigations	49	Bookstock (City-owned)	412,282
Fire Calls	331	Circulation	1,700,786
Emergency Calls	10,981	Registered Borrowers	111,384
Other Calls	2,302	Education System:	
Streets:		Elementary	28
Total Miles (Center Line)	762	Junior High	6
Street Lights	22,154	High School	3
Signalized Intersections	136	Community College	1
		Private University	1



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

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