



City of Chandler
Arizona

Fiscal Year Ended June 30, 2008

Comprehensive Annual
Financial Report



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**CITY OF CHANDLER, ARIZONA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2008**

Boyd Dunn, Mayor

Lowell Huggins, Vice-Mayor

Bob Caccamo, Councilmember

Matt Orlando, Councilmember

Martin Sepulveda, Councilmember

Trinity Donovan, Councilmember

Jeff Weninger, Councilmember

Kevin Hartke, Councilmember

Executive Staff:

Mark Pentz, City Manager

Patrick McDermott, Assistant City Manager

Rich Dlugas, Assistant City Manager

Prepared by:

Management Services Department

Dennis Strachota, Director

Dawn Lang, Assistant Director for Finance

Brian Ritschel, Accounting Manager



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**CITY OF CHANDLER, ARIZONA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED JUNE 30, 2008**

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Introductory Section

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

Life-long learning is only a library away



Chandler's four libraries racked up 1,335,692 visits last year. A number of visits were attributed to the launching of a new Learning Lab program designed to help students of all ages with homework, basic computer skills, software applications, Internet searching, and resume writing. In 2006, certified teachers and trained volunteers assisted 448 children from 25 different schools and 250 adults who visited the lab 1,656 times.





December 15, 2008

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, 2008, is hereby submitted in accordance with City Charter and state statutes. Both the City Charter and state statutes require that the City issue annually a report on its financial position and activity, and that this report be audited by an independent certified public accountant. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City's management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner that presents fairly the financial position and results of operations of the various funds and component units of the City.

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

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

GOVERNMENTAL STRUCTURE, LOCAL ECONOMIC CONDITION AND OUTLOOK

The City, incorporated on February 17, 1920, is located in the southeastern portion of Maricopa County (the County), and encompasses approximately 63 square miles. The City has operated under a council-manager form of government since May 25, 1964, and is governed by the City Council, consisting of a mayor and a six member council. 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.

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Chandler, Arizona 85244-4008

Management Services
Telephone (480) 782-2250
Fax (480) 782-2253
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Location
Suite 201
55 North Arizona Place
Chandler, Arizona 85225

The City is six largest city in Arizona and is one of several major cities comprising the greater Phoenix metropolitan area, which is the economic, political and population center of the state of Arizona. Between 1992 and 2008, the City's population increased by over 100 percent, from 100,416 to 250,619. The City's tremendous growth over the last decade is attributable to the growth in its manufacturing sector, which is led by high-tech industrial companies such as Intel, Orbital Sciences, and Freescale Semiconductor. These three companies combined employ 14,475 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 32.9 years and a median household income of \$78,702. In addition, approximately 69 percent of the population has a college degree or some college education. This highly educated workforce explains in part why the City had highest average employee wages in the Phoenix metropolitan area, 120% of the statewide average. Over 75 percent of the City's manufacturing employees are in high technology fields; the national average is 15 percent. The City's unemployment averaged 3.0 percent for fiscal year 2007/2008 compared with 3.9% for Maricopa County and 4.6% for the State of Arizona.

The City's sales tax revenues for 2007/08 remained positive despite the economic downturn, ending the year with collections 1.4% above those for the prior fiscal year, while other similar-sized Phoenix area communities faced reductions of 1.6% to 4% during the same period. The City experienced continued growth in its retail sector with a retail base of 14,205,587 square feet and a vacancy rate of 6.2% compared with a 7.2% vacancy rate for the metropolitan Phoenix area in 2007/08. Despite the economic slowdown experienced during this past fiscal year that is expected to continue well into next, the City is well positioned when economic recovery ensues. A combination of sound financial policies, healthy reserves and conservative budgeting provides a solid base to weather a prolonged contraction in national and regional economies.

2007/2008 Accomplishments

Under the guidance and leadership of the Mayor and Council, along with the expertise and dedication of City management and staff, a number of accomplishments were achieved this last fiscal year. Listed below are just a *few* of those accomplishments.

- Increased electronic availability of stored documents to City employees and the general public;
- Completed the first assessment of human services providers throughout the City by interviewing providers and clients; created a directory of the providers (*Chandler Social Services Directory*);
- Increased the number of homes receiving rehabilitation funds by 13%;
- Identified approximately 90 retail leads, 75 retail prospects and 30 retail locates. The retail locates resulted in expansion of the City's retail base by over 850,000 square feet;
- Improved operational efficiencies in various ways: major increases in document management usage, major improvements in usage of Oracle E-Business Suite, implementation of internal and external security improvements, developed/updated standard operating procedures in the areas of administration, application support, and security;
- Developed a web application to display the court's daily calendar via the City of Chandler website providing citizens the ability to view court information 24 hours a day;
- Received the award for 100 Best Communities for Young People by the America's Promise Alliance for the third consecutive year. The City is one of only 40 cities in the country to win this award three consecutive times;
- Continued the Rental Tax Recovery Program that has brought over 2,696 unlicensed properties into compliance and collected over \$1,488,947 in tax revenue; and
- Diverted 26.66% of recyclable materials from landfill disposal through Chandler's curbside recycling programs and the residential self-haul Recycling-Solid Waste Collection Center.

Strategic Goals

The City Council continues to develop strategies to achieve its overall goal of making the City a great place to live, work and play. Toward this end, with the assistance of a 30-member task force, the City Council established five strategic goals in 2007 for the City to strive for over the next few decades. Specific objectives to help achieve these goals are periodically established, reviewed and updated by the Council to keep the community on track towards achievement of this vision.

- **A Model of Transformation** - Anticipate and plan for transitioning from a purely suburban community to one with central-city-like characteristics.
- **A Creative District in Downtown and Along the Arizona Avenue Corridor** - Expand downtown revitalization up and down the Arizona Avenue corridor to attract small- and medium-size professional services firms and entrepreneurs.
- **An Innovation Zone Along Price Corridor, Around the Chandler Airpark, and McClintock Drive and Chandler Boulevard** - Develop a distinctive set of "new era campuses and corridors" for Chandler.
- **The Most Connected City** - Complete and connect Chandler parks, open spaces, trails and community facilities in innovative ways so all residents will be able to reach key locations without a car if they want to.
- **At the Center of a New Mega Region** - Connect the City not only to urban Phoenix but also to the emerging suburban communities in Pinal County and the economic power of Tucson.

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, 2008 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 2007/2008,

\$1,159,274,204). 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. External investment management firms at the direction of City staff invested cash temporarily idle during the fiscal year. 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, property claims and worker's compensation are administered by the City's Risk Management division in the Management Services Department. 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, 2008, the City's reserve for self-insurance claims amounted to \$43.1 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 Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Chandler, Arizona for its comprehensive annual financial report for the year ended June 30, 2007, marking the twenty-sixth consecutive year the City has received the GFOA Certificate of Achievement. The Certificate of Achievement is a prestigious national award-recognizing conformance with the highest standards for preparation of a municipal government financial report.

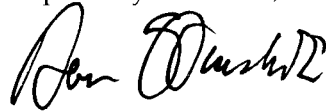
In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both GAAP and applicable legal requirements.

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.

Acknowledgments

I wish to express my sincere thanks to the entire staff of the Accounting Division, without whose assistance this report could not have been prepared. Special acknowledgment is made for the work of Brian Ritschel, Accounting Manager, Penny Burczyk, Accounting Supervisor, Derrick Beracy, Accountant, Debbie Dulanski-Garcia, Accountant, Triana Dowrick, Accountant, and Annette Fries, Executive Assistant. Special thanks also go to Julie Büelt, Senior Financial Analyst, and Dawn Lang, Assistant Management Services Director for Finance for their assistance in reviewing and preparing the final document. Finally, I wish to thank the Mayor and Council, the City Manager and City Staff for their continued support in promoting sound financial policies and internal controls.

Respectfully submitted,

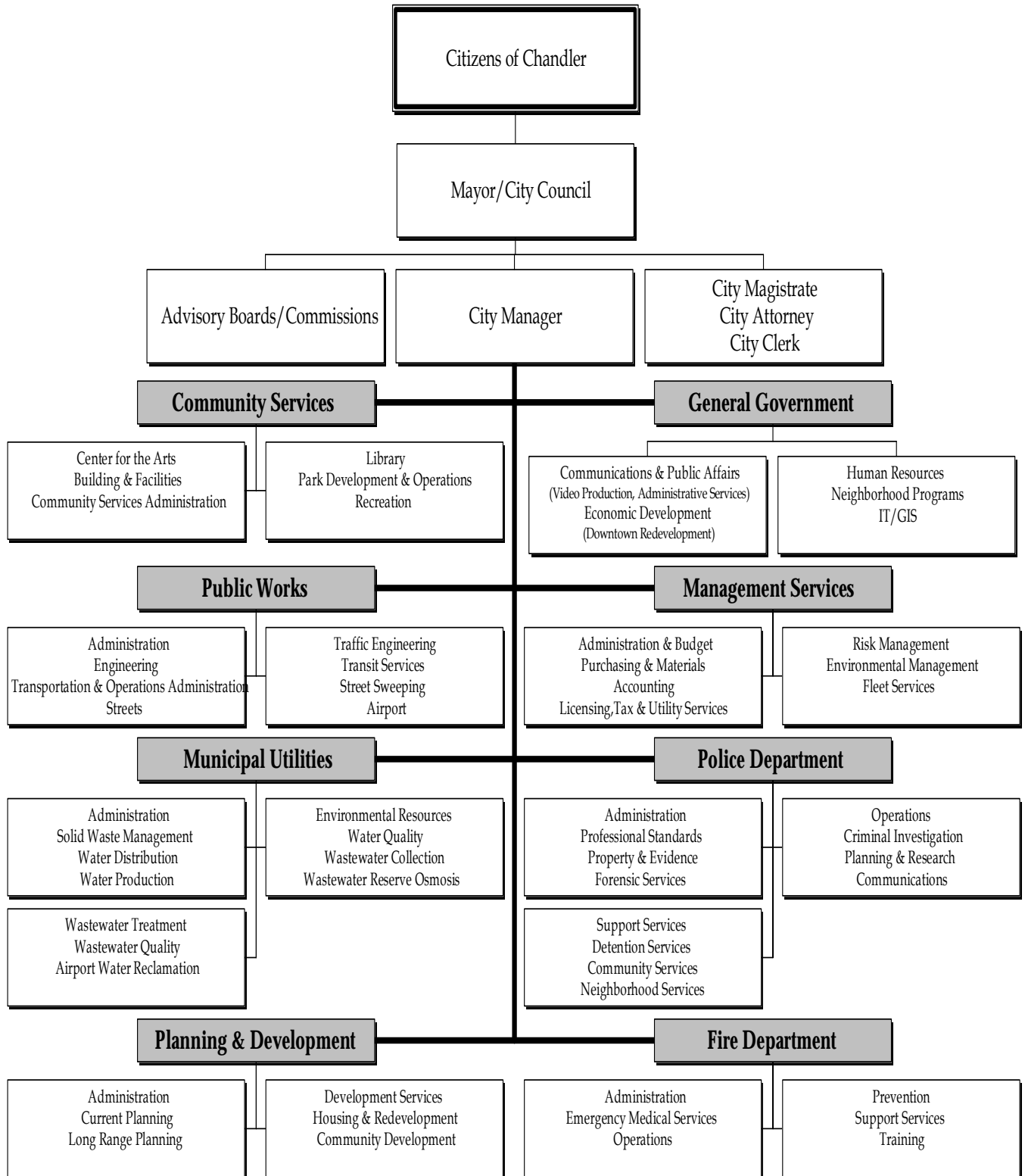
A handwritten signature in black ink, appearing to read "Dennis Strachota". The signature is fluid and cursive, with the first name "Dennis" and last name "Strachota" clearly distinguishable.

Dennis Strachota
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, 2007

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.



Charles S. Cox

President

Jeffrey R. Emer

Executive Director

Financial Section

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

May water always flow from the faucets you open



Just like people, water valves and fire hydrants need exercise to remain in shape. Last year, staff from the City's Water Distribution Division exercised 8,598 water and fire hydrant valves. Keeping valves and hydrants from becoming the human equivalent of a couch potato is an important job at the City of Chandler.





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 major fund, and the aggregate discretely presented component units and remaining fund information of the City of Chandler, Arizona (the "City") as of and for the year ended June 30, 2008, 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 major fund, and the discretely presented component units and remaining fund information of the City of Chandler, Arizona, as of June 30, 2008, 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.

As described in Note 12, the City implemented the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, for the year ended June 30, 2008, which represents a change in accounting principle.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2008, 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 grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying required supplementary information, such as the management's discussion and analysis on pages 13 through 20, budgetary comparison information on pages 76 and 77, and schedules of funding progress on page 78 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.

Heinfeld, Meech & Co., P.C.

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

December 6, 2008

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, 2008

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, 2008. 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 2008 as follows.

- The City's total net assets of \$752.9 million in governmental activities and \$496.8 million in business-type activities represent 60.2% and 39.8% respectively, of the total net assets of \$1,249.7 million.
- General revenues from governmental activities accounted for \$239.4 million in revenue, or 75.2% of all revenues from governmental activities. Program specific revenues in the form of charges for services and grants and contributions accounted for \$79.0 million or 24.8% of total governmental activities revenues. The City had \$106.5 million of program revenues and \$7.2 million in general revenues and transfers related to business-type activities.
- The major governmental funds include the General Fund, had \$235.3 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 \$177.3 million and the fund balance increased from \$202.0 million to \$224.3 million. The General Obligation Debt Service fund had \$26.3 million transferred in from the General Fund available for total debt service expenditures of \$26.3 million. The Streets capital project fund had \$7.3 million in revenues. The total expenditures of the Streets Fund were \$44.4 million and the fund balance decreased by \$34.3 million from \$43.4 million to \$9.1 million. The Community Services capital project fund had \$5.6 million in revenues, which primarily consisted of system development fees. The total expenditures of the Community Services fund were \$31.9 million and the fund balance decreased by \$26.3 million from \$42.2 million to \$15.9 million. The Public Safety Buildings and Improvements capital project fund had \$2.8 million in revenues, which primarily consisted of system development fees. The total expenditures of the Public Safety Buildings and Improvements Fund were \$8.4 million and the fund balance decreased by \$5.7 million from \$6.6 million to \$0.9 million.
- Net assets of the Internal Service Fund increased \$2.3 million. Operating expenses of \$6.5 million exceeded operating revenues of \$3.3 million.

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 an 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).

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

CITY OF CHANDLER, ARIZONA
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2008

- **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.

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

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

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

The City maintains 21 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the General Obligation Bonds Fund, the Streets Fund, the Community Services Fund, and the Public Safety Buildings and Improvements Fund, which are considered to be major funds. Data from the other 16 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements and schedules in the supplemental section 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 and wastewater, which are considered to be major funds of the City. Data from the other three enterprise funds are combined into a single, aggregated presentation. Individual fund data for each of the non-major enterprise funds are provided in the form of combining statements and schedules in the supplemental section of this report.

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

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

CITY OF CHANDLER, ARIZONA
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2008

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

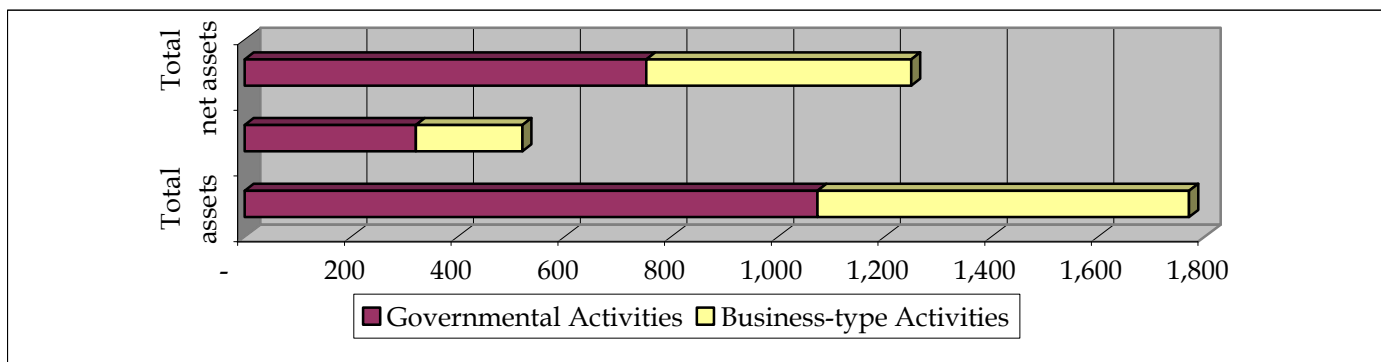
Net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$1,249.7 million as of June 30, 2008.

A significant portion of the City's net assets (62.5% 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. Overall, the City's financial position has improved.

The following table presents a condensed statement of the City's net assets for the fiscal years ended June 30, 2008 and 2007.

	Governmental Activities		Business-type Activities		Total (Primary Govt.)	
	2008	2007	2008	2007	2008	2007
Current assets	\$ 403,860,617	\$ 424,627,618	\$ 76,276,312	\$ 160,975,468	\$ 480,136,929	\$ 585,603,086
Capital assets, net	666,033,305	558,636,925	618,009,477	510,811,362	1,284,042,782	1,069,448,287
Non-current assets	3,995,503	3,555,962	2,472,216	3,337,812	6,467,719	6,893,774
Total assets	1,073,889,425	986,820,505	696,758,005	675,124,642	1,770,647,430	1,661,945,147
Current liabilities	54,410,901	44,668,645	51,554,710	22,508,449	105,965,611	67,177,094
Non-current liabilities	266,530,736	273,916,579	148,453,205	169,247,415	414,983,941	443,163,994
Total liabilities	320,941,637	318,585,224	200,007,915	191,755,864	520,949,552	510,341,088
Net assets:						
Invested in capital assets, net of related debt	353,996,843	289,033,288	427,130,654	347,306,362	781,127,497	636,339,650
Restricted	56,979,639	115,956,388	24,319,427	57,835,328	81,299,066	173,791,716
Unrestricted	341,971,306	263,245,605	45,300,009	78,227,088	387,271,315	341,472,693
Total net assets	\$ 752,947,788	\$ 668,235,281	\$ 496,750,090	\$ 483,368,778	\$ 1,249,697,878	\$ 1,151,604,059



The following significant current year transaction had an impact on the Statement of Net Assets.

- The addition of \$37.4 million in joint venture construction in progress in business-type activities.

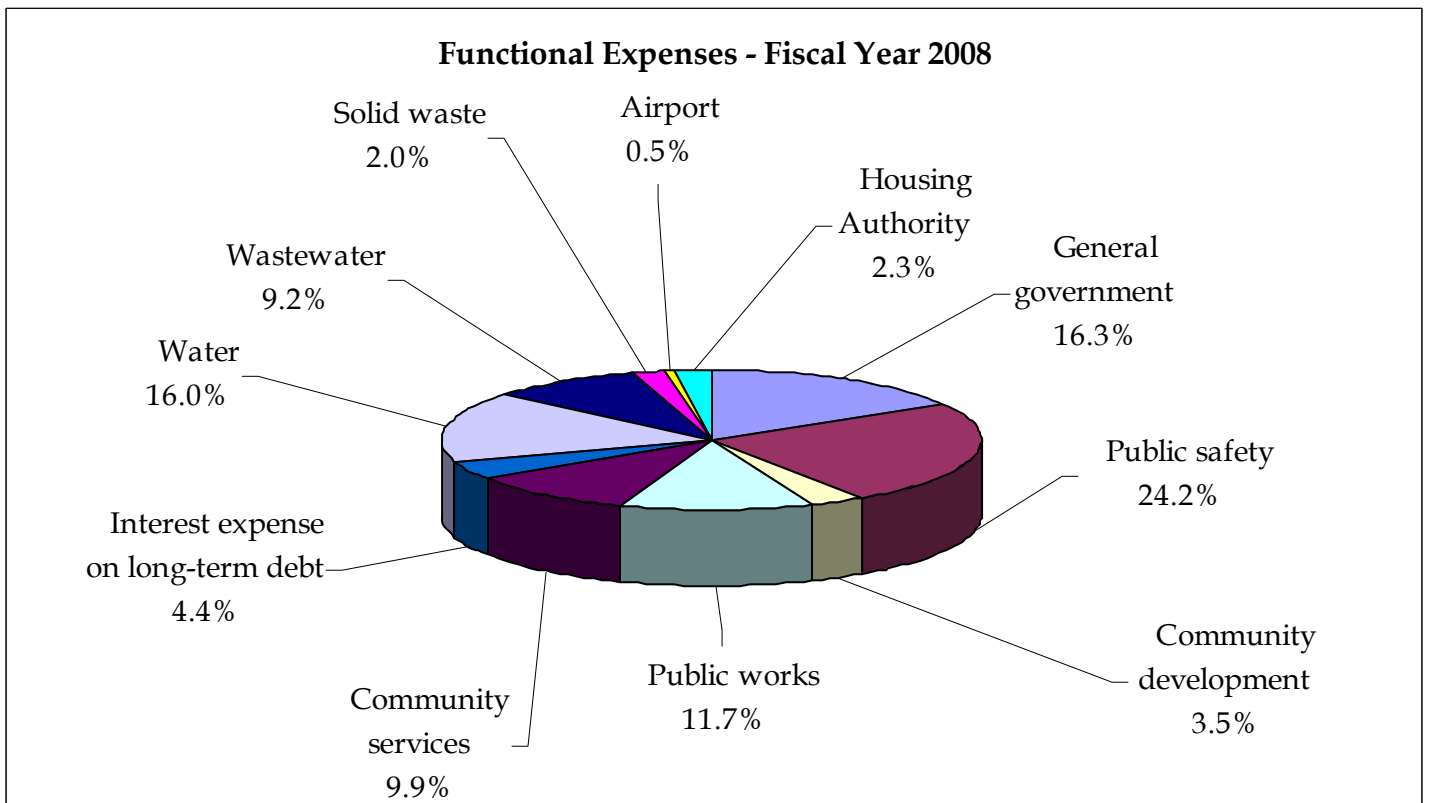
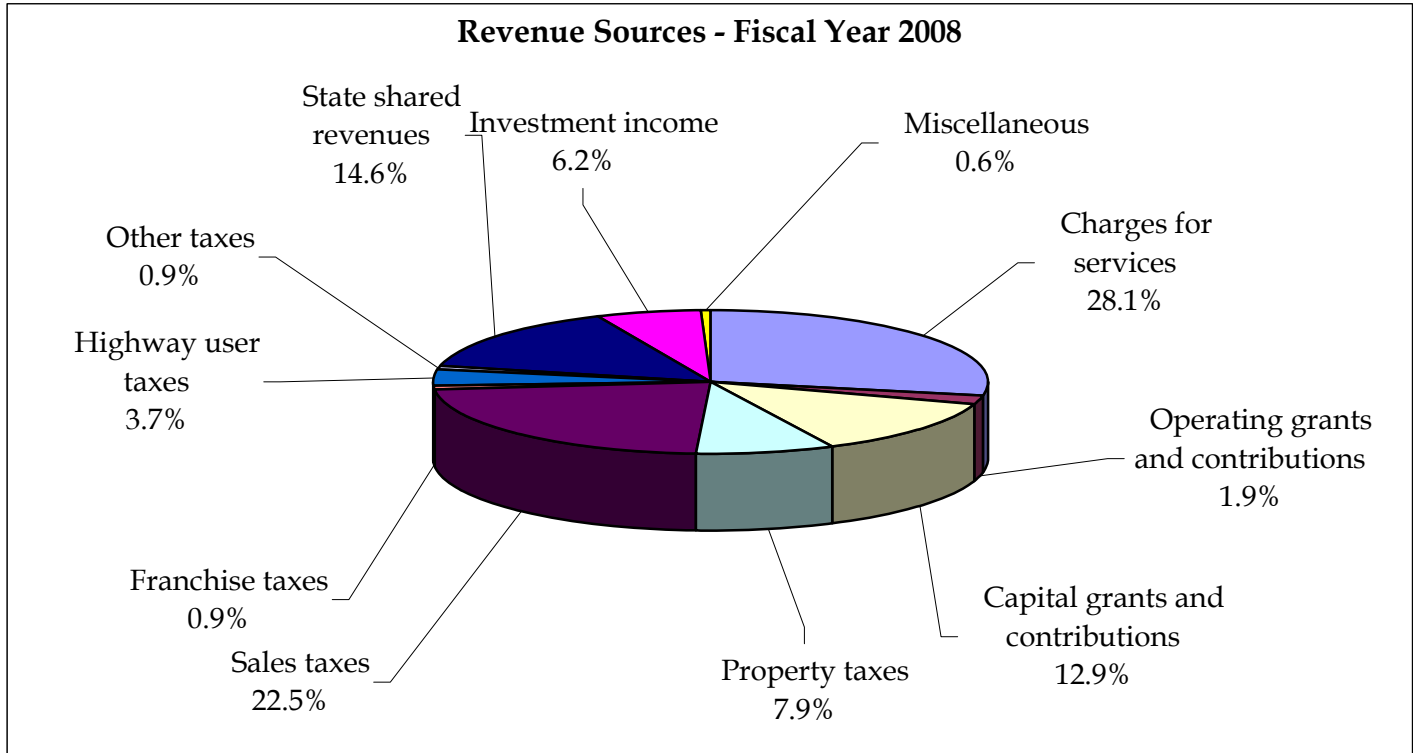
CITY OF CHANDLER, ARIZONA
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2008

Changes in net assets. The City's total revenues for the fiscal year ended June 30, 2008 were \$432.6 million. The total cost of all programs and services was \$334.4 million. The following table presents a summary of the changes in net assets for the fiscal years ended June 30, 2008 and 2007.

	Governmental Activities		Business-type Activities		Total (Primary Govt.)	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program revenues						
Charges for services	\$ 40,966,791	\$ 42,795,564	\$ 80,573,787	\$ 74,543,240	\$ 121,540,578	\$ 117,338,804
Operating grants and contributions	1,897,300	3,707,115	6,114,138	6,312,438	8,011,438	10,019,553
Capital grants and contributions	36,104,151	26,428,112	19,782,193	28,014,518	55,886,344	54,442,630
General revenues						
Property taxes	34,063,123	26,921,292	-	-	34,063,123	26,921,292
Sales tax	97,226,841	95,410,460	-	-	97,226,841	95,410,460
Franchise taxes	3,937,952	3,230,429	-	-	3,937,952	3,230,429
Highway user taxes	15,856,863	16,490,129	-	-	15,856,863	16,490,129
Other taxes	3,786,677	3,481,086	-	-	3,786,677	3,481,086
State shared revenues	62,970,459	57,716,644	-	-	62,970,459	57,716,644
Investment income	20,823,059	17,868,181	5,906,545	6,876,399	26,729,604	24,744,580
Miscellaneous	767,221	365,379	1,792,816	1,043,406	2,560,037	1,408,785
Total revenues	318,400,437	294,414,391	114,169,479	116,790,001	432,569,916	411,204,392
Expenses:						
General government	54,459,719	43,260,418	-	-	54,459,719	43,260,418
Public safety	80,860,917	76,171,133	-	-	80,860,917	76,171,133
Community development	11,692,559	9,154,407	-	-	11,692,559	9,154,407
Public works	39,241,652	32,370,473	-	-	39,241,652	32,370,473
Community services	33,086,565	29,351,499	-	-	33,086,565	29,351,499
Interest and fiscal charges	14,880,604	11,512,436	-	-	14,880,604	11,512,436
Water	-	-	53,554,653	40,566,563	53,554,653	40,566,563
Wastewater	-	-	30,657,939	27,230,862	30,657,939	27,230,862
Solid waste	-	-	6,845,979	9,843,824	6,845,979	9,843,824
Airport	-	-	1,602,268	1,757,279	1,602,268	1,757,279
Housing Authority	-	-	7,593,242	9,133,427	7,593,242	9,133,427
Total expenses	234,222,016	201,820,366	100,254,081	88,531,955	334,476,097	290,352,321
Excess before transfers	84,178,421	92,594,025	13,915,398	28,258,046	98,093,819	120,852,071
Transfers in (out)	534,086	469,200	(534,086)	(469,200)	-	-
Increase in net assets	84,712,507	93,063,225	13,381,312	27,788,846	98,093,819	120,852,071
Beginning net assets	668,235,281	575,172,056	483,368,778	455,579,932	1,151,604,059	1,030,751,988
Ending net assets	\$ 752,947,788	\$ 668,235,281	\$ 496,750,090	\$ 483,368,778	\$ 1,249,697,878	\$ 1,151,604,059

CITY OF CHANDLER, ARIZONA
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2008

GOVERNMENT-WIDE FINANCIAL ANALYSIS, concluded



CITY OF CHANDLER, ARIZONA
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2008

As evident in the previous graph the largest financing source for the City is charges for services at 28.1% 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 22.5% of the total revenues with state shared revenues accounting for an additional 14.6% of the City's total revenues.

The City as a whole uses the largest amount of resources for public safety at 24.2% of the total functional expenses of the City. The next largest users of resources are general government functions and water services at 16.3% and 16.0%, respectively, with wastewater services also accounting for 9.2% of the City's total expenses.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. 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 \$296.7 million. Total fund balance constitutes reserved and unreserved fund balance, the latter of which is available for spending at the City's discretion.

Fund balance includes reserved fund balance of 24.0% for encumbrances, debt service, and capital improvements. The remaining 76.0% 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 \$196.1 million, while total fund balance reached \$224.3 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 110.6% of total general fund expenditures, while total fund balance represents 126.6% of that same amount.

The fund balance of the City's general fund increased by \$22.3 million during the current fiscal year. Key factor in this increase was the increase in property tax and state shared revenues.

The Streets fund accounts for the acquisition, construction and improvements of the City's streets' projects. At the end of the current fiscal year total fund balance was \$9.1 million. As a measure of the streets fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Total fund balance represents 20.5% of that same amount.

The fund balance of the City's street fund decreased by \$34.3 million during the current fiscal year. A key factor in this decrease was the increase in the utilization of prior years bond proceeds for capital improvement expenditures and a decrease in the amount of funds transferred in.

The Community Services fund accounts for the acquisition of land and equipment, development, construction and improvements of the City's community parks and projects. At the end of the current fiscal year total fund balance was \$15.9 million. As a measure of the streets fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Total fund balance represents 49.8% of that same amount.

The fund balance of the City's community services fund decreased by \$26.3 million during the current fiscal year. A key factor in this decrease was the increase in the utilization of prior years bond proceeds for capital improvement expenditures.

The Public Safety Buildings and Improvements fund accounts for public safety (i.e., police and fire department), building construction, renovation and improvements and equipment purchases. At the end of the current fiscal year total fund balance reached \$0.9 million. As a measure of the public safety and improvement fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Total fund balance represents 10.9% of that same amount.

CITY OF CHANDLER, ARIZONA
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2008

The fund balance of the City's Public Safety Buildings and Improvements fund decreased by \$5.7 million during the current fiscal year. A key factor in this decrease was the increase in the utilization of prior years bond proceeds for capital improvement expenditures.

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 \$496.8 million and \$43.1 million, respectively. Net assets after invested in capital assets, net of related debt are 4.9% restricted and 9.1% unrestricted.

The net assets of the water fund decreased by \$27.5 million, due to the transfer of funds to the wastewater fund. The net assets of the wastewater fund increased by \$32.1 million, due to the transfer of funds from the water fund and an increase in service fee revenue.

BUDGETARY HIGHLIGHTS

The City of Chandler budgets conservatively while it continues its commitment to high-quality and efficiently provided public services. The challenge faced each year is balancing the growing cost of providing those services with a finite amount of resources. The budget adopted for fiscal year 2007-2008 supported Council's vision and citizen needs in a fiscally responsible manner. Toward that end the City reaffirmed its comprehensive financial policies, including the requirement that ongoing expenditures be supported only with ongoing revenues, and that that City maintain a 12% contingency reserve in its General Fund. While the adopted budget added nearly 58 positions, including 23 public safety positions, the City's staffing ratio of 6.96 full-time equivalent positions to each 1,000 population remained next to the lowest in the Phoenix metropolitan area. In addition, the budget included a decrease in the property tax rate from \$1.25 to \$1.20 per \$100 of assessed value and rate increases for sewer and water enterprise operations. 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. The City ended fiscal year 2007-2008 with more revenues than budgeted and spent well under its legal limit. The Management Services Department had a variance between the final budgeted expenditure amount and actual expenditure amount of a positive \$102 million, largely due to unspent reserves and capital carry forwards.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2008, the City had invested \$781.2 million in capital assets net of related debt, including buildings, facilities, vehicles, computers, equipment, and infrastructure assets. Total depreciation expense for the year was \$51.7 million.

The following table presents capital asset balances net of accumulated depreciation for the fiscal years, ended June 30, 2008 and 2007.

	Governmental Activities		Business-type Activities		Total (Primary Govt.)	
	2008	2007	2008	2007	2008	2007
Land	\$ 79,854,613	\$ 69,686,670	\$ 41,256,107	\$ 41,056,107	\$ 121,110,720	\$ 110,742,777
Land improvements	-	-	545,623	647,453	545,623	647,453
Infrastructure	333,426,304	258,360,239	-	-	333,426,304	258,360,239
System improvements	-	-	400,597,004	323,623,455	400,597,004	323,623,455
Buildings and improvements	161,307,653	106,018,686	9,637,056	9,068,711	170,944,709	115,087,397
Machinery and equipment	23,462,085	21,634,144	2,923,924	2,583,224	26,386,009	24,217,368
Construction in progress - Joint Venture	-	-	37,414,771	-	37,414,771	-
Construction in progress	67,982,650	102,937,186	125,699,529	133,832,406	193,682,179	236,769,592
Total	\$ 666,033,305	\$ 558,636,925	\$ 618,074,014	\$ 510,811,356	\$ 1,284,107,319	\$ 1,069,448,281

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

CITY OF CHANDLER, ARIZONA
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2008

Debt Administration. At year-end, the City had \$422 million in long-term debt outstanding with \$28.8 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, 2008 and 2007.

	Governmental Activities		Business-type Activities		Total (Primary Govt.)	
	2008	2007	2008	2007	2008	2007
General obligation bonds	\$ 187,645,000	\$ 197,075,000	\$ 60,395,000	\$ 62,410,000	\$ 248,040,000	\$ 259,485,000
Revenue bonds	37,655,000	40,480,000	93,000,000	101,095,000	130,655,000	141,575,000
Special assessment bonds	8,345,000	1,099,500	-	-	8,345,000	1,099,500
Accrued interest - capital appreciation bonds	35,000,654	34,505,099	-	-	35,000,654	34,505,099
Intergovernmental loans	-	-	-	16,304	-	16,304
Total	\$ 268,645,654	\$ 273,159,599	\$ 153,395,000	\$ 163,521,304	\$ 422,040,654	\$ 436,680,903

State statutes currently limit the amount of general obligation debt a city may issue to 20 percent of its total assessed valuation for water, sewer, artificial lighting, open space, parks, public safety and emergency services, streets, transportation, and recreational facilities. The current debt limitation for the City is \$691 million. The City has \$240.2 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 \$207.3 million. The City has \$7.8 million of outstanding general obligation debt for this purpose.

The City's current bond ratings on general obligation bonds are Aa1 from Moody's Investor Services, AAA from Standard & Poor's, and AAA from Fitch Ratings. Ratings for the street and highway users are Aa3 from Moody's, AA 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 of the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City of Chandler planned for the economic downturn when preparing the fiscal year 2008-09 budget, and City officials took several steps during the process of developing the fiscal year 2008-2009 budget to balance taxpayer concerns and resource needs. The secondary property tax rate remained at \$0.84 while the primary rate was decreased from \$0.36 to \$0.3414 for an overall property tax of \$1.1814 per \$100 of assessed value. The amounts available for appropriation in the General Fund budget are \$360,705,960, an increase of 6.2% over the prior year. Large capital carryforward appropriations and increases in contingency and reserves are the principal reasons for the increase. New operating and capital spending actually decreased. The increases reflected in the adopted fiscal year 2008-2009 budget were limited to only the most essential ones which included no increases in General Fund positions and only 4 added for Enterprise Funds, and 8.35 full time equivalent positions reduced in General Fund. In addition, no rate increases were implemented in the Solid Waste, Water or Wastewater Funds. Since the United States economic future was difficult to project, financial strategies were put in place through fiscal year 2008-2009 which include the examination of services and service levels, update of rates and charges, and capital project revenue and priority review. Should an economic slowdown turn into a recession, City officials will be prepared to address this.

CONTACTING THE CITY'S FINANCE OFFICE

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

BASIC FINANCIAL STATEMENTS

City of Chandler
Statement of Net Assets
June 30, 2008

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Equity in pooled cash and investments	\$ 383,062,840	\$ 65,244,510	\$ 448,307,350
Cash and investments	-	-	-
Accounts receivable	784,392	11,408,610	12,193,002
Interest receivable	-	-	-
Prepaid items	-	332,449	332,449
Property taxes receivable	807,908	-	807,908
Other taxes receivable	5,056,046	-	5,056,046
Internal balances	1,035,752	(1,035,752)	-
Due from other governments	4,744,447	136,868	4,881,315
Inventory	875,643	189,627	1,065,270
Special assessment receivable	7,493,589	-	7,493,589
Other assets	-	-	-
Total current assets	<u>403,860,617</u>	<u>76,276,312</u>	<u>480,136,929</u>
Noncurrent assets:			
Other assets	3,414,947	1,941,342	5,356,289
Cash and investments - restricted	-	-	-
Long-term notes receivable	580,556	530,874	1,111,430
Capital assets:			
Non-depreciable - Joint Venture	-	37,414,771	37,414,771
Non-depreciable	147,837,263	166,955,636	314,792,899
Depreciable, net	518,196,042	413,639,070	931,835,112
Capital assets	<u>666,033,305</u>	<u>618,009,477</u>	<u>1,284,042,782</u>
Total noncurrent assets	<u>670,028,808</u>	<u>620,481,693</u>	<u>1,290,510,501</u>
Total assets	<u>1,073,889,425</u>	<u>696,758,005</u>	<u>1,770,647,430</u>
LIABILITIES			
Current liabilities:			
Accounts payable	13,934,993	33,316,045	47,251,038
Accrued payroll	3,660,971	384,542	4,045,513
Trust liabilities and deposits	10,062,310	1,929,921	11,992,231
Accrued interest	8,673,160	3,464,027	12,137,187
Arbitrage liability	636,167	388,607	1,024,774
Unearned revenue	-	331,550	331,550
Compensated absences payable - due within one year	383,300	40,018	423,318
Bonds and other payables - due within one year	17,060,000	11,700,000	28,760,000
Total current liabilities	<u>54,410,901</u>	<u>51,554,710</u>	<u>105,965,611</u>
Noncurrent liabilities:			
Compensated absences payable	6,497,895	678,417	7,176,312
Bonds and other payables - due in more than a year	256,601,311	145,008,329	401,609,640
Arbitrage liability	-	36,323	36,323
Landfill closure and postclosure costs	-	2,730,136	2,730,136
Claims payable	3,431,530	-	3,431,530
Total noncurrent liabilities	<u>266,530,736</u>	<u>148,453,205</u>	<u>414,983,941</u>
Total liabilities	<u>320,941,637</u>	<u>200,007,915</u>	<u>520,949,552</u>
NET ASSETS			
Invested in capital assets, net of related debt	<u>353,996,843</u>	<u>427,130,654</u>	<u>781,127,497</u>
Restricted for:			
Capital improvements	41,425,462	9,084,313	50,509,775
Debt service	15,554,177	15,235,114	30,789,291
Donor purposes	-	-	-
Total restricted	<u>56,979,639</u>	<u>24,319,427</u>	<u>81,299,066</u>
Unrestricted	<u>341,971,306</u>	<u>45,300,009</u>	<u>387,271,315</u>
Total net assets	<u>\$ 752,947,788</u>	<u>\$ 496,750,090</u>	<u>\$ 1,249,697,878</u>

See accompanying Notes to Basic Financial Statements.

Component Units	
Chandler Industrial Development Authority	Chandler Cultural Foundation
\$ -	\$ -
290,879	1,540,015
30,414	20,064
-	15,061
-	30,759
-	-
-	-
-	-
-	-
-	-
-	-
<u>321,293</u>	<u>1,605,899</u>
-	6,000
-	802,810
-	-
-	-
-	-
-	51,976
-	51,976
-	860,786
<u>321,293</u>	<u>2,466,685</u>
-	74,857
-	-
-	-
-	-
-	-
-	228,826
-	-
-	-
<u>-</u>	<u>303,683</u>
-	-
-	-
-	-
-	-
-	-
-	303,683
-	-
-	51,976
-	-
-	-
-	802,810
-	802,810
<u>321,293</u>	<u>1,308,216</u>
<u>\$ 321,293</u>	<u>\$ 2,163,002</u>

City of Chandler
Statement of Activities and Changes in Net Assets
For the year ended June 30, 2008

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities:					
General government	\$ 54,459,719	\$ 12,629,779	\$ 260,307	\$ -	\$ 12,890,086
Public safety	80,860,917	4,317,843	1,223,800	-	5,541,643
Community development	11,692,559	5,488,535	-	3,641,518	9,130,053
Public works	39,241,652	15,831,165	-	32,462,633	48,293,798
Community services	33,086,565	2,699,469	413,193	-	3,112,662
Interest on long-term debt	14,880,604	-	-	-	-
Total governmental activities	234,222,016	40,966,791	1,897,300	36,104,151	78,968,242
Business-type activities:					
Water	53,554,653	40,613,727	-	8,912,918	49,526,645
Wastewater	30,657,939	25,145,258	-	7,721,581	32,866,839
Solid waste	6,845,979	12,979,695	-	50,999	13,030,694
Airport	1,602,268	773,449	-	2,942,050	3,715,499
Community services - housing authority	7,593,242	1,061,658	6,114,138	154,645	7,330,441
Total business-type activities	100,254,081	80,573,787	6,114,138	19,782,193	106,470,118
Total primary government	\$ 334,476,097	\$ 121,540,578	\$ 8,011,438	\$ 55,886,344	\$ 185,438,360
Component Units					
Chandler Industrial Development Authority	\$ 17,768	\$ 79,616	\$ -	\$ -	\$ 79,616
Chandler Cultural Foundation	1,047,827	1,052,316	193,227	-	1,245,543
Total component units	\$ 1,065,595	\$ 1,131,932	\$ 193,227	\$ -	\$ 1,325,159

General revenues and transfers:

Taxes:

Property taxes, levied for general purposes

Sales taxes

Franchise taxes

Highway user taxes

Other taxes

Total taxes

State shared revenues (unrestricted)

Investment income

Miscellaneous

Transfers

Total general revenues and transfers

Change in net assets

Net assets - beginning of year

Net assets - end of year

See accompanying Notes to Basic Financial Statements.

Net (Expense) Revenue
and Changes in Net Assets

Primary Government			Component Units	
Governmental Activities	Business-Type Activities	Total	Chandler Industrial Development Authority	Chandler Cultural Foundation
\$ (41,569,633)	\$ -	\$ (41,569,633)	\$ -	\$ -
(75,319,274)	-	(75,319,274)	-	-
(2,562,506)	-	(2,562,506)	-	-
9,052,146	-	9,052,146	-	-
(29,973,903)	-	(29,973,903)	-	-
(14,880,604)	-	(14,880,604)	-	-
(155,253,774)	-	(155,253,774)	-	-
-	(4,028,008)	(4,028,008)	-	-
-	2,208,900	2,208,900	-	-
-	6,184,715	6,184,715	-	-
-	2,113,231	2,113,231	-	-
-	(262,801)	(262,801)	-	-
-	6,216,037	6,216,037	-	-
(155,253,774)	6,216,037	(149,037,737)	-	-
-	-	-	61,848	-
-	-	-	-	197,716
-	-	-	61,848	197,716
34,063,123	-	34,063,123	-	-
97,226,841	-	97,226,841	-	-
3,937,952	-	3,937,952	-	-
15,856,863	-	15,856,863	-	-
3,786,677	-	3,786,677	-	-
154,871,456	-	154,871,456	-	-
62,970,459	-	62,970,459	-	-
20,823,059	5,906,545	26,729,604	10,739	118,004
767,221	1,792,816	2,560,037	5,137	18,403
534,086	(534,086)	-	-	-
239,966,281	7,165,275	247,131,556	15,876	136,407
84,712,507	13,381,312	98,093,819	77,724	334,123
668,235,281	483,368,778	1,151,604,059	243,569	1,828,879
\$ 752,947,788	\$ 496,750,090	\$ 1,249,697,878	\$ 321,293	\$ 2,163,002

**City of Chandler
Balance Sheet
Governmental Funds
June 30, 2008**

	Major Funds				
	General	General Obligation Bonds Debt Service	Streets Capital Projects	Community Services Capital Projects	Public Safety Buildings and Improvements Capital Projects
	General	Debt Service	Capital Projects	Capital Projects	Capital Projects
ASSETS					
Equity in pooled cash and investments	\$ 208,686,861	\$ 21,377,621	\$ 20,341,253	\$ 23,271,857	\$ 17,270,178
Accounts receivable	784,231	-	-	-	-
Property tax receivable	807,908	-	-	-	-
Special assessments receivable	-	-	-	-	-
Other taxes receivable	5,056,046	-	-	-	-
Notes receivable	-	-	-	-	-
Advances to other funds	29,091,414	-	-	-	-
Due from other funds	7,167,780	-	-	-	-
Due from other governments	2,180,607	-	-	-	-
Inventories	875,643	-	-	-	-
Other assets	-	-	-	-	-
Total assets	\$ 254,650,490	\$ 21,377,621	\$ 20,341,253	\$ 23,271,857	\$ 17,270,178
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 6,509,862	\$ -	\$ 2,987,848	\$ 1,630,705	\$ 612,050
Accrued payroll	3,533,072	-	-	-	-
Trust liabilities and deposits	10,062,310	-	-	-	-
Accrued interest payable	-	7,807,621	-	-	-
Due to other funds	-	-	-	-	-
Advances from other funds	9,617,358	-	7,870,000	5,566,708	15,654,706
Arbitrage liability	-	-	368,160	186,145	81,862
Bonds payable (matured)	-	13,570,000	-	-	-
Deferred revenue	597,300	-	-	-	-
Total liabilities	30,319,902	21,377,621	11,226,008	7,383,558	16,348,618
Fund Balances:					
Reserved for:					
Capital improvements	-	-	9,115,245	15,888,299	921,560
Debt service	13,939,898	-	-	-	-
Encumbrances	14,297,623	-	-	-	-
Unreserved designated for:					
General purpose	193,303,645	-	-	-	-
Unreserved, undesignated:					
General fund	2,789,422	-	-	-	-
Special revenue funds	-	-	-	-	-
Capital projects funds	-	-	-	-	-
Total fund balances	224,330,588	-	9,115,245	15,888,299	921,560
Total liabilities and fund balances	\$ 254,650,490	\$ 21,377,621	\$ 20,341,253	\$ 23,271,857	\$ 17,270,178

See accompanying Notes to Basic Financial Statements.

Other		
Governmental		Total
Funds		
\$ 45,332,129	\$	336,279,899
161		784,392
-		807,908
7,493,589		7,493,589
-		5,056,046
580,556		580,556
11,665,475		40,756,889
-		7,167,780
2,563,840		4,744,447
-		875,643
-		-
<u>\$ 67,635,750</u>	<u>\$</u>	<u>404,547,149</u>

\$ 1,973,718	\$	13,714,183
102,836		3,635,908
-		10,062,310
865,539		8,673,160
7,167,780		7,167,780
1,012,365		39,721,137
-		636,167
2,965,000		16,535,000
<u>7,073,378</u>		<u>7,670,678</u>
<u>21,160,616</u>		<u>107,816,323</u>

15,500,358		41,425,462
1,614,280		15,554,178
-		14,297,623
-		193,303,645
-		2,789,422
17,752,306		17,752,306
11,608,190		11,608,190
<u>46,475,134</u>		<u>296,730,826</u>
<u>\$ 67,635,750</u>	<u>\$</u>	<u>404,547,149</u>

City of Chandler
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Assets
June 30, 2008

Total Fund Balances - Total Governmental Funds \$ 296,730,826

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

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

Non-depreciable	147,837,263
Depreciable buildings, property, equipment and infrastructure, net	<u>518,196,042</u>
Total capital assets	<u>666,033,305</u>

Certain revenues are not available to pay for current period expenditures and, therefore, are deferred in the funds.	<u>7,670,678</u>
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The internal service fund is used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service fund is included in governmental activities in the Government-Wide Statement of Net Assets.	<u>43,062,089</u>
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Long-term liabilities are not due and payable in the current period. Therefore, were not reported in the Governmental Funds Balance Sheet. Except for the internal service funds amounts of \$3,474,979 which are included above, the long-term liabilities were adjusted as follows:

Bonds and other payables	(253,247,448)
Bonds premium	(3,873,979)
Bond issuance costs	3,414,947
Compensated absences	<u>(6,842,630)</u>
Total long-term liabilities	<u>(260,549,110)</u>

Net Assets of Governmental Activities \$ 752,947,788



Chandler + Arizona
Where Values Make The Difference

City of Chandler
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2008

	Major Funds				
	General	General Obligation Bonds	Streets Capital Projects	Community Services Capital Projects	Public Safety Buildings and Improvements Capital Projects
	General	Debt Service	Capital Projects	Capital Projects	Capital Projects
REVENUES:					
Property taxes	\$ 33,844,181	\$ -	\$ -	\$ -	\$ -
Sales taxes	97,226,841	-	-	-	-
Franchise taxes	3,937,952	-	-	-	-
Highway user taxes	-	-	-	-	-
Other taxes	-	-	3,786,677	-	-
State shared	62,970,459	-	-	-	-
Grants and entitlements	-	-	-	-	-
System development fees	-	-	1,395,377	3,774,115	1,725,740
Special assessments	-	-	-	-	-
Licenses and permits	3,858,368	-	36,000	-	-
Charges for services	17,012,433	-	-	-	-
Fines and forfeitures	4,342,621	-	-	-	-
Rentals	94,575	-	-	-	-
Contributions	50,000	-	-	-	-
Interest income	11,250,079	-	1,810,696	1,863,269	1,049,534
Miscellaneous	729,732	-	295,227	-	-
Total revenues	235,317,241	-	7,323,977	5,637,384	2,775,274
EXPENDITURES:					
Current:					
General government	50,774,268	-	7,584	15,169	15,169
Public safety	77,568,900	-	-	-	-
Community development	8,693,171	-	-	-	-
Public works	11,746,151	-	-	-	-
Community services	28,473,500	-	-	-	-
Capital improvements	-	-	44,439,922	31,904,288	8,412,649
Debt service:					
Principal retirement	-	13,570,000	-	-	-
Bond issuance costs	-	-	-	-	-
Interest and fiscal charges	-	12,703,270	-	-	-
Total expenditures	177,255,990	26,273,270	44,447,506	31,919,457	8,427,818
REVENUES OVER (UNDER) EXPENDITURES	58,061,251	(26,273,270)	(37,123,529)	(26,282,073)	(5,652,544)
OTHER FINANCING SOURCES (USES):					
Bond premium (discount)	-	-	-	-	-
Face amount of bonds issued	-	-	-	-	-
Proceeds from disposal of capital assets	242,539	-	-	-	-
Transfers in	-	26,273,270	2,795,280	-	-
Transfers out	(36,023,172)	-	-	-	-
Total other financing sources (uses)	(35,780,633)	26,273,270	2,795,280	-	-
NET CHANGE IN FUND BALANCE	22,280,618	-	(34,328,249)	(26,282,073)	(5,652,544)
FUND BALANCES:					
Beginning of year	202,049,970	-	43,443,494	42,170,372	6,574,104
End of year	\$ 224,330,588	\$ -	\$ 9,115,245	\$ 15,888,299	\$ 921,560

See accompanying Notes to Basic Financial Statements.

Other Governmental Funds		Total
\$ -	\$ 33,844,181	
-	97,226,841	
-	3,937,952	
15,856,863	15,856,863	
-	3,786,677	
-	62,970,459	
10,553,680	10,553,680	
1,216,365	8,111,597	
426,428	426,428	
-	3,894,368	
242,426	17,254,859	
-	4,342,621	
-	94,575	
-	50,000	
2,361,003	18,334,581	
230,722	1,255,681	
<u>30,887,487</u>	<u>281,941,363</u>	
449,659	51,261,849	
737,704	78,306,604	
2,900,471	11,593,642	
7,560,230	19,306,381	
357,426	28,830,926	
20,079,583	104,836,442	
3,089,500	16,659,500	
179,201	179,201	
1,734,076	14,437,346	
<u>37,087,850</u>	<u>325,411,891</u>	
<u>(6,200,363)</u>	<u>(43,470,528)</u>	
165,431	165,431	
7,370,000	7,370,000	
38,430	280,969	
9,374,053	38,442,603	
<u>(5,085,170)</u>	<u>(41,108,342)</u>	
<u>11,862,744</u>	<u>5,150,661</u>	
5,662,381	(38,319,867)	
40,812,753	335,050,693	
<u>\$ 46,475,134</u>	<u>\$ 296,730,826</u>	

City of Chandler
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes
in Fund Balances to the Government-Wide Statement of Activities and Changes in Net Assets
For the year ended June 30, 2008

Net Change in Fund Balances - Total Governmental Funds \$ (38,319,867)

Governmental activities in the Statement of Activities were reported differently because:

Governmental funds report capital outlay as expenditures. However, in the Government-Wide Statement of Activities and Changes in Net Assets, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded and transferred in the current period. 105,189,145

Depreciation expense on capital assets is reported in the Government-Wide Statement of Activities and Changes in Net Assets, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in governmental funds. (24,624,168)

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	\$ (7,370,000)	
Principal payments on debt	16,659,500	
Bond premium	(165,431)	
Other postemployment benefits obligation	(1,136,794)	
Loss on disposal of capital assets	<u>(616,368)</u>	<u>7,370,907</u>

Bond issuance costs are recognized as debt service expenditures in the governmental funds, however these costs are capitalized on the Statement of Assets and amortized in the Statement of Activities. 179,201

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. (443,258)

Compensated absence expenses reported in the Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds. (838,759)

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. 6,456,637

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. 27,447,772

The internal service fund is used by management to charge the costs of certain activities, such as insurance, to individual funds. The net revenue of the internal service fund is reported with governmental activities. 2,294,897

Change in Net Assets of Governmental Activities \$ 84,712,507

See accompanying Notes to Basic Financial Statements.



Chandler + Arizona
Where Values Make The Difference

City of Chandler
Statement of Net Assets
Proprietary Funds
June 30, 2008

	Major Funds		Other	Total	Governmental
	Water	Wastewater	Proprietary Funds		Activities: Internal Service Fund
ASSETS					
Current assets:					
Equity in pooled cash and investments	\$ 29,582,652	\$ 24,514,915	\$ 11,146,943	\$ 65,244,510	\$ 46,782,941
Accounts receivable	6,389,717	3,315,276	1,703,617	11,408,610	-
Advances to other funds	3,900,000	-	-	3,900,000	-
Due from other governments	-	-	136,868	136,868	-
Inventories	163,908	-	25,719	189,627	-
Prepaid invoices	-	-	332,449	332,449	-
Total current assets	40,036,277	27,830,191	13,345,596	81,212,064	46,782,941
Noncurrent assets:					
Other assets	1,174,992	766,350	-	1,941,342	-
Long-term notes receivable	-	-	530,874	530,874	-
Capital assets:					
Non-depreciable - Joint Venture	37,414,771	-	-	37,414,771	-
Non-depreciable	67,556,086	71,201,581	28,197,969	166,955,636	-
Depreciable, net	236,570,250	146,541,393	30,527,427	413,639,070	-
Total capital assets	341,541,107	217,742,974	58,725,396	618,009,477	-
Total noncurrent assets	342,716,099	218,509,324	59,256,270	620,481,693	-
Total assets	382,752,376	246,339,515	72,601,866	701,693,757	46,782,941
LIABILITIES					
Current liabilities:					
Accounts payable	26,019,393	6,526,410	770,242	33,316,045	220,810
Accrued payroll	211,698	91,153	81,691	384,542	25,063
Trust liabilities and deposits	1,146,788	564,031	219,102	1,929,921	-
Accrued interest	2,642,199	821,828	-	3,464,027	-
Arbitrage liability	270,930	117,677	-	388,607	-
Unearned revenue	189,644	87,041	54,865	331,550	-
Compensated absences payable - due within one year	22,257	9,866	7,895	40,018	2,148
Bonds and other payables - due within one year	7,650,932	4,049,068	-	11,700,000	-
Total current liabilities	38,153,841	12,267,074	1,133,795	51,554,710	248,021
Noncurrent liabilities:					
Compensated absences payable	377,323	167,254	133,840	678,417	36,417
Advances from other funds	493,054	4,374,477	68,221	4,935,752	-
Bonds and other payables - due in more than a year	112,611,178	32,391,099	6,052	145,008,329	4,884
Arbitrage liability	31,292	5,031	-	36,323	-
Landfill closure and postclosure costs	-	-	2,730,136	2,730,136	-
Claims payable	-	-	-	-	3,431,530
Total noncurrent liabilities	113,512,847	36,937,861	2,938,249	153,388,957	3,472,831
Total liabilities	151,666,688	49,204,935	4,072,044	204,943,667	3,720,852
NET ASSETS					
Invested in capital assets, net of related debt	186,007,061	182,398,197	58,725,396	427,130,654	-
Restricted for:					
Capital improvements	8,995,115	-	89,198	9,084,313	-
Debt Service	8,843,796	6,391,318	-	15,235,114	-
Unrestricted	27,239,716	8,345,065	9,715,228	45,300,009	43,062,089
Total net assets	\$ 231,085,688	\$ 197,134,580	\$ 68,529,822	\$ 496,750,090	\$ 43,062,089

See accompanying Notes to Basic Financial Statements.

City of Chandler
Statement of Revenues, Expenses, and Changes in Net Assets
Proprietary Funds
For the year ended June 30, 2008

	Major Funds		Other	Total	Governmental
	Water	Wastewater	Proprietary Funds		Activities: Internal Service Fund
OPERATING REVENUES:					
Service fees	\$ 40,613,727	\$ 25,145,258	\$ 14,113,919	\$ 79,872,904	\$ -
Grants and entitlements	-	-	6,114,138	6,114,138	-
Rentals	-	-	700,883	700,883	-
Worker's compensation premiums	-	-	-	-	3,055,705
Miscellaneous	402	1,300,585	107,166	1,408,153	66,186
Total operating revenues	40,614,129	26,445,843	21,036,106	88,096,078	3,121,891
OPERATING EXPENSES:					
General and administrative	4,164,568	2,949,927	1,308,680	8,423,175	-
Personal services	7,618,698	3,571,904	3,257,567	14,448,169	1,077,637
Contractual services	5,989,296	5,578,752	8,737,935	20,305,983	982,514
Commodities	15,040,056	5,822,506	2,332,911	23,195,473	1,438,158
Claims	-	-	-	-	3,008,361
Housing assistance payments	-	-	4,213,433	4,213,433	-
Landfill closure and postclosure	-	-	(5,514,995)	(5,514,995)	-
Depreciation and amortization	14,531,877	10,822,159	1,701,925	27,055,961	-
Total operating expenses	47,344,495	28,745,248	16,037,456	92,127,199	6,506,670
OPERATING INCOME (LOSS)	(6,730,366)	(2,299,405)	4,998,650	(4,031,121)	(3,384,779)
NONOPERATING REVENUES (EXPENSES):					
Interest revenue	4,202,260	1,073,852	630,433	5,906,545	2,488,478
Landfill energy sales	-	-	26	26	-
Interest expense	(5,914,623)	(1,643,656)	(422)	(7,558,701)	-
Accretion of bond premium	248,171	130,521	-	378,692	-
Amortization of bond costs	(270,521)	(247,830)	-	(518,351)	-
Gain (loss) from disposal of capital assets	(25,014)	(21,205)	2,334	(43,885)	-
Total nonoperating revenues (expenses)	(1,759,727)	(708,318)	632,371	(1,835,674)	2,488,478
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(8,490,093)	(3,007,723)	5,631,021	(5,866,795)	(896,301)
CAPITAL CONTRIBUTIONS AND TRANSFERS:					
Capital contributions	8,912,918	7,721,581	3,147,694	19,782,193	-
Transfers in	-	27,430,185	507,252	27,937,437	3,219,341
Transfers out	(27,953,081)	(69,556)	(448,886)	(28,471,523)	(28,143)
Total capital contributions and transfers	(19,040,163)	35,082,210	3,206,060	19,248,107	3,191,198
Change in net assets	(27,530,256)	32,074,487	8,837,081	13,381,312	2,294,897
NET ASSETS:					
Beginning of the year	258,615,944	165,060,093	59,692,741	483,368,778	40,767,192
End of the year	\$ 231,085,688	\$ 197,134,580	\$ 68,529,822	\$ 496,750,090	\$ 43,062,089

See accompanying Notes to Basic Financial Statements.

City of Chandler
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2008

	Major Funds	
	Water	Wastewater
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 39,653,383	\$ 25,891,137
Cash received from grantors	-	-
Cash received from interfund services provided	-	-
Cash payments to suppliers	(1,767,063)	(6,859,583)
Cash payments to employees for services	(11,632,797)	(6,457,800)
Net cash provided (used) by operating activities	26,253,523	12,573,754
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Transfers in	-	27,430,185
Transfers out	(27,953,081)	(69,556)
Net cash provided (used) by noncapital financing activities	(27,953,081)	27,360,629
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and construction of capital assets	(73,319,173)	(49,503,474)
Proceeds from sales of capital assets	5,632	11,796
Principal paid on bond maturities	(6,210,227)	(3,899,773)
Interest paid on bonds	(5,049,780)	(1,717,660)
Proceeds from capital grants	-	-
Principal received on mortgage notes	-	-
Capital contributions	5,475,268	4,127,315
Net cash provided (used) by capital and related financing activities	(79,098,280)	(50,981,796)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment income	4,202,260	1,073,852
Net cash provided (used) by investing activities	4,202,260	1,073,852
Net increase (decrease) in cash and cash equivalents	(76,595,578)	(9,973,561)
CASH AND CASH EQUIVALENTS:		
Beginning of year	106,178,230	34,488,476
End of year	\$ 29,582,652	\$ 24,514,915
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET		
CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating income (loss)	\$ (6,730,366)	\$ (2,299,405)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	14,531,877	10,822,159
Landfill closure and postclosure costs	-	-
Landfill energy sales	-	-
Changes in assets and liabilities:		
(Increase) decrease in receivables	(1,260,368)	(829,678)
(Increase) decrease in inventories	(4,359)	-
(Increase) decrease in other assets	270,521	247,830
Increase (decrease) in payables	22,601,790	4,541,675
Increase (decrease) in accrued payroll and compensated absences	106,759	38,689
Increase (decrease) in deposits	(28,401)	(100,975)
Increase (decrease) in claims payable	(3,311,100)	-
Increase (decrease) in unearned revenue	(27,362)	(32,812)
Increase (decrease) in advances from other funds	60,822	160,929
Increase (decrease) in other liabilities	43,710	25,342
Total adjustments	32,983,889	14,873,159
Net cash provided (used) by operating activities	\$ 26,253,523	\$ 12,573,754

See accompanying Notes to Basic Financial Statements.

Other Proprietary Funds	Total	Governmental Activities: Internal Service Fund
\$ 14,633,842	\$ 80,178,362	\$ -
6,019,974	6,019,974	-
-	-	3,121,891
(16,775,147)	(25,401,793)	(5,502,197)
(3,255,400)	(21,345,997)	(1,063,997)
<u>623,269</u>	<u>39,450,546</u>	<u>(3,444,303)</u>
507,252	27,937,437	3,219,341
(40,539)	(28,063,176)	(28,143)
<u>466,713</u>	<u>(125,739)</u>	<u>3,191,198</u>
(4,965,034)	(127,787,681)	-
2,334	19,762	-
-	(10,110,000)	-
(422)	(6,767,862)	-
154,645	154,645	-
27,500	27,500	-
2,993,049	12,595,632	-
<u>(1,787,928)</u>	<u>(131,868,004)</u>	<u>-</u>
630,434	5,906,546	2,488,478
<u>630,434</u>	<u>5,906,546</u>	<u>2,488,478</u>
(67,512)	(86,636,651)	2,235,373
11,214,455	151,881,161	44,547,568
<u>\$ 11,146,943</u>	<u>\$ 65,244,510</u>	<u>\$ 46,782,941</u>
\$ 4,998,650	\$ (4,031,121)	\$ (3,384,779)
1,701,925	27,055,961	-
(5,514,995)	(5,514,995)	-
26	26	-
(360,760)	(2,450,806)	-
19,172	14,813	-
13,224	531,575	-
(260,802)	26,882,663	(141,615)
(2,873)	142,575	8,756
15,027	(114,349)	-
-	(3,311,100)	68,681
(19,488)	(79,662)	-
28,111	249,862	(230)
6,052	75,104	4,884
<u>(4,375,381)</u>	<u>43,481,667</u>	<u>(59,524)</u>
<u>\$ 623,269</u>	<u>\$ 39,450,546</u>	<u>\$ (3,444,303)</u>

City of Chandler
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2008

	Volunteer Fireman's Pension and Trust Fund	Agency Funds	Total
ASSETS			
Equity in pooled cash and investments	\$ 42,281	\$ 10,977	\$ 53,258
Total assets	<u>42,281</u>	<u>\$ 10,977</u>	<u>53,258</u>
LIABILITIES			
Accounts payable	400	\$ -	400
Due to others	-	10,977	10,977
Total liabilities	<u>400</u>	<u>\$ 10,977</u>	<u>11,377</u>
NET ASSETS			
Net assets held in trust for pension benefits	<u>41,881</u>		<u>41,881</u>
Total net assets	<u>\$ 41,881</u>		<u>\$ 41,881</u>

See accompanying Notes to Basic Financial Statements.

City of Chandler
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds - Trust Funds
For the year ended June 30, 2008

	Volunteer Fireman's Pension and Pension and Relief Trust Fund
ADDITIONS:	
Investment income	\$ 1,088
Total additions	1,088
DEDUCTIONS:	
Benefits paid to plan members and suppliers	4,800
Change in net assets	(3,712)
NET ASSETS:	
Beginning of year	45,593
End of year	\$ 41,881



Chandler + Arizona
Where Values Make The Difference

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2008

The City of Chandler (City) was incorporated on February 17, 1920. On May 25, 1964, voters ratified a city charter providing for a Council-Manager form of government. The government of the City is operated by authority of its charter, as limited by the state legislature. The City is governed by an elected mayor and a 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 (Corporation) is a nonprofit corporation which exists solely for the purpose of constructing or otherwise acquiring or equipping buildings, structures or improvements on land owned by the City for the benefit, common good and general welfare of the City and its citizens. The Chandler City Council appoints the five members of the Board, who are responsible for approving the Corporation's bond sales. Additionally, all bond sales must be submitted to and approved by the City Council. All financial activities are reported within the enterprise funds of the City. Unaudited financial statements for the Corporation are available from the City of Chandler, Management Services Department, P.O. Box 4008, MS 702, Chandler, AZ 85244-4008.

2. Discretely Presented Component Units

The component unit column in the basic financial statements includes the financial data of the Chandler Industrial Development Authority (Authority). The Authority is responsible for the issuance of tax-exempt bonds for qualified projects approved by the Authority and the City Council. The Authority has a seven-member board of directors appointed by the City Council. The City is able to impose its will on the Authority inasmuch as the City Council must vote to ratify the actions of the Authority with regard to the issuance of bonds. The accounting records of the Authority are maintained by the City and are available from the City of Chandler, Management Services Department, P.O. Box 4008, MS 702, Chandler, AZ 85244-4008.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2008

NOTE 1 - Summary of Significant Accounting Policies, continued

The Chandler Cultural Foundation (Foundation) oversees the operations of the Chandler Center for the Arts for the selection and scheduling of performances, other facility use and general policy setting activities. The City is able to significantly influence its operations. Specifically, the Foundation's budget is annually reviewed and approved by the City Council and the Foundation's nine-member Board is appointed by the City Council. Financial statements for the Foundation are available from the City of Chandler, Management Services Department, P.O. Box 4008, MS 702, Chandler, AZ 85244-4008.

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, investment income, and other items not included among program revenues are reported instead as general revenues.

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

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

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

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2008

NOTE 1 - Summary of Significant Accounting Policies, continued

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

Property taxes, sales taxes, franchise 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.

The City reports the following major governmental funds:

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

General Obligation Bonds - This fund 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.

Streets Fund - This fund is used to account for the acquisition, construction and improvements of City streets' projects.

Community Services Fund - This fund is used to account for the acquisition of land and equipment, development, construction and improvement of community parks and projects.

Public Safety Buildings and Improvements Fund - This fund is used to account for public safety, e.g., police and fire department, building construction, renovation and improvements and equipment purchases.

The City reports the following major enterprise funds:

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

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2008

NOTE 1 - Summary of Significant Accounting Policies, continued

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 Funds - Fiduciary funds account for assets held by the City on behalf of the Volunteer Firefighter's Relief and Pension Trust Fund and agency funds, which account for resources held by the City in a custodial capacity for marriage licenses and peddler bonds. The Volunteer Firefighter's Relief and Pension Trust Fund is a single-employer defined benefit pension plan established to provide pension benefits for volunteer firemen of the City.

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 and short term disability self-insurance. The principal operating revenues of the City's enterprise funds are user fees and charges to customers for water, wastewater, solid waste, and airport services. Operating expenses for these funds include the cost of sales and services, administrative expenses, depreciation, claims and premiums. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources, as they are needed.

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

D. Budgeting and Budgetary Control

The City Council formally adopts an annual operating budget for the General, Special Revenue, Capital Projects, Enterprise 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.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2008

NOTE 1 - Summary of Significant Accounting Policies, continued

The level of control at which expenditures may not exceed budget is by department, except for bond and grants-in-aid funds, which are exempted by Arizona Revised Statutes. Upon written request by the City Manager, the City Council has the authority to transfer part or all of any unencumbered appropriation balance from one department to another per City Charter requirement. The City Manager and Department heads have the authority to transfer appropriations between divisions and expenditure categories within departments. Appropriations totaling \$2,222,707 were transferred from the contingency reserves within the General, Capital Projects, and Internal Service funds.

All appropriations expire at the end of the fiscal year except for encumbered and capital improvements carryforward appropriations. Encumbrance accounting, under which purchase orders, contracts and other commitments for the future expenditure of funds are recorded in order to reserve that portion of the related fund balance, is employed in the governmental fund types. Encumbrances outstanding and capital improvement carryforward appropriations 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 14, 2006, 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 no later than 2010 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.

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, 2008

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. Prepaid Items

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

I. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 or more and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The City defines general government infrastructure capital assets included in capital improvement projects completed at year's end in excess of \$100,000.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are completed.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2008

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

Sick leave benefits provided for ordinary sick pay are not vested with the employee. Upon retirement, an employee will be compensated for 50 percent of accumulated sick leave. Payment will be based on the monthly compensation paid to the employee at the time of retirement. 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.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2008

NOTE 1 - Summary of Significant Accounting Policies, concluded

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.

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.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2008

NOTE 1 - Summary of Significant Accounting Policies, concluded

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.

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, the Industrial Development Authority and the Chandler Cultural Foundation separately hold investments.

Deposits

At year-end, the carrying amount of the City deposits was \$5,963,871, and the bank balance was \$9,593,365. Of the bank balance, \$100,000 was covered by federal depository insurance and \$5,013,978 was covered by collateral held in the pledging bank's trust department in the City's name. The difference represents outstanding checks and other reconciling items at June 30, 2008.

Investments

At June 30, 2008, the City had the following investments and maturities:

Investment Type	Fair Value	Less than 1 yr.	1-5 yrs.	Concentration of Credit Risk %
U.S. Treasuries	\$ 16,592,573	\$ 3,331,195	\$ 13,261,378	3.75 %
U.S. Agencies:				
Federal Home Loan Bank	138,470,033	68,734,479	69,735,554	31.30
Federal Home Loan Mortgage Corp.	85,224,289	51,853,441	33,370,848	19.27
Federal National Mortgage Assn	132,031,553	63,361,929	68,669,624	29.85
Federal Farm Credit Bank	5,683,925	-	5,683,925	1.28
Tennessee Valley Authority	15,254,395	15,254,395	-	3.45
Money Market - U.S. Treasuries & Agencies	49,086,711	49,086,711	-	11.10
Total	\$ 442,343,479	\$ 251,622,150	\$ 190,721,329	100.00 %

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2008

NOTE 2 - Cash and Investments, concluded

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

Credit Risk. The City's investment policy allows for investments in obligations guaranteed by the full faith and credit of the United States of America, government sponsored enterprises, government bonds with minimum credit ratings of Aa or AA, commercial paper with a minimum short term rating of P1 or A1, negotiable certificates of deposit, corporate bonds carrying a minimum credit rating of A, and the Local Government Investment Pool. The City's investment in U.S. Agencies were rated AAA by Standard & Poor's and the investments in U.S. Agency Discount Notes were rated A1+. As of June 30, 2008, the City's investment in Money Market Funds did not receive a credit quality rating from a national rating agency.

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

NOTE 3 - Property Taxes

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

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

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

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

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

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2008

NOTE 3 - Property Taxes, concluded

In fiscal year 2007-08, current property tax collections were \$33,057,170 or 86.4% percent of the tax levy, and were recognized as revenue when received. At fiscal year end, the delinquent property tax expected to be collected within 60 days is recognized as revenue and recorded as a receivable. Property taxes levied in August 2008 are not available for fiscal year 2007-08; accordingly, such taxes will not be recognized as revenue until fiscal year 2008-2009.

NOTE 4 - Capital Assets

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

Governmental Activities	Balance July 1, 2007	Additions and Transfers In	Deletions and Transfers Out	Balance June 30, 2008
Capital asset, not being depreciated:				
Land	\$ 69,686,670	\$ 10,167,943	\$ -	\$ 79,854,613
Construction in progress	102,937,186	98,142,507	(133,097,043)	67,982,650
Total capital assets not being depreciated	<u>172,623,856</u>	<u>108,310,450</u>	<u>(133,097,043)</u>	<u>147,837,263</u>
Capital asset, being depreciated:				
Infrastructure	369,411,199	88,852,139	-	458,263,338
Buildings and improvements	139,325,285	62,122,233	-	201,447,518
Machinery and equipment	41,048,319	6,460,387	(1,597,566)	45,911,140
Total capital assets being depreciated	<u>549,784,803</u>	<u>157,434,759</u>	<u>(1,597,566)</u>	<u>705,621,996</u>
Less accumulated depreciation for:				
Infrastructure	(111,050,960)	(13,786,074)	-	(124,837,034)
Buildings and improvements	(33,306,599)	(6,833,266)	-	(40,139,865)
Machinery and equipment	(19,414,175)	(4,016,078)	981,198	(22,449,055)
Total accumulated depreciation	<u>(163,771,734)</u>	<u>(24,635,418)</u>	<u>981,198</u>	<u>(187,425,954)</u>
Total capital asset, being depreciated, net	<u>386,013,069</u>	<u>132,799,341</u>	<u>(616,368)</u>	<u>518,196,042</u>
Governmental activities capital assets, net	<u>\$ 558,636,925</u>	<u>\$ 241,109,791</u>	<u>\$ (133,713,411)</u>	<u>\$ 666,033,305</u>

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

	Expended to June 30, 2008	Remaining Commitments
Streets	\$ 29,503,042	\$ 18,383,329
Parks and recreation	17,011,448	22,863,160
Buildings and related improvements	21,468,160	15,344,095
Total	<u>\$ 67,982,650</u>	<u>\$ 56,590,584</u>

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2008

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, 2007	Additions and Transfers In	Deletions and Transfers Out	Balance June 30, 2008
Capital assets, not being depreciated:				
Land	\$ 41,056,107	\$ 200,000	\$ -	\$ 41,256,107
Construction in progress - Joint Venture	-	37,414,771	-	37,414,771
Construction in progress	133,832,406	88,324,911	(96,457,788)	125,699,529
Total capital assets not being depreciated	174,888,513	125,939,682	(96,457,788)	204,370,407
Capital assets, being depreciated:				
System improvements	603,245,963	103,425,167	(555,159)	706,115,971
Building and improvements	18,472,563	991,047	-	19,463,610
Vehicles, machinery and equipment	14,210,759	981,833	(196,915)	14,995,677
Land improvements	1,731,950	15,922	-	1,747,872
Total capital assets being depreciated	637,661,235	105,413,969	(752,074)	742,323,130
Less accumulated depreciation for:				
System improvements	(279,622,508)	(25,896,459)	-	(305,518,967)
Buildings and improvements	(9,403,847)	(487,244)	-	(9,891,091)
Vehicles, machinery and equipment	(11,627,534)	(554,506)	110,287	(12,071,753)
Land improvements	(1,084,497)	(117,752)	-	(1,202,249)
Total accumulated depreciation	(301,738,386)	(27,055,961)	110,287	(328,684,060)
Total capital assets, being depreciated, net	335,922,849	78,358,008	(641,787)	413,639,070
Business-type activities capital assets, net	\$ 510,811,362	\$ 204,297,690	\$ (97,099,575)	\$ 618,009,477

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

	Expended to June 30, 2008	Remaining Commitments
Sewer system improvements	65,375,307	55,795,738
Water system improvements	97,106,215	10,591,452
Airport improvements	632,778	103,903
Total	\$ 163,114,300	\$ 66,491,093

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2008

NOTE 4 - Capital Assets, concluded

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 1,553,786
Public safety	3,951,890
Community services	4,526,927
Community development	51,335
Public works	<u>14,540,230</u>
 Total depreciation expense - governmental activities	 <u><u>\$ 24,624,168</u></u>
 Business-type activities:	
Water	\$ 14,531,877
Wastewater	10,822,159
Solid waste	445,296
Airport	747,299
Chandler housing authority	<u>509,330</u>
 Total depreciation expense - business-type activities	 <u><u>\$ 27,055,961</u></u>

NOTE 5 - Operating Leases

The City leases approximately 69,000 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 4th, 7th and 10th lease years and the library lease allows for annual rent escalations of 3.5% per annum. Total costs for such leases were \$1,085,091 for the year ended June 30, 2008. The future minimum lease payments for these leases are as follows:

	<u>Year Ending June 30</u>	
	2009	\$ 1,136,648
	2010	1,161,625
	2011	700,697
	2012	444,378
	2013-2017	2,466,367
	2018-2020	1,688,378
	Total	<u><u>\$ 7,598,093</u></u>

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2008

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.

The City has pledged future ad valorem tax revenues to repay a total of \$248,040,000 in outstanding general obligation bonds. Proceeds of the bonds were used for general governmental purposes. The bonds are payable solely from ad valorem taxes and are payable through July 1, 2026. Annual principal and interest payments on the bonds are expected to require less than 74% of total 2007-08 ad valorem taxes. The total principal and interest remaining to be paid on the bonds is \$340,119,406. Principal and interest paid for the current year and total ad valorem property taxes were \$24,697,530 and \$33,844,181, respectively.

General Obligation bonds outstanding as reported in governmental and business-type activities at June 30, 2008 were as follows:

	<u>Outstanding June 30, 2008</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.	\$ 2,500,000
\$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.	1,450,000
\$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 through 7/1/15; interest at 5.13 percent to 6.63 percent.	925,000
\$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 through 7/1/13; interest at 4.7 percent to 7.5 percent.	775,000
\$3,590,000 Capital Improvement Bonds, Series 1998, due in annual installments of \$165,000 to \$325,000 through 7/1/17; interest at 4.38 percent to 6.3 percent.	650,000
\$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.	4,725,000

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2008

NOTE 6 - Long-Term Liabilities, continued

	<u>Outstanding June 30, 2008</u>
\$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.	1,175,000
\$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.	3,325,000
\$23,000,000 Capital Improvement Bonds, Series 2002, due in annual installments of \$700,000 to \$2,235,000 through 7/1/19; interest at 3 percent to 5 percent.	9,800,000
\$21,375,000 Capital Improvement Bonds, Series 2003, due in annual installments of \$500,000 to \$2,775,000 through 7/1/17; interest at 2 percent to 4 percent.	15,575,000
\$16,265,000 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
\$24,800,000 Capital Improvement Bonds, Series 2005, due in annual installments of \$1,200,000 to \$4,700,000 starting 7/1/06 through 7/1/15; interest at 3.5 percent to 4 percent.	16,600,000
\$30,905,000 Capital Improvement Bonds, Series 2006, due in annual installments of \$1,455,000 to \$6,675,000 starting 7/1/07 through 7/1/17; interest at 4 percent to 4.5 percent.	29,450,000
\$111,045,000 Capital Improvement Bonds, Series 2007, due in annual installments of \$2,475,000 to \$9,875,000 starting 7/1/08 through 7/1/26; interest at 3 percent to 5 percent.	65,445,000
\$22,960,000 Refunding Bonds, Series 2007, due in annual installments of \$25,000 to \$3,745,000 starting 7/1/09 through 7/1/20; interest at 4 percent to 5 percent.	22,960,000
Total Governmental Activities General Obligation Bonds	<u>\$ 187,645,000</u>
	<u>Outstanding June 30, 2008</u>
Business-Type Activities Supported General Obligation Bonds:	
\$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.	\$ 7,605,000
\$16,265,000 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.	7,190,000
\$111,045,000 Capital Improvement Bonds, Series 2007, due in annual installments of \$2,475,000 to \$9,875,000 starting 7/1/08 through 7/1/26; interest at 3 percent to 5 percent.	45,600,000
Total Business-Type Activities General Obligation Bonds	<u>\$ 60,395,000</u>

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2008

NOTE 6- Long-Term Liabilities, continued

B. Street and Highway Revenue Bonds

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

The City has pledged future highway user revenues to repay a total of \$37,655,000 in outstanding street and highway user revenue bonds. Proceeds of the bonds were used for improvements and expansions to the City's streets and highways. The bonds are payable solely from state shared gasoline tax revenues and are payable through July 1, 2019. Annual principal and interest payments on the bonds are expected to require less than 28% of total 2007-08 street and highway user revenues. The total principal and interest remaining to be paid on the bonds is \$47,381,234. Principal and interest paid for the current year and street and highway user revenue taxes were \$4,560,306 and \$15,856,863 respectively.

Street and highway revenue bonds outstanding as reported in governmental activities at June 30, 2008 were as follows:

Governmental Activities Revenue Bonds:	<u>Outstanding June 30, 2008</u>
\$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
\$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.	200,000
\$5,280,000 Street & Highway User Refunding Bonds, Series 1997, due in annual installments of \$25,000 to \$2,230,000 through 7/1/14; interest at 5.38 percent to 8 percent.	4,935,000
\$5,715,000 Street & Highway User Bonds, Series 1998, due in annual installments of \$165,000 to \$475,000 through 7/1/17; interest at 4.88 percent to 7.38 percent.	600,000
\$3,300,000 Street & Highway User Bonds, Series 1999, due in annual installments of \$100,000 to \$250,000 through 7/1/17; interest at 4 percent to 7 percent.	2,075,000
\$2,250,000 Street & Highway User Bonds, Series 2000, due in annual installments of \$75,000 to \$200,000 through 7/1/18; interest at 5.2 percent to 7 percent.	325,000
\$6,830,000 Street & Highway User Bonds, Series 2001, due in annual installments of \$210,000 to \$555,000 through 7/1/19; interest at 4.4 percent to 6.4 percent.	4,945,000

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2008

NOTE 6 - Long-Term Liabilities, continued

	<u>Outstanding June 30, 2008</u>
\$10,540,000 Street & Highway User Refunding Bonds, Series 2002, due in annual installments of \$240,000 to \$1,845,000 through 7/1/13; interest at 3 percent to 4.3 percent.	7,060,000
\$5,000,000 Street & Highway User Bonds, Series 2003, due in annual installments of \$1,000,000 to \$1,500,000 starting 7/1/16 through 7/1/19; interest at 3.5 percent to 5 percent.	5,000,000
\$10,920,000 Street & Highway User Refunding Bonds, Series 2004, due in annual installments of \$20,000 to \$3,360,000 through 7/1/18; interest at 3 percent to 5 percent.	10,615,000
Total Governmental Activities Revenue Bonds	<u><u>\$ 37,655,000</u></u>

C. Water and Sewer Revenue Bonds

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

The City has pledged future water and wastewater system revenues, net of operating expenses, to repay a total of \$93,000,000 in outstanding water and wastewater system revenue bonds. Proceeds of the bonds were used for improvements and expansions to the City's water and wastewater system. The bonds are payable solely from net water and wastewater system revenues and are payable through July 1, 2020. Annual principal and interest payments on the bonds are expected to require less than 85% of net 2007-08 water and wastewater system revenue. The total principal and interest remaining to be paid on the bonds is \$117,469,983. Principal and interest paid for the current year and net water and wastewater system revenues were \$12,509,221 and \$14,573,979 respectively.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2008

NOTE 6 - Long-Term Liabilities, continued

Water, and sewer revenue bonds outstanding as reported in business-type activities at June 30, 2008 were as follows:

	<u>Outstanding June 30, 2008</u>
Business-Type Activities Revenue Bonds:	
\$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 7percent.	6,945,000
\$10,330,000 Water & Sewer Bonds, Series 1998, due in annual installments of \$250,000 to \$4,000,000 through 7/1/17; interest at 4.5 percent to 6.5 percent.	500,000
\$5,985,000 Water & Sewer Bonds, Series 1999, due in annual installments of \$275,000 to \$575,000 through 7/1/17; interest at 4.2 percent to 6.2 percent.	1,535,000
\$3,000,000 Water & Sewer Bonds, Series 2000, due in annual installments of \$100,000 to \$500,000 through 7/1/09 and 7/1/13 through 7/1/17; interest at 5 percent to 6.5 percent.	450,000
\$12,500,000 Water & Sewer Bonds, Series 2001, due in annual installments of \$420,000 to \$1,045,000 through 7/1/18; interest at 4.25 percent to 6 percent.	5,150,000
\$26,145,000 Water & Sewer Refunding Bonds, Series 2001, due in annual installments of \$515,000 to \$3,485,000 through 7/1/10; interest at 4.25 percent to 5 percent.	11,610,000
\$13,525,000 Sub Lien Water & Sewer Bonds, Series 2002, due in annual installments of \$350,000 to \$1,185,000 through 7/1/10; interest at 3 percent to 4 percent.	5,355,000
\$10,970,000 Water & Sewer Refunding Bonds, Series 2002, due in annual installments of \$300,000 to \$3,755,000 through 7/1/13; interest at 3 percent to 5 percent.	9,200,000
\$17,830,000 Water & Sewer Refunding Bonds, Series 2003, due in annual installments of \$30,000 to \$7,515,000 through 7/1/16; interest at 2 percent to 5 percent.	14,030,000
\$10,000,000 Water & Sewer Bonds, Series 2003, due in annual installments of \$ 150,000 to \$4,200,000 through 7/1/13; interest at 2 percent to 4 percent.	9,200,000
\$10,000,000 Water & Sewer Bonds, Series 2005, due in annual installments of \$100,000 to \$2,500,000 starting 7/1/12 through 7/1/20; interest at 4.125 percent to 5 percent.	10,000,000
\$15,485,000 Water & Sewer Refunding Bonds, Series 2005, due in annual installments of \$245,000 to \$5,725,000 starting 7/1/09 through 7/1/17; interest at 3.25 percent to 5 percent.	15,485,000
Total Business-Type Activities Revenue Bonds	<u>\$ 93,000,000</u>

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2008

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, 2008, 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, 2008 were as follows:

Governmental Activities Special Assessment Bonds:	Outstanding June 30, 2008
\$1,760,000 Improvement District #89 Bonds, due in annual installments of \$85,000 to \$160,000 through 1/1/15; interest at 4.75 percent.	\$ 975,000
\$7,370,000 Spectrum Improvement District Bonds, due in annual installments of \$405,000 to \$635,000 through 1/1/23; interest at 4.00 percent.	7,370,000
Total Special Assessment Bonds with Governmental Commitment	\$ 8,345,000

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2008 was as follows:

Governmental Activities:	Balance July 1, 2007	Additions	Reductions	Balance June 30, 2008	Due Within One Year
General obligation bonds	\$ 197,075,000	\$ -	\$ (9,430,000)	\$ 187,645,000	\$ 13,570,000
Revenue bonds	40,480,000	-	(2,825,000)	37,655,000	2,965,000
Special assessment bonds	1,099,500	7,370,000	(124,500)	8,345,000	525,000
Post employment benefits	-	1,141,678	-	1,141,678	-
Accrued interest - capital appreciation bonds	34,505,099	495,555	-	35,000,654	-
Deferred bond premiums	4,081,061	-	(207,082)	3,873,979	-
Totals	<u>\$ 277,240,660</u>	<u>\$ 9,007,233</u>	<u>\$ (12,586,582)</u>	<u>\$ 273,661,311</u>	<u>\$ 17,060,000</u>
Business-Type Activities:	Balance July 1, 2007	Additions	Reductions	Balance June 30, 2008	Due Within One Year
General obligation bonds	\$ 62,410,000	\$ -	\$ (2,015,000)	\$ 60,395,000	\$ 3,270,000
Revenue bonds	101,095,000	-	(8,095,000)	93,000,000	8,430,000
Post employment benefits	-	75,104	-	75,104	-
Intergovernmental loans	16,304	-	(16,304)	-	-
Landfill closure/post closure	8,245,131	-	(5,514,995)	2,730,136	-
Deferred bond premiums	3,589,500	-	(351,275)	3,238,225	-
Totals	<u>\$ 175,355,935</u>	<u>\$ 75,104</u>	<u>\$ (15,992,574)</u>	<u>\$ 159,438,465</u>	<u>\$ 11,700,000</u>

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2008

NOTE 6-Long-Term Liabilities, continued

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, wastewater, artificial light, acquisition and development of land for open space preserves, recreation facilities, public safety and emergency services, streets and transportation, and 6 percent of the secondary assessed valuation for all other purposes (e.g., library, museum, center for the arts). At June 30, 2008, the 6 percent debt limitation was \$207,310,517, providing a debt margin of \$199,515,517 and the 20 percent debt limitation was \$691,035,056, providing a debt margin of \$450,790,056.

Bond Covenants

Pursuant to certain bond indenture agreements, the City is obligated to various limitations and restrictions on annual debt service requirements, maintenance and flow of monies through various restricted accounts, minimum amounts to be maintained in various sinking funds and minimum revenue bond coverages. The City is in compliance with all such significant limitations and restrictions in the opinion of City's management.

Debt Service Requirements to Maturity

The following is a summary of debt service requirements to maturity for all bonds, loans and certificates of participation payable as of June 30, 2008:

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
2009	13,570,000	\$ 11,586,998	\$ 2,965,000	\$ 1,628,797	\$ 525,000	\$ 301,806	\$ 30,577,600
2010	11,700,000	8,690,679	3,050,000	1,513,999	505,000	319,213	25,778,890
2011	12,345,000	6,733,235	3,180,000	1,393,821	530,000	298,075	24,480,131
2012	11,070,000	6,216,289	3,320,000	1,236,049	550,000	275,863	22,668,200
2013	11,100,000	5,749,040	3,500,000	1,062,009	575,000	252,813	22,238,861
2014-2018	68,775,000	20,321,410	17,365,000	2,728,259	2,720,000	906,925	112,816,594
2019-2023	33,985,000	8,047,656	4,275,000	163,300	2,940,000	361,800	49,772,756
2024-2028	25,100,000	1,690,500	-	-	-	-	26,790,500
Total	\$ 187,645,000	\$ 69,035,806	\$ 37,655,000	\$ 9,726,234	\$ 8,345,000	\$ 2,716,493	\$ 315,123,533

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2008

NOTE 6 - Long-Term Liabilities, concluded

BUSINESS-TYPE ACTIVITIES					
Years Ended June 30	General Obligation Principal	General Obligation Interest	Revenue Principal	Revenue Interest	Total
2009	3,270,000	\$ 2,604,731	\$ 8,430,000	\$ 4,090,615	\$ 18,395,346
2010	3,580,000	2,452,663	8,770,000	3,738,009	18,540,671
2011	3,765,000	2,288,413	9,150,000	3,350,934	18,554,346
2012	3,940,000	2,111,013	7,610,000	2,998,526	16,659,539
2013	3,900,000	1,916,313	7,930,000	2,679,858	16,426,170
2014-2018	17,140,000	6,977,938	42,840,000	7,130,138	74,088,076
2019-2023	12,550,000	3,803,031	8,270,000	481,903	25,104,934
2024-2028	12,250,000	829,500	-	-	13,079,500
Total	\$ 60,395,000	\$ 22,983,600	\$ 93,000,000	\$ 24,469,983	\$ 200,848,582

Compensated Absences

The City's policy relating to compensated absences is described in Note 1. As shown in the table below, the long-term portion of this debt, amounting to \$6,881,195 for governmental activities and \$718,435 for business-type activities at June 30, 2008 is expected to be paid in future years from future resources. Compensated absences for governmental activities have been liquidated primarily by the general fund.

	Balance July 1, 2007	Incurred	Satisfied	Balance June 30, 2008	Due Within One Year
Governmental Activities					
Compensated Absences	\$ 6,039,933	\$ 5,343,961	\$ 4,502,699	\$ 6,881,195	\$ 383,300
Business-Type Activities					
Compensated Absences	\$ 711,266	\$ 626,945	\$ 619,776	\$ 718,435	\$ 40,018

NOTE 7 - Defeased Debt

In prior years, the City defeased certain general obligation, water and sewer revenue, and street and highway user revenue bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. Bonds that have been advance refunded (defeased) as of June 30, 2008 are as follows:

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2008

NOTE 7 - Defeased Debt, concluded

Refunded Debt Outstanding	Amount
Water and Sewer Revenue Bonds, Series 1999	2,950,000
Water and Sewer Revenue Bonds, Series 2000	1,225,000
Water and Sewer Revenue Bonds, Series 2001	3,625,000
Streets and Highway User Revenue Bonds, Series 2000	1,250,000
General Obligation Bonds, Series 1993	225,000
General Obligation Bonds, Series 1996B	2,910,000
General Obligation Bonds, Series 1998	325,000
General Obligation Bonds, Series 1999	2,225,000
General Obligation Bonds, Series 2000	7,345,000
General Obligation Bonds, Series 2001	4,715,000
General Obligation Bonds, Series 2002	6,975,000
General Obligation Refunding Bonds, Series 2003	140,000
Total Refunded Bonds Outstanding	<u>\$ 33,910,000</u>

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 landfill activities through its closure date (October 1, 2005), an expense provision and related liability has been recognized based on the future closure and postclosure care costs to be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and postclosure care costs is based on the amount of the landfill used during the year. As of June 30, 2008, the City estimates total costs related to landfill closure and postclosure care is \$13,504,336 and has recognized that entire amount since the landfill no longer accepts waste. To date, \$10,774,200 has been paid. The remaining balance of \$2,730,136 is recorded as a non-current liability on the City's financial statements. A current year reduction in the landfill closure/postclosure liability was credited to operating expenses during the fiscal year due to further changes in the planned care costs.

The estimated total current cost of the landfill closure and postclosure, \$13,504,336, 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, 2008. However, the actual cost of closure and postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations. The City is required by state and federal regulations to comply with local government financial test requirements that assure the City can meet the costs of landfill closure, postclosure care and, if necessary, corrective action when needed. The City complied with all local government financial test requirements for the year ended June 30, 2007. It is anticipated that future inflation costs will be financed in part from earnings on investments. The remaining portion of anticipated future inflation costs and any additional costs that might arise from changes in postclosure requirements, e.g., due to changes in technology or more rigorous environmental regulations, may need to be covered by additional charges to future taxpayers.

CITY OF CHANDLER, ARIZONA

Notes to the Financial Statements

June 30, 2008

NOTE 9 - Capital Contributions

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

	System			Total
	Development Fees	Developer Contributions	Government Contributions	
Water	\$ 5,475,268	\$ 3,437,650	\$ -	\$ 8,912,918
Wastewater	4,127,315	3,594,266	-	7,721,581
Solid Waste	50,999	-	-	50,999
Airport	-	-	2,942,050	2,942,050
Housing Authority	-	-	154,645	154,645
Total	\$ 9,653,582	\$ 7,031,916	\$ 3,096,695	\$ 19,782,193

NOTE 10 - Fund Equity

Only restrictions imposed by external sources are shown as restricted net assets on the government-wide financial statements. 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 fund balance to demonstrate the government's intended use of those net assets. Designations of fund balances at June 30, 2008, were as follows:

	<u>General</u>
Fund Balance:	
Unreserved:	
Designated:	
Capital Improvements	\$ 151,466,374
Compensated Absences	6,635,610
Expenditure Control Budgeting	6,730,093
Self-Insurance	805,218
City Council 12% Contingency Reserve	27,666,350
Total Designated Fund Balance	\$ 193,303,645

Reservations of Fund Balances

At June 30, 2008, reserved amounts of fund balance represent the following:

- 1) Encumbrances - comprises purchase obligations outstanding at the end of the fiscal year;
- 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; and
- 3) Capital Improvements - amounts reserved for specific projects and amounts appropriated as part of the City's 2007/2008 budget.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2008

NOTE 10 - Fund Equity, concluded

Restricted Net Assets

At June 30, 2008, 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 2007/2008 budget; and
- 3) Volunteer Firemen's Pension - actuarially determined benefits payable under the Volunteer Firemen's Pension and Relief Trust Fund.

Deficit Fund Balances

The City plans to remove the deficit in the Grants-in-Aid Special Revenue Fund of \$2,195,597 by receiving revenues from other governments.

The City plans to remove the deficit in the Chandler Employee Special Revenue Fund of \$167 by receiving funds from the general 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, health insurance premium, and long-term disability plan. The System was established by the State of Arizona to provide pension benefits for employees of the state and employees of participating political subdivisions and school districts. The System is administered in accordance with Title 38, Chapter 5, of Arizona Revised Statutes. The System provides for retirement, disability, health insurance premium benefits, and death and survivor benefits. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to Arizona State Retirement System, P.O. Box 33910, Phoenix, AZ 85067-3910, or by calling 1-800-621-3778.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2008

NOTE 11 - Retirement and Pension Plans, continued

B. Funding Policy

Arizona Revised Statutes provide statutory authority for determining the employees' and employers' contribution amounts as a percentage of covered payroll. Employers are required to contribute at the same rate as employees. Although Arizona Revised Statutes prescribe the basis of making the actuarial calculation, the Arizona Legislature is able to legislate a contribution rate other than the actuarially determined rate. The actuarially determined contribution rate for the year ended June 30, 2008 was 9.6 percent (9.1 percent retirement and 0.50 percent long-term disability) for active members and the City was required to contribute 9.6 percent (8.05 percent for retirement, 1.05 percent for health insurance premium, and 0.5 percent for long-term disability) of the members' annual covered payroll. The City's contributions to the System for the years ended June 30, 2008, 2007 and 2006, were \$6,311,856, \$5,373,873, and \$3,919,701, respectively, equal to the required contributions for each year.

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

A. Plan Description

All full-time sworn police officers and fire fighters are eligible to participate in the Public Safety Personnel Retirement System (PSPRS) in separate agent multiple-employer defined benefit retirement and health insurance premium plans. PSPRS was established by 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 participating 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 and health insurance premium benefits. The PSPRS of the State of Arizona issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Public Safety Personnel Retirement System, 3010 East Camelback Road, Ste 200, Phoenix, AZ 85016 or by calling (602) 255-5575.

B. Funding Policy

The System is funded through a member contribution of 7.65 percent of gross payroll, an employer contribution set by an actuarial valuation expressed as a percent of gross payroll, and a distribution of the net earnings of the Fund. The City's current aggregate contribution rate for police is 12.12 percent of annual covered payroll of which 0.39 percent was the health insurance premium portion. The current aggregate contribution rate for firefighters is 11.09 percent of annual covered payroll of which 0.35 percent was the health insurance premium portion.

C. Annual Pension Cost

For fiscal year ended June 30, 2008, the City's annual pension cost of \$2,967,041 for police and \$1,614,904 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, 2006, actuarial valuations using the individual entry-age actuarial cost method.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2008

NOTE 11 - Retirement and Pension Plans, continued

The contribution requirements for the year ended June 30, 2008 were established by the June 30, 2006 actuarial valuations. Those valuations were based on the following. For police, the actuarial assumptions include (a) a rate of return on the investment of present and future assets of 8.5 percent per year compounded annually, attributable to inflation and other across-the-board increases, (b) projected salary increases of 5.5 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 8.5 percent per year compounded annually, attributable to inflation and other across-the-board increases, (b) projected salary increases of 5.5 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 both police and firefighters, included in (b) is an inflation component of 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, 2006, was 30 years for unfunded actuarial accrued liability and 20 years for excess contributions.

Arizona Public Safety Personnel Retirement System - Police

Three-Year Trend Information			
Fiscal Year Ended	Annual Pension Cost (APC)	Percent of APC Contributed	Net Pension Obligation
2006	\$ 2,107,136	100%	-
2007	\$ 2,344,017	100%	-
2008 (Pension)	\$ 2,871,567	100%	-
2008 (Health)	\$ 95,474	100%	-

Arizona Public Safety Personnel Retirement System - Firefighters

Three-Year Trend Information			
Fiscal Year Ended	Annual Pension Cost (APC)	Percent of APC Contributed	Net Pension Obligation
2006	\$ 238,641	100%	-
2007	\$ 1,167,762	100%	-
2008 (Pension)	\$ 1,563,938	100%	-
2008 (Health)	\$ 50,966	100%	-

D. Funded Status and Funding Progress

As of June 30, 2007, the most recent actuarial calculation date, the firefighters plan was 73 percent funded. The actuarial accrued liability for benefits was \$56.7 million, and the actuarial value of assets was \$41.4 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$15.3 million. The covered payroll (annual payroll of active employees covered by the plan) was \$14.1 million, and the ratio of the UAAL to the covered payroll was 109 percent.

The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2008

NOTE 11 -Retirement and Pension Plans, continued

Elected Officials' Retirement Plan (Mayor and City Council)

A. Plan Description

The City's Mayor and Council participate in the Elected Officials' Retirement Plan (EORP), a multiple-employer cost sharing defined benefit pension and health insurance premium plan. The EORP was established and is administered by the State of Arizona to provide pension benefits for state and county elected officials, judges, and certain City-elected officials. The fund manager of the PSPRS is also the administrator for the EORP. EORP provides retirement benefits, as well as death and disability benefits. The Elected Officials' Retirement Plan issues a publicly available financial report that includes financial statements and required supplementary information for EORP. The report may be obtained by writing to Elected Officials' Retirement Plan, 3010 East Camelback Road, Ste 200, Phoenix, AZ 85016 or by calling (602) 255-5575.

B. Funding Policy

Covered employees are required by state statute to contribute an amount equal to 7 percent of gross salary. Incorporated city or town employers are required to contribute an amount sufficient to meet both the normal cost of a level-cost method attributable to the EORP, plus the amount required to amortize the unfunded accrued liability for the employer. Such amount is to be determined each year by actuarial valuation and paid as a level percent of compensation. The contribution requirements for plan members are established and may be amended by the Fund Manager, a five-member board. The City's rate for fiscal year ended June 2008 was 20.21 percent of the members' annual covered payroll, of which 1.05 percent was the health insurance premium portion. The city's contributions to EORP for the years ended June 30, 2008, 2007, and 2006, were \$23,105, \$20,164, and \$20,961, respectively, equal to the required contributions for each year.

Volunteer Firemen's Pension And Relief Fund

A. Plan Description

The Volunteer Firemen's Pension Plan (VFPP) is a single-employer defined benefit pension plan administered by the City. The last actuarial valuation of the Volunteer Firemen's Pension and Relief Fund was made as of November 19, 2004, at which time the actuarial liability was fully funded. As of June 30, 2008, there was one retiree and/or beneficiary of a retiree receiving retirement benefits under the plan. There were no terminated employees entitled to benefits and not yet receiving them. Additionally there are no non-vested active employees and no partially vested employees covered by the plan. The VFPP issues a publicly available financial report that may be obtained from the City of Chandler, Management Services Department, P.O. Box 4008, MS 702, Chandler, AZ 85244-4008.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2008

NOTE 11 - Retirement and Pension Plans, concluded

B. Funding Policy

There were no contributions to the Volunteer Firemen's Pension and Relief Fund by the City in fiscal year 2007/08. Pursuant to the November 19, 2004, actuarial valuation, the present value of all benefits payable in future years was \$57,222 based upon a 6 percent rate of return and the pension obligation was deemed to be fully funded.

NOTE 12 - Post-employment Benefits Other Than Pensions

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

A. Plan Description

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

The City also provides a Retirement Health Savings Plan (RHSP) for retired employees. The plan provides medical expense reimbursements eligible under Internal Revenue Code Section 213, other than direct long-term care expenses. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a separate financial report.

B. Benefits Provided

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

The City also provides a RHSP for its retirees. To be eligible for the City's direct contribution, an employee must have at minimum 5 years of employment with the City.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2008

NOTE 12 - Post-employment Benefits Other Than Pensions, Continued

C. Funding Policy

The plan premium rates are determined annually by the City's Human Resources Department, in collaboration with an outside consulting firm, and approved by the City Council. The retiree's contribution is 100% of the actuarially determined blended premium rate. The City makes no contribution to the retirees' premiums other than allowing them to participate through the City's pooled benefits. By providing retirees with access to the City's healthcare plans based on the same rates it charges to active employees, the City is in effect providing a subsidy to retirees. This implied subsidy exists because, on average, retiree health care costs are higher than active employee healthcare costs. By not contributing anything toward this plan in advance, the City employs a pay-as-you-go method through paying the higher rate for active employees each year. As of June 30, 2008, retirees contributed \$888,905 and the City contributed \$450,918 (implied subsidy).

D. Annual OPEB Costs and Net OPEB Obligation

The City's annual other post-employment benefit (OPEB) cost for each plan is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45.

The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The City's annual OPEB cost for the current year and related information for each plan are as follows at June 30, 2008:

Annual Required Contribution (ARC)	\$ 2,125,569
ARC Adjustment	-
Interest adjustment to Net OPEB Obligation	-
	<u> </u>
Annual OPEB Cost	2,125,569
Contributions Made	<u>908,785</u>
Increase in Net OPEB Obligation	1,216,784
Net OPEB Obligation - Beginning of year	<u> </u>
Net OPEB Obligation - End of year	<u><u>\$ 1,216,784</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2008 were as follows:

<u>Fiscal Year</u> <u>Ended June, 30</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Employer</u> <u>Contributions</u>	<u>Percentage of</u> <u>OPEB Cost</u> <u>Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
2008	\$ 2,125,569	\$ 908,785	42.75%	\$1,216,784

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2008

NOTE 12 - Post-employment Benefits Other Than Pensions, Concluded

E. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2008 was as follows:

Actuarial Accrued Liability	\$ 17,961,768
Actuarial Value of Plan Assets	<u>-</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 17,961,768</u>
Funded Ratio	0.0%
Covered Payroll	87,610,241
UAAL as a percentage of covered payroll	20.5%

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

The required schedule of funding progress immediately following the Notes to the Financial Statements presents multi-year trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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

Actuarial calculations reflect a long-term perspective.

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

1. The actuarial cost method used is the unit credit method.
2. As of this valuation date, July 1, 2007, there are no assets, hence no need for an actuarial value of assets.
3. The amortization method is level percent of payroll. The amortization period is 30 years. The period is closed.

NOTE 13 - 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, 2008, amounted to \$460,303, and the account is fully funded at June 30, 2008.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2008

NOTE 13 - 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 14 - 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). The City established a Self-Insurance Fund (an Internal Service Fund) to account for and finance its uninsured risks of loss. In fiscal year 2007/2008, 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 2007/2008, there were no significant reductions in the amounts of excess coverage purchased, nor has the City experienced any settlements in excess of insurance coverage over the past three fiscal years.

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 \$3,431,530 reported as claims payable in the Self-Insurance Fund at June 30, 2008, 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 2007 and 2008 were:

Years Ended June 30, 2008	Beginning of Fiscal Year Liability	Current Year		Balance at Fiscal Year End
		Claims and Changes in Estimates	Claim Payments	
2007	\$ 3,803,054	\$ 1,821,685	(\$2,261,890)	\$ 3,362,849
2008	\$ 3,362,849	\$ 3,008,361	(\$2,939,680)	\$ 3,431,530

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2008

NOTE 15 - Interfund Transfers

The interfund operating transfers in and out at June 30, 2008 are as follows:

<u>Transfers Out</u>	<u>Transfers In</u>	<u>Total</u>
General Fund	Debt Service-General Obligation Bonds	\$ 26,273,270
	Capital Projects-Capital Equipment	1,257,860
	Capital Projects-Computer Purchase	2,547,732
	Capital Projects-Streets	2,795,280
	Capital Projects-Fleet Replacement	44,689
	Internal Service-Self Insurance	2,819,341
	Enterprise-Housing Authority	285,000
	Total General Fund	<u>36,023,172</u>
Special Revenue Funds		
Highway User Revenue Fund	Debt Service-Highway User Revenue Bonds	4,649,765
	Capital Projects-Capital Equipment	153,687
	Capital Projects-Computer Purchase	22,628
	Total Special Revenue-Highway User Revenue	<u>4,826,080</u>
Local Transportation Assistance Fund	Capital Projects-Computer Purchase	<u>1,525</u>
Community Development Fund	Enterprise-Chandler Housing Fund	<u>222,252</u>
	Total Special Revenue Funds	<u>5,049,857</u>
Capital Projects Funds		
Capital Equipment Fund	Capital Projects-Computer Purchase	<u>35,313</u>
	Total Capital Projects Funds	<u>35,313</u>
Enterprise Funds		
Airport Fund	Capital Projects-Computer Purchase	<u>4,250</u>
Solid Waste Fund	Capital Projects-Capital Equipment	5,958
	Capital Projects-Computer Purchase	30,331
	Total Solid Waste Fund	<u>36,289</u>
Wastewater Fund	Capital Projects-Capital Equipment	38,541
	Capital Projects-Computer Purchase	31,015
	Total Wastewater Fund	<u>69,556</u>
Water Fund	Capital Projects-Capital Equipment	29,553
	Capital Projects-Computer Purchase	93,343
	Enterprise-Wastewater Bond Fund	27,430,185
	Internal Service-Self Insurance	400,000
	Total Water Fund	<u>27,953,081</u>
Chandler Housing Fund	Special Revenue-Community Development	<u>408,347</u>
	Total Enterprise Funds	<u>28,471,523</u>
Internal Service		
Self Insurance	Capital Projects-Capital Equipment	43
	Capital Projects-Computer Purchase	12,544
	Capital Projects-Fleet Replacement	15,556
	Total Internal Service-Self Insurance	<u>28,143</u>
	Total transfers out	<u>\$ 69,608,008</u>
Transfer in of general capital assets:		
To general capital assets from existing Chandler Housing capital assets		<u>(8,627)</u>
	Total transfers in	<u>\$ 69,599,381</u>

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2008

NOTE 15 - Interfund Transfers concluded

Interfund transfers are made from various funds and cost centers to fund costs including dental insurance, computer replacement, capital equipment purchases and debt service. The interfund transfer from the Water fund to the Wastewater fund was to cover construction cost of capital assets until the City issues General Obligation and Revenue bonds in fiscal year 2008-09. The proceeds of the bonds will finance the construction of the capital assets and repay the Water fund.

NOTE 16 - Interfund Receivables and Payables

A. Interfund Advances To/Advances From

<u>Advances To</u>	<u>Advances From</u>	<u>Total</u>
General	Capital Projects-Community Services	\$ 5,566,708
	Capital Projects-Public Safety	15,654,706
	Capital Projects-Streets	7,870,000
	Total General Fund	<u>29,091,414</u>
Capital Projects Capital Equipment	General	9,617,358
	Special Revenue-Highway User Revenue	1,012,365
	Enterprise-Water	493,054
	Enterprise-Wastewater	474,477
	Enterprise-Solid Waste	68,221
	Total Capital Projects-Capital Equipment	<u>11,665,475</u>
Enterprise Water	Enterprise-Wastewater	<u>3,900,000</u>
	Total	<u>\$ 44,656,889</u>

Interfund advances are made from the general fund to capital projects funds to cover expenditures in impact fee funds until impact fees are received. None will be repaid within one year.

Interfund advances are made from the capital projects capital equipment fund to various funds to finance the purchase of capital assets. Amounts to be repaid within one year total \$1,455,466.

The interfund advance was made from the water enterprise fund to the wastewater system development fees fund of the wastewater enterprise to cover expenditures until system development fees are collected. Amounts to be repaid within one year total \$650,000.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2008

NOTE 16- Interfund Receivables and Payables, concluded

B. Interfund Due To/Due From

Due from other funds	Due to other funds	Total
General	Special Revenue-Grants in Aid	\$ 2,035,254
	Special Revenue-Community Development	276,497
	Special Revenue-Chandler Employee	168
	Capital Projects-Capital Equipment Acquisition and Replacement	4,855,861
	Total	\$ 7,167,780

NOTE 17 - Joint Venture

The City and the Town of Gilbert entered into an Intergovernmental Agreement (Agreement) for the design, construction and operation of a Joint Water Treatment Plant. Under the Agreement, the real property, plant infrastructure and raw water pipelines will be jointly owned with each party entitled to 50% of the plant capacity, and each party paying 50% of the construction costs. The Town of Gilbert acts as the Lead Agent, overseeing construction activities, and shall operate the plant following construction.

REQUIRED SUPPLEMENTARY INFORMATION

City of Chandler

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

General Fund

For the year ended June 30, 2008

	Budgeted Amounts		Non-GAAP Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
REVENUES:				
Property taxes	\$ 34,872,434	\$ 34,872,434	\$ 33,410,362	\$ (1,462,072)
Sales taxes	95,895,460	95,895,460	97,226,841	1,331,381
Franchise taxes	3,257,414	3,257,414	4,023,119	765,705
State shared	65,372,485	65,372,485	63,619,472	(1,753,013)
Licenses and permits	4,431,450	4,431,450	3,858,368	(573,082)
Charges for services	18,305,490	18,305,490	17,040,645	(1,264,845)
Fines and forfeitures	6,548,131	6,548,131	4,347,544	(2,200,587)
Rentals	57,680	57,680	94,575	36,895
Contributions	50,000	50,000	100,000	50,000
Interest income	5,200,000	5,200,000	11,250,079	6,050,079
Miscellaneous	754,438	754,438	700,543	(53,895)
Total revenues	234,744,982	234,744,982	235,671,548	926,566
EXPENDITURES:				
General government				
City Manager	25,324,914	32,682,112	18,437,095	14,245,017
City Clerk	1,012,086	1,119,905	527,816	592,089
Communications and Public Affairs	2,608,434	2,983,034	2,235,095	747,939
Law	3,375,246	3,523,599	2,982,838	540,761
Magistrate	3,932,771	4,078,685	3,850,973	227,712
Management Services	139,331,123	123,868,205	21,853,581	102,014,624
Mayor and Council	842,908	944,787	686,522	258,265
Public safety				
Fire	23,985,422	24,604,397	24,696,405	(92,008)
Police	55,203,199	56,821,535	52,137,487	4,684,048
Community development	10,324,391	11,341,438	8,619,348	2,722,090
Public works	17,103,843	18,542,901	11,554,310	6,988,591
Community services	29,500,774	31,525,033	28,192,426	3,332,607
Total expenditures	312,545,111	312,035,631	175,773,896	136,261,735
REVENUES OVER (UNDER) EXPENDITURES	(77,800,129)	(77,290,649)	59,897,652	137,188,301
OTHER FINANCING SOURCES (USES):				
Proceeds from disposal of capital assets	-	-	242,539	242,539
Transfers out	(51,340,910)	(51,340,910)	(36,023,172)	15,317,738
Total other financing sources (uses)	(51,340,910)	(51,340,910)	(35,780,633)	15,560,277
Change in fund balance	(129,141,039)	(128,631,559)	24,117,019	152,748,578
Fund balances (deficits), July 1, 2007	186,284,725	186,284,725	186,284,725	-
Fund balances (deficits), June 30, 2008	\$ 57,143,686	\$ 57,653,166	\$ 210,401,744	\$ 152,748,578

See accompanying notes to this schedule.

CITY OF CHANDLER, ARIZONA
Required Supplementary Information
June 30, 2008

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 year end are recognized as expenditures and (2) accrued compensated absences and accrued payroll were not recognized as expenditures. Consequently, the following adjustments are necessary to present the change in fund balance on a budgetary basis in order to provide a meaningful comparison.

	<u>Change in Fund Balances</u>
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 22,280,618
Taxes accrued as revenue for GAAP purposes in fiscal year ended June 30, 2007	2,948,038
Taxes accrued as revenue for GAAP purposes in fiscal year ended June 30, 2008	(2,647,675)
Cash receipts accrued as revenue for GAAP purposes in fiscal year ended June 30, 2007	927,256
Cash receipts accrued as revenue for GAAP purposes in fiscal year ended June 30, 2007	(29,571)
Accrued payroll not recognized as budgetary basis expenditures for the fiscal year ended June 30, 2007	(2,429,308)
Accrued payroll not recognized as budgetary basis expenditures for the fiscal year ended June 30, 2008	3,497,931
Reserved encumbrances at June 30, 2007 recognized as budgetary expenditures in fiscal year ended June 30, 2007	9,212,341
Reserved encumbrances at June 30, 2008 recognized as budgetary expenditures in fiscal year ended June 30, 2008	<u>(9,642,611)</u>
Budgetary Comparison Schedule for the General Fund	<u><u>\$ 24,117,019</u></u>

CITY OF CHANDLER, ARIZONA
Required Supplementary Information
June 30, 2008

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 2005	\$ 54,046,707	\$ 63,630,411	84.9%	\$ 9,583,704	\$ 18,172,035	52.7
2006	58,256,719	73,363,294	79.4%	15,106,575	19,977,231	75.6
2007	59,909,235	91,534,641	65.4%	31,625,406	23,460,954	134.8

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 2005	\$38,535,167	\$ 39,111,395	98.5%	\$ 576,228	\$11,330,132	5.1
2006	39,694,142	44,956,349	88.3%	5,262,207	12,235,917	43.0
2007	41,392,622	56,735,431	73.0%	15,342,809	14,050,999	109.2

**BUDGETARY COMPARISON SCHEDULES -
OTHER MAJOR FUNDS**

City of Chandler

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

General Obligation Bonds

For the year ended June 30, 2008

	Budgeted Amounts		Non-GAAP	Positive
	Original	Final	Actual	(Negative)
			Amounts	Variance with
				Final Budget
EXPENDITURES:				
Debt service:				
Principal retirement	\$ 12,010,459	\$ 12,010,459	\$ 13,570,000	\$ (1,559,541)
Interest and fiscal charges	12,789,507	12,789,507	12,703,270	86,237
Total expenditures	24,799,966	24,799,966	26,273,270	(1,473,304)
Excess (deficiency) of revenues over expenditures	(24,799,966)	(24,799,966)	(26,273,270)	(1,473,304)
Other financing sources (uses):				
Transfers in	-	-	26,273,270	26,273,270
Total other financing sources (uses)	-	-	26,273,270	26,273,270
Change in fund balances	(24,799,966)	(24,799,966)	-	24,799,966
Fund balances (deficits), July 1, 2007	-	-	-	-
Fund balances (deficits), June 30, 2008	\$ (24,799,966)	\$ (24,799,966)	\$ -	\$ 24,799,966

City of Chandler

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

Streets Capital Projects

For the year ended June 30, 2008

	Budgeted Amounts		Non-GAAP	Positive
	Original	Final	Actual	(Negative)
			Amounts	Variance with
				Final Budget
REVENUES:				
Other taxes	\$ 4,190,000	\$ 4,190,000	\$ 3,786,677	\$ (403,323)
System development fees	6,700,000	6,700,000	1,395,377	(5,304,623)
Interest income	854,000	854,000	1,810,696	956,696
Miscellaneous	-	-	295,227	295,227
Total revenues	11,744,000	11,744,000	7,287,977	(4,456,023)
EXPENDITURES:				
Capital improvements	169,929,318	158,060,238	46,421,519	111,638,719
Total expenditures	169,929,318	158,060,238	46,421,519	111,638,719
Excess (deficiency) of revenues over expenditures	(158,185,318)	(146,316,238)	(39,133,542)	107,182,696
Other financing sources (uses):				
Proceeds from the issuance of debt	87,875,000	87,875,000	-	(87,875,000)
Transfers in	52,999,395	52,999,395	2,795,280	(50,204,115)
Transfers out	(46,005,000)	(46,005,000)	-	46,005,000
Total other financing sources (uses)	94,869,395	94,869,395	2,795,280	(92,074,115)
Change in fund balances	(63,315,923)	(51,446,843)	(36,338,262)	15,108,581
Fund balances (deficits), July 1, 2007	111,015	111,015	111,015	-
Fund balances (deficits), June 30, 2008	\$ (63,204,908)	\$ (51,335,828)	\$ (36,227,247)	\$ 15,108,581

City of Chandler

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

Community Services - Capital Projects Fund

For the year ended June 30, 2008

	Budgeted Amounts		Non-GAAP Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
REVENUES:				
Charges for Services	\$ 694,000	\$ 694,000	\$ -	\$ (694,000)
System development fees	6,400,000	6,400,000	3,774,115	(2,625,885)
Interest income	818,900	818,900	1,863,269	1,044,369
Total revenues	7,912,900	7,912,900	5,637,384	(2,275,516)
EXPENDITURES:				
Current:				
General government	-	18,120	15,169	2,951
Capital improvements	106,909,106	98,631,719	31,157,274	67,474,445
Total expenditures	106,909,106	98,649,839	31,172,443	67,477,396
Excess (deficiency) of revenues over expenditures	(98,996,206)	(90,736,939)	(25,535,059)	65,201,880
Other financing sources (uses):				
Proceeds from the issuance of debt	47,733,000	47,733,000	-	(47,733,000)
Transfers in	10,727,000	10,727,000	-	(10,727,000)
Transfers out	(12,727,000)	(12,727,000)	(2,000,000)	10,727,000
Total other financing sources (uses)	(2,000,000)	(2,000,000)	(2,000,000)	-
Change in fund balances	(100,996,206)	(92,736,939)	(27,535,059)	65,201,880
Fund balances, July 1, 2007	(46,395,930)	(46,395,930)	(46,395,930)	-
Fund balances (deficits), June 30, 2008	\$ (147,392,136)	\$ (139,132,869)	\$ (73,930,989)	\$ 65,201,880

City of Chandler

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Public Safety Buildings and Improvements - Capital Projects Fund For the year ended June 30, 2008

	Budgeted Amounts		Non-GAAP Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
REVENUES:				
System development fees	\$ 2,015,000	\$ 2,015,000	\$ 1,725,740	\$ (289,260)
Interest income	95,000	95,000	1,049,534	954,534
Total revenues	<u>2,110,000</u>	<u>2,110,000</u>	<u>2,775,274</u>	<u>665,274</u>
EXPENDITURES:				
Current:				
General government	-	18,120	15,169	2,951
Capital improvements	46,788,721	43,981,249	8,412,649	35,568,600
Total expenditures	<u>46,788,721</u>	<u>43,981,249</u>	<u>8,412,649</u>	<u>35,568,600</u>
Excess (deficiency) of revenues over expenditures	<u>(44,678,721)</u>	<u>(41,871,249)</u>	<u>(5,637,375)</u>	<u>36,233,874</u>
Other financing sources (uses):				
Proceeds from the issuance of debt	20,465,000	20,465,000	-	(20,465,000)
Total other financing sources (uses)	<u>20,465,000</u>	<u>20,465,000</u>	<u>-</u>	<u>(20,465,000)</u>
Change in fund balances	<u>(24,213,721)</u>	<u>(21,406,249)</u>	<u>(5,637,375)</u>	<u>15,768,874</u>
Fund balances, July 1, 2007	<u>(13,905,209)</u>	<u>(13,905,209)</u>	<u>(13,905,209)</u>	<u>-</u>
Fund balances (deficits), June 30, 2008	<u>\$ (38,118,930)</u>	<u>\$ (35,311,458)</u>	<u>\$ (19,542,584)</u>	<u>\$ 15,768,874</u>



Chandler + Arizona
Where Values Make The Difference

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

City of Chandler
Combining Balance Sheet
All Non-Major Governmental Funds - By Fund Type
June 30, 2008

	Special Revenue	Debt Service	Capital Projects	Total Non-Major Governmental Funds
ASSETS				
Equity in pooled cash and investments	\$ 19,432,759	\$ 5,032,074	\$ 20,867,296	\$ 45,332,129
Receivables (net of allowance for uncollectible):				
Accounts	161	-	-	161
Special assessments	-	7,493,589	-	7,493,589
Notes	580,556	-	-	580,556
Due from other governments	2,563,840	-	-	2,563,840
Advances to other funds	-	-	11,665,475	11,665,475
Total assets	\$ 22,577,316	\$ 12,525,663	\$ 32,532,771	\$ 67,635,750
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 1,400,769	\$ 7,466	\$ 565,483	\$ 1,973,718
Accrued payroll	99,957	-	2,879	102,836
Accrued interest	-	865,539	-	865,539
Due to other funds	2,311,919	-	4,855,861	7,167,780
Advances from other funds	1,012,365	-	-	1,012,365
Bonds payable	-	2,965,000	-	2,965,000
Deferred revenue	-	7,073,378	-	7,073,378
Total liabilities	4,825,010	10,911,383	5,424,223	21,160,616
Fund Balances:				
Reserved:				
Capital projects purposes	-	-	15,500,358	15,500,358
Debt service	-	1,614,280	-	1,614,280
Unreserved, undesignated:				
Special revenue funds	17,752,306	-	-	17,752,306
Capital projects funds	-	-	11,608,190	11,608,190
Total fund balances	17,752,306	1,614,280	27,108,548	46,475,134
Total liabilities and fund balances	\$ 22,577,316	\$ 12,525,663	\$ 32,532,771	\$ 67,635,750

(Continued)

City of Chandler
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
All Non-Major Governmental Funds - By Fund Type
For the year ended June 30, 2008

	Special Revenue	Debt Service	Capital Projects	Total Non-Major Governmental Funds
REVENUES:				
Highway user taxes	\$ 15,856,863	\$ -	\$ -	\$ 15,856,863
Grants and entitlements	10,553,680	-	-	10,553,680
System development fees	-	\$ -	1,216,365	1,216,365
Special assessments	-	426,428	-	426,428
Charges for services	242,426	-	-	242,426
Interest income	1,033,328	-	1,327,675	2,361,003
Miscellaneous	145,497	-	85,225	230,722
Total revenues	27,831,794	426,428	2,629,265	30,887,487
EXPENDITURES:				
Current:				
General government	167,834	-	281,825	449,659
Public Safety	737,704	-	-	737,704
Community development	2,900,471	-	-	2,900,471
Public works	7,560,230	-	-	7,560,230
Community services	357,426	-	-	357,426
Capital outlay	7,803,833	-	12,275,750	20,079,583
Debt service:				
Principal	-	3,089,500	-	3,089,500
Bond issuance costs	-	-	179,201	179,201
Interest and fiscal charges	-	1,734,076	-	1,734,076
Total expenditures	19,527,498	4,823,576	12,736,776	37,087,850
REVENUES OVER (UNDER) EXPENDITURES	8,304,296	(4,397,148)	(10,107,511)	(6,200,363)
OTHER FINANCING SOURCES (USES):				
Bond premium (discount)	-	-	165,431	165,431
Face amount of bonds issued	-	-	7,370,000	7,370,000
Proceeds from disposal of capital assets	33,605	-	4,825	38,430
Transfers in	399,720	4,649,765	4,324,568	9,374,053
Transfers out	(5,049,857)	-	(35,313)	(5,085,170)
Total other financing sources (uses)	(4,616,532)	4,649,765	11,829,511	11,862,744
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	3,687,764	252,617	1,722,000	5,662,381
FUND BALANCES:				
Beginning of year	14,064,542	1,361,663	25,386,548	40,812,753
End of year	\$ 17,752,306	\$ 1,614,280	\$ 27,108,548	\$ 46,475,134

(Concluded)



Chandler + Arizona
Where Values Make The Difference

City of Chandler

Non-Major Governmental Funds

NON-MAJOR SPECIAL REVENUE FUNDS

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

Highway 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.

Community Development

Used to account for monies received from the U.S. Department of Housing and Urban Development and Maricopa County for affordable housing activities including housing rehabilitation and redevelopment activities.

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 for 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.

NON-MAJOR DEBT SERVICE FUNDS

Highway User Revenue Bonds

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

City of Chandler

Non-Major Governmental Funds, Continued

NON-MAJOR DEBT SERVICE FUNDS, CONTINUED

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.

CAPITAL PROJECTS FUNDS

Public Works and General Government

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

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.

Fleet Replacement

Used to account for the replacement of vehicle fleet.

City of Chandler
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2008

	Special Revenue					
	Highway	Local	Grants-in-Aid	Community	Parks and	Library
	User Fund	Transportation Assistance				
ASSETS						
Equity in pooled cash and investments	\$ 16,303,725	\$ 2,743,721	\$ -	\$ -	\$ 262,356	\$ 22,714
Receivables (net of allowance for uncollectible):						
Accounts	-	161	-	-	-	-
Special assessments	-	-	-	-	-	-
Notes	-	-	-	580,556	-	-
Due from other governments	1,309,542	-	717,438	536,860	-	-
Advances to other funds	-	-	-	-	-	-
Total assets	\$ 17,613,267	\$ 2,743,882	\$ 717,438	\$ 1,117,416	\$ 262,356	\$ 22,714
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 265,114	\$ 37,043	\$ 876,094	\$ 215,923	\$ 3,122	\$ 3,379
Accrued payroll	91,804	-	1,688	6,465	-	-
Accrued interest	-	-	-	-	-	-
Due to other funds	-	-	2,035,254	276,497	-	-
Advances from other funds	1,012,365	-	-	-	-	-
Bonds payable	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-
Total liabilities	1,369,283	37,043	2,913,036	498,885	3,122	3,379
Fund Balances:						
Reserved:						
Capital projects purposes	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Unreserved, undesignated:						
Special revenue funds	16,243,984	2,706,839	(2,195,598)	618,531	259,234	19,335
Capital projects funds	-	-	-	-	-	-
Total fund balances	16,243,984	2,706,839	(2,195,598)	618,531	259,234	19,335
Total liabilities and fund balances	\$ 17,613,267	\$ 2,743,882	\$ 717,438	\$ 1,117,416	\$ 262,356	\$ 22,714

(Continued)

City of Chandler
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2008

	Special Revenue				Debt Service	
	Community Center Building	Chandler Employee	Downtown Redevelopment	Municipal Arts	Highway User Revenue Bonds	Special Assessment Bonds
ASSETS						
Equity in pooled cash and investments	\$ 203	\$ -	\$ 7,719	\$ 92,321	\$ 3,807,383	\$ 1,224,691
Receivables (net of allowance for uncollectible):						
Accounts	-	-	-	-	-	-
Special assessments	-	-	-	-	-	7,493,589
Notes	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-
Total assets	\$ 203	\$ -	\$ 7,719	\$ 92,321	\$ 3,807,383	\$ 8,718,280
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ -	\$ 94	\$ -	\$ 7,466
Accrued payroll	-	-	-	-	-	-
Accrued interest	-	-	-	-	842,383	23,156
Due to other funds	-	168	-	-	-	-
Advances from other funds	-	-	-	-	-	-
Bonds payable	-	-	-	-	2,965,000	-
Deferred revenue	-	-	-	-	-	7,073,378
Total liabilities	-	168	-	94	3,807,383	7,104,000
Fund Balances:						
Reserved:						
Capital projects purposes	-	-	-	-	-	-
Debt service	-	-	-	-	-	1,614,280
Unreserved, undesignated:						
Special revenue funds	203	(168)	7,719	92,227	-	-
Capital projects funds	-	-	-	-	-	-
Total fund balances	203	(168)	7,719	92,227	-	1,614,280
Total liabilities and fund balances	\$ 203	\$ -	\$ 7,719	\$ 92,321	\$ 3,807,383	\$ 8,718,280

Capital Projects					
Public Works and General Government	Capital Equipment Acquisition and Replacement	Special Assessment	Computer Purchases	Fleet Replacement	Total Other Governmental Funds
\$ 8,863,159	\$ -	\$ 7,495,055	\$ 4,175,057	\$ 334,025	\$ 45,332,129
-	-	-	-	-	161
-	-	-	-	-	7,493,589
-	-	-	-	-	580,556
-	-	-	-	-	2,563,840
-	11,665,475	-	-	-	11,665,475
<u>\$ 8,863,159</u>	<u>\$ 11,665,475</u>	<u>\$ 7,495,055</u>	<u>\$ 4,175,057</u>	<u>\$ 334,025</u>	<u>\$ 67,635,750</u>

\$ 38,158	\$ 134,257	\$ 1,216	\$ 391,852	\$ -	\$ 1,973,718
-	-	2,879	-	-	102,836
-	-	-	-	-	865,539
-	4,855,861	-	-	-	7,167,780
-	-	-	-	-	1,012,365
-	-	-	-	-	2,965,000
-	-	-	-	-	7,073,378
<u>38,158</u>	<u>4,990,118</u>	<u>4,095</u>	<u>391,852</u>	<u>-</u>	<u>21,160,616</u>

8,825,001	6,675,357	-	-	-	15,500,358
-	-	-	-	-	1,614,280
-	-	-	-	-	17,752,306
-	-	7,490,960	3,783,205	334,025	11,608,190
<u>8,825,001</u>	<u>6,675,357</u>	<u>7,490,960</u>	<u>3,783,205</u>	<u>334,025</u>	<u>46,475,134</u>
<u>\$ 8,863,159</u>	<u>\$ 11,665,475</u>	<u>\$ 7,495,055</u>	<u>\$ 4,175,057</u>	<u>\$ 334,025</u>	<u>\$ 67,635,750</u>

(Concluded)

City of Chandler
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the year ended June 30, 2008

	Special Revenue							
	Highway	Local		Community	Parks and		Community	Chandler
	User	Transportation	Grants-in-Aid	Development	Recreation	Library	Center Building	Employee
	Fund	Assistance						
REVENUES:								
Highway user taxes	\$ 15,856,863	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants and entitlements	-	1,457,982	5,454,180	3,641,518	-	-	-	-
System development fees	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Charges for services	22,531	-	-	-	-	-	-	-
Interest income	871,392	128,905	11,170	-	14,719	1,378	11	1
Miscellaneous	442	62,510	519	-	57,174	24,852	-	-
Total revenues	16,751,228	1,649,397	5,465,869	3,641,518	71,893	26,230	11	1
EXPENDITURES:								
Current:								
General government	6,416	-	161,418	-	-	-	-	-
Public safety	-	-	737,704	-	-	-	-	-
Community development	-	-	-	2,900,471	-	-	-	-
Public works	7,056,221	348,450	155,559	-	-	-	-	-
Community services	-	-	109,423	-	66,214	21,005	-	-
Capital improvements	1,236,592	84,636	6,182,621	299,984	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Total expenditures	8,299,229	433,086	7,346,725	3,200,455	66,214	21,005	-	-
REVENUES OVER (UNDER)								
EXPENDITURES	8,451,999	1,216,311	(1,880,856)	441,063	5,679	5,225	11	1
OTHER FINANCING SOURCES (USES):								
Bond premium (discount)	-	-	-	-	-	-	-	-
Face amount of bonds issued	-	-	-	-	-	-	-	-
Proceeds from disposal of capital assets	33,605	-	-	-	-	-	-	-
Transfers in	-	-	-	399,720	-	-	-	-
Transfers out	(4,826,080)	(1,525)	-	(222,252)	-	-	-	-
Total other financing sources (uses)	(4,792,475)	(1,525)	-	177,468	-	-	-	-
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER)								
EXPENDITURES AND OTHER FINANCING USES	3,659,524	1,214,786	(1,880,856)	618,531	5,679	5,225	11	1
FUND BALANCES:								
Beginning of year	12,584,460	1,492,053	(314,742)	-	253,555	14,110	192	(169)
End of year	\$ 16,243,984	\$ 2,706,839	\$ (2,195,598)	\$ 618,531	\$ 259,234	\$ 19,335	\$ 203	\$ (168)

(Continued)

Downtown Redevelopment	Special Revenue		Debt Service		Capital Projects				Total Other Governmental Funds	
	Municipal Arts	Highway User Revenue Bonds	Special Assessment Bonds	Public Works and General Government	Capital		Special Assessment	Computer Purchases		Fleet Replacement
					Equipment Acquisition and Replacement	Special Assessment				
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,856,863
-	-	-	-	-	-	-	-	-	-	10,553,680
-	-	-	-	1,216,365	-	-	-	-	-	1,216,365
-	-	-	426,428	-	-	-	-	-	-	426,428
-	219,895	-	-	-	-	-	-	-	-	242,426
396	5,356	-	-	426,266	253,987	417,381	213,460	16,581	-	2,361,003
-	-	-	-	2,493	82,732	-	-	-	-	230,722
396	225,251	-	426,428	1,645,124	336,719	417,381	213,460	16,581	-	30,887,487
-	-	-	-	99,688	-	122,720	59,417	-	-	449,659
-	-	-	-	-	-	-	-	-	-	737,704
-	-	-	-	-	-	-	-	-	-	2,900,471
-	-	-	-	-	-	-	-	-	-	7,560,230
-	160,784	-	-	-	-	-	-	-	-	357,426
-	-	-	-	-	4,062,236	5,686,342	2,465,731	61,441	-	20,079,583
-	-	2,965,000	124,500	-	-	-	-	-	-	3,089,500
-	-	-	-	-	-	179,201	-	-	-	179,201
-	-	1,684,765	49,311	-	-	-	-	-	-	1,734,076
-	160,784	4,649,765	173,811	99,688	4,062,236	5,988,263	2,525,148	61,441	-	37,087,850
396	64,467	(4,649,765)	252,617	1,545,436	(3,725,517)	(5,570,882)	(2,311,688)	(44,860)	-	(6,200,363)
-	-	-	-	-	-	165,431	-	-	-	165,431
-	-	-	-	-	-	7,370,000	-	-	-	7,370,000
-	-	-	-	-	2,533	-	-	2,292	-	38,430
-	-	4,649,765	-	-	1,485,642	-	2,778,681	60,245	-	9,374,053
-	-	-	-	-	(35,313)	-	-	-	-	(5,085,170)
-	-	4,649,765	-	-	1,452,862	7,535,431	2,778,681	62,537	-	11,862,744
396	64,467	-	252,617	1,545,436	(2,272,655)	1,964,549	466,993	17,677	-	5,662,381
7,323	27,760	-	1,361,663	7,279,565	8,948,012	5,526,411	3,316,212	316,348	-	40,812,753
\$ 7,719	\$ 92,227	\$ -	\$ 1,614,280	\$ 8,825,001	\$ 6,675,357	\$ 7,490,960	\$ 3,783,205	\$ 334,025	\$ -	\$ 46,475,134

(Concluded)

City of Chandler

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

Highway User Special Revenue

For the year ended June 30, 2008

	Budgeted Amounts		Non-GAAP Actual Amounts	Positive
	Original	Final		(Negative)
				Variance with Final Budget
REVENUES:				
Highway user tax	\$ 16,371,002	\$ 16,371,002	\$ 15,856,863	\$ (514,139)
Charges for services	41,000	41,000	22,531	(18,469)
Interest income	275,000	275,000	871,392	596,392
Miscellaneous	1,000	1,000	442	(558)
Total revenues	<u>16,688,002</u>	<u>16,688,002</u>	<u>16,751,228</u>	<u>63,226</u>
EXPENDITURES:				
Current:				
General government	11,384,864	11,602,419	6,416	11,596,003
Public works	12,826,915	12,534,557	8,252,636	4,281,921
Total expenditures	<u>24,211,779</u>	<u>24,136,976</u>	<u>8,259,052</u>	<u>15,877,924</u>
Excess (deficiency) of revenues over expenditures	<u>(7,523,777)</u>	<u>(7,448,974)</u>	<u>8,492,176</u>	<u>15,941,150</u>
Other financing sources (uses):				
Transfers out	294,659	294,659	278,049	(16,610)
Total other financing sources (uses)	<u>294,659</u>	<u>294,659</u>	<u>278,049</u>	<u>(16,610)</u>
Change in fund balances	<u>(7,229,118)</u>	<u>(7,154,315)</u>	<u>8,770,225</u>	<u>15,924,540</u>
Fund balances, July 1, 2007	<u>8,426,602</u>	<u>8,426,602</u>	<u>8,426,602</u>	<u>-</u>
Fund balances, June 30, 2008	<u>\$ 1,197,484</u>	<u>\$ 1,272,287</u>	<u>\$ 17,196,827</u>	<u>\$ 15,924,540</u>

City of Chandler

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

Local Transportation Assistance Special Revenue

For the year ended June 30, 2008

	Budgeted Amounts		Non-GAAP Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
REVENUES:				
Grants and entitlements	\$ 1,580,826	\$ 1,580,826	\$ 1,457,981	\$ (122,845)
Interest income	18,000	18,000	128,906	110,906
Miscellaneous	75,000	75,000	62,509	(12,491)
Total revenues	1,673,826	1,673,826	1,649,396	(24,430)
EXPENDITURES:				
Current:				
General government	230,166	30,045	-	30,045
Public works	1,482,774	1,642,799	435,278	1,207,521
Total expenditures	1,712,940	1,672,844	435,278	1,237,566
Excess (deficiency) of revenues over expenditures	(39,114)	982	1,214,118	1,213,136
Other financing sources (uses):				
Transfers out	(5,377)	(5,377)	(1,525)	3,852
Total other financing sources (uses)	(5,377)	(5,377)	(1,525)	3,852
Change in fund balances	(44,491)	(4,395)	1,212,593	1,216,988
Fund balances, July 1, 2007	1,343,835	1,343,835	1,343,835	-
Fund balances, June 30, 2008	\$ 1,299,344	\$ 1,339,440	\$ 2,556,428	\$ 1,216,988

City of Chandler

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

Grants-in Aid Special Revenue

For the year ended June 30, 2008

	Budgeted Amounts		Non-GAAP	Positive
	Original	Final	Actual	(Negative)
			Amounts	Variance with
				Final Budget
REVENUES:				
Grants and entitlements	\$ 30,223,285	\$ 30,223,285	\$ 8,870,500	\$ (21,352,785)
Interest income	-	-	11,170	11,170
Miscellaneous	-	-	520	520
Total revenues	<u>30,223,285</u>	<u>30,223,285</u>	<u>8,882,190</u>	<u>(21,341,095)</u>
EXPENDITURES:				
Current:				
General government	863,308	348,130	161,311	186,819
Public safety	4,049,981	4,097,903	1,103,535	2,994,368
Public works	26,314,124	28,017,142	5,816,051	22,201,091
Community services	752,430	790,456	279,798	510,658
Total expenditures	<u>31,979,843</u>	<u>33,253,631</u>	<u>7,360,695</u>	<u>25,892,936</u>
Change in fund balances	<u>(1,756,558)</u>	<u>(3,030,346)</u>	<u>1,521,495</u>	<u>4,551,841</u>
Fund balances, July 1, 2007	<u>(8,746,904)</u>	<u>(8,746,904)</u>	<u>(8,746,904)</u>	<u>-</u>
Fund balances, June 30, 2008	<u>\$ (10,503,462)</u>	<u>\$ (11,777,250)</u>	<u>\$ (7,225,409)</u>	<u>\$ 4,551,841</u>

City of Chandler

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

Community Development Special Revenue

For the year ended June 30, 2008

	Budgeted Amounts		Non-GAAP	Positive
	Original	Final	Actual	(Negative)
			Amounts	Variance with
				Final Budget
REVENUES:				
Grants and entitlements	\$ 4,823,000	\$ 4,823,000	\$ 3,243,774	\$ (1,579,226)
Interest income	77,000	77,000	171,273	94,273
Total revenues	4,900,000	4,900,000	3,415,047	(1,484,953)
EXPENDITURES:				
Current:				
General government	5,317,498	5,500,862	3,440,723	2,060,139
Total expenditures	5,317,498	5,500,862	3,440,723	2,060,139
Excess (deficiency) of revenues over expenditures	(417,498)	(600,862)	(25,676)	575,186
Other financing sources (uses):				
Transfers in	-	-	399,720	399,720
Transfers out	-	-	(222,252)	(222,252)
Total other financing sources (uses)	-	-	177,468	177,468
Change in fund balances	(417,498)	(600,862)	151,792	752,654
Fund balances, July 1, 2007	-	-	-	-
Fund balances, June 30, 2008	\$ (417,498)	\$ (600,862)	\$ 151,792	\$ 752,654

City of Chandler

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

Parks and Recreation Special Revenue

For the year ended June 30, 2008

	Budgeted Amounts		Non-GAAP Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
REVENUES:				
Interest income	\$ 7,500	\$ 7,500	\$ 14,719	\$ 7,219
Miscellaneous	61,736	61,736	57,174	(4,562)
Total revenues	69,236	69,236	71,893	2,657
EXPENDITURES:				
Current:				
General government	795	-	-	-
Community services	154,815	155,102	66,214	88,888
Total expenditures	155,610	155,102	66,214	88,888
Change in fund balances	(86,374)	(85,866)	5,679	91,545
Fund balances, July 1, 2007	253,841	253,841	253,841	-
Fund balances, June 30, 2008	\$ 167,467	\$ 167,975	\$ 259,520	\$ 91,545

City of Chandler

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

Library Special Revenue

For the year ended June 30, 2008

	Budgeted Amounts		Non-GAAP Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
REVENUES:				
Charges for services	\$ 32,000	\$ 32,000	\$ -	\$ (32,000)
Interest income	450	450	1,378	928
Miscellaneous	18,000	18,000	24,852	6,852
Total revenues	50,450	50,450	26,230	(24,220)
EXPENDITURES:				
Current:				
General government	2,000	-	-	-
Community services	59,362	59,362	21,005	38,357
Total expenditures	61,362	59,362	21,005	38,357
Change in fund balances	(10,912)	(8,912)	5,225	14,137
Fund balances, July 1, 2007	8,653	8,653	8,653	-
Fund balances, June 30, 2008	\$ (2,259)	\$ (259)	\$ 13,878	\$ 14,137

City of Chandler

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Community Center Building Special Revenue For the year ended June 30, 2008

	Budgeted Amounts		Non-GAAP Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
REVENUES:				
Interest income	\$ -	\$ -	\$ 11	\$ 11
Total revenues	<u>-</u>	<u>-</u>	<u>11</u>	<u>11</u>
 Change in fund balances	-	-	11	11
 Fund balances, July 1, 2007	<u>146</u>	<u>146</u>	<u>146</u>	<u>-</u>
 Fund balances, June 30, 2008	<u>\$ 146</u>	<u>\$ 146</u>	<u>\$ 157</u>	<u>\$ 11</u>

City of Chandler

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

Chandler Employee - Special Revenue Fund

For the year ended June 30, 2008

	Budgeted Amounts		Non-GAAP Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
REVENUES:				
Interest income	\$ -	\$ -	\$ 1	\$ 1
Total revenues	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>
 Change in fund balances	-	-	1	1
 Fund balances, July 1, 2007	<u>(172)</u>	<u>(172)</u>	<u>(172)</u>	<u>-</u>
 Fund balances, June 30, 2008	<u>\$ (172)</u>	<u>\$ (172)</u>	<u>\$ (171)</u>	<u>\$ 1</u>

City of Chandler

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Downtown Redevelopment - Special Revenue Fund For the year ended June 30, 2008

	Budgeted Amounts		Non-GAAP Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
REVENUES:				
Interest income	\$ 175	\$ 175	\$ 396	\$ 221
Total revenues	<u>175</u>	<u>175</u>	<u>396</u>	<u>221</u>
EXPENDITURES:				
Current:				
General government	175	175	-	175
Total expenditures	<u>175</u>	<u>175</u>	<u>-</u>	<u>175</u>
Change in fund balances	-	-	396	396
Fund balances, July 1, 2007	<u>7,307</u>	<u>7,307</u>	<u>7,307</u>	<u>-</u>
Fund balances, June 30, 2008	<u>\$ 7,307</u>	<u>\$ 7,307</u>	<u>\$ 7,703</u>	<u>\$ 396</u>

City of Chandler

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

Municipal Arts - Special Revenue Fund

For the year ended June 30, 2008

	Budgeted Amounts		Non-GAAP Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
REVENUES:				
Charges for services	\$ 547,716	\$ 547,716	\$ 219,895	\$ (327,821)
Interest income	5,500	5,500	5,356	(144)
Total revenues	<u>553,216</u>	<u>553,216</u>	<u>225,251</u>	<u>(327,965)</u>
EXPENDITURES:				
Current:				
General government	560,694	547,797	-	547,797
Community services	225,000	248,754	160,785	87,969
Total expenditures	<u>785,694</u>	<u>796,551</u>	<u>160,785</u>	<u>635,766</u>
Change in fund balances	(232,478)	(243,335)	64,466	307,801
Fund balances, July 1, 2007	<u>(18,747)</u>	<u>(18,747)</u>	<u>(18,747)</u>	<u>-</u>
Fund balances, June 30, 2008	<u>\$ (251,225)</u>	<u>\$ (262,082)</u>	<u>\$ 45,719</u>	<u>\$ 307,801</u>

City of Chandler

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Public Works and General Government - Capital Projects Fund For the year ended June 30, 2008

	Budgeted Amounts		Non-GAAP Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
REVENUES:				
System development fees	\$ 1,250,000	\$ 1,250,000	\$ 1,216,365	\$ (33,635)
Interest income	200,000	200,000	426,266	226,266
Total revenues	1,450,000	1,450,000	1,642,631	192,631
EXPENDITURES:				
Current:				
General government	22,486,209	22,614,904	237,861	22,377,043
Total expenditures	22,486,209	22,614,904	237,861	22,377,043
Excess (deficiency) of revenues over expenditures	(21,036,209)	(21,164,904)	1,404,770	22,569,674
Other financing sources (uses):				
Transfers in	14,000,000	14,000,000	-	(14,000,000)
Total other financing sources (uses)	14,000,000	14,000,000	-	(14,000,000)
Change in fund balances	(7,036,209)	(7,164,904)	1,404,770	8,569,674
Fund balances, July 1, 2007	7,501,095	7,501,095	7,501,095	-
Fund balances, June 30, 2008	\$ 464,886	\$ 336,191	\$ 8,905,865	\$ 8,569,674

City of Chandler

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Capital Equipment Acquisition and Replacement - Capital Projects Fund For the year ended June 30, 2008

	Budgeted Amounts		Non-GAAP Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
REVENUES:				
Interest income	\$ 210,000	\$ 210,000	\$ 253,987	\$ 43,987
Miscellaneous	8,000	8,000	82,732	74,732
Total revenues	218,000	218,000	336,719	118,719
EXPENDITURES:				
Current:				
General government	2,190,104	646,767	-	646,767
Capital improvements	5,338,506	6,876,023	4,062,236	2,813,787
Total expenditures	7,528,610	7,522,790	4,062,236	3,460,554
Excess (deficiency) of revenues over expenditures	(7,310,610)	(7,304,790)	(3,725,517)	3,579,273
Other financing sources (uses):				
Proceeds from disposal of capital assets	124,000	124,000	2,533	(121,467)
Transfers in	2,648,000	2,648,000	1,485,642	(1,162,358)
Transfers out	(35,313)	(35,313)	(35,313)	-
Total other financing sources (uses)	2,612,687	2,612,687	1,450,329	(1,162,358)
Change in fund balances	(4,697,923)	(4,692,103)	(2,275,188)	2,416,915
Fund balances, July 1, 2007	6,464,285	6,464,285	6,464,285	-
Fund balances, June 30, 2008	\$ 1,766,362	\$ 1,772,182	\$ 4,189,097	\$ 2,416,915

City of Chandler

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

Special Assessment - Capital Projects Fund

For the year ended June 30, 2008

	Budgeted Amounts		Non-GAAP Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
REVENUES:				
Interest income	\$ 120,000	\$ 120,000	\$ 417,381	\$ 297,381
Total revenues	<u>120,000</u>	<u>120,000</u>	<u>417,381</u>	<u>297,381</u>
EXPENDITURES:				
Current:				
General government	128,431	130,020	122,720	7,300
Capital improvements	-	-	5,686,342	(5,686,342)
Bond issuance cost	-	-	179,201	(179,201)
Total expenditures	<u>128,431</u>	<u>130,020</u>	<u>5,988,263</u>	<u>(5,858,243)</u>
Excess (deficiency) of revenues over expenditures	<u>(8,431)</u>	<u>(10,020)</u>	<u>(5,570,882)</u>	<u>(5,560,862)</u>
Other financing sources (uses):				
Bond premium (discount)	-	-	165,431	165,431
Face amount of bonds issued	-	-	7,370,000	7,370,000
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>7,535,431</u>	<u>7,535,431</u>
Change in fund balances	<u>(8,431)</u>	<u>(10,020)</u>	<u>1,964,549</u>	<u>1,974,569</u>
Fund balances, July 1, 2007	<u>5,510,472</u>	<u>5,510,472</u>	<u>5,510,472</u>	<u>-</u>
Fund balances, June 30, 2008	<u>\$ 5,502,041</u>	<u>\$ 5,500,452</u>	<u>\$ 7,475,021</u>	<u>\$ 1,974,569</u>

City of Chandler

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

Computer Purchases - Capital Projects Fund

For the year ended June 30, 2008

	Budgeted Amounts		Non-GAAP Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
REVENUES:				
Interest income	\$ 86,000	\$ 86,000	\$ 213,460	\$ 127,460
Total revenues	<u>86,000</u>	<u>86,000</u>	<u>213,460</u>	<u>127,460</u>
EXPENDITURES:				
Current:				
General government	3,398,017	2,567,790	60,125	2,507,665
Capital improvements	2,622,862	3,443,768	2,465,023	978,745
Total expenditures	<u>6,020,879</u>	<u>6,011,558</u>	<u>2,525,148</u>	<u>3,486,410</u>
Excess (deficiency) of revenues over expenditures	<u>(5,934,879)</u>	<u>(5,925,558)</u>	<u>(2,311,688)</u>	<u>3,613,870</u>
Other financing sources (uses):				
Transfers in	2,622,862	2,622,862	2,778,681	155,819
Total other financing sources (uses)	<u>2,622,862</u>	<u>2,622,862</u>	<u>2,778,681</u>	<u>155,819</u>
Change in fund balances	<u>(3,312,017)</u>	<u>(3,302,696)</u>	<u>466,993</u>	<u>3,769,689</u>
Fund balances, July 1, 2007	<u>3,148,302</u>	<u>3,148,302</u>	<u>3,148,302</u>	<u>-</u>
Fund balances, June 30, 2008	<u>\$ (163,715)</u>	<u>\$ (154,394)</u>	<u>\$ 3,615,295</u>	<u>\$ 3,769,689</u>

City of Chandler

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

Fleet Replacement - Capital Projects Fund

For the year ended June 30, 2008

	Budgeted Amounts		Non-GAAP Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
REVENUES:				
Interest income	\$ 8,000	\$ 8,000	\$ 16,581	\$ 8,581
Total revenues	<u>8,000</u>	<u>8,000</u>	<u>16,581</u>	<u>8,581</u>
EXPENDITURES:				
Current:				
General government	303,774	303,774	-	303,774
Capital improvements	76,216	76,216	61,441	14,775
Total expenditures	<u>379,990</u>	<u>379,990</u>	<u>61,441</u>	<u>318,549</u>
Excess (deficiency) of revenues over expenditures	<u>(371,990)</u>	<u>(371,990)</u>	<u>(44,860)</u>	<u>327,130</u>
Other financing sources (uses):				
Proceeds from disposal of capital assets	-	-	2,292	2,292
Transfers in	60,245	60,245	60,245	-
Total other financing sources (uses)	<u>60,245</u>	<u>60,245</u>	<u>62,537</u>	<u>2,292</u>
Change in fund balances	<u>(311,745)</u>	<u>(311,745)</u>	<u>17,677</u>	<u>329,422</u>
Fund balances, July 1, 2007	<u>316,348</u>	<u>316,348</u>	<u>316,348</u>	<u>-</u>
Fund balances, June 30, 2008	<u>\$ 4,603</u>	<u>\$ 4,603</u>	<u>\$ 334,025</u>	<u>\$ 329,422</u>

City of Chandler

Non-Major Proprietary Funds

Solid Waste

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

Airport

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

Chandler Housing Authority

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

City of Chandler
Combining Statement of Net Assets
Non-Major Proprietary Funds
June 30, 2008

	Solid Waste	Airport	Chandler Housing Authority	Total Other Proprietary Funds
ASSETS				
Current assets:				
Cash and investments	\$ 8,801,419	\$ 347,714	\$ 1,997,810	\$ 11,146,943
Accounts receivable	1,681,010	-	22,607	1,703,617
Due from other governments	-	-	136,868	136,868
Inventory	-	25,719	-	25,719
Prepaid Invoices	-	-	332,449	332,449
Total current assets	<u>10,482,429</u>	<u>373,433</u>	<u>2,489,734</u>	<u>13,345,596</u>
Noncurrent assets:				
Long-term notes receivables	-	-	530,874	530,874
Capital assets:				
Non-depreciable	7,088,918	19,511,154	1,597,897	28,197,969
Depreciable, net	11,527,454	11,540,143	7,459,830	30,527,427
Total capital assets	<u>18,616,372</u>	<u>31,051,297</u>	<u>9,057,727</u>	<u>58,725,396</u>
Total noncurrent assets	<u>18,616,372</u>	<u>31,051,297</u>	<u>9,588,601</u>	<u>59,256,270</u>
Total assets	<u>29,098,801</u>	<u>31,424,730</u>	<u>12,078,335</u>	<u>72,601,866</u>
LIABILITIES				
Current liabilities:				
Accounts payable	642,034	33,289	94,919	770,242
Accrued payroll	31,945	10,729	39,017	81,691
Trust liabilities and deposits	16,512	48,587	154,003	219,102
Unearned revenue	54,865	-	-	54,865
Compensated absences - due within one year	2,799	1,406	3,690	7,895
Total current liabilities	<u>748,155</u>	<u>94,011</u>	<u>291,629</u>	<u>1,133,795</u>
Noncurrent liabilities:				
Compensated absences	47,459	23,831	62,550	133,840
Advances from other funds	68,221	-	-	68,221
Bonds and other payables - due in more than a year	3,742	2,310	-	6,052
Landfill closure and postclosure costs	2,730,136	-	-	2,730,136
Total noncurrent liabilities	<u>2,849,558</u>	<u>26,141</u>	<u>62,550</u>	<u>2,938,249</u>
Total liabilities	<u>3,597,713</u>	<u>120,152</u>	<u>354,179</u>	<u>4,072,044</u>
NET ASSETS				
Invested in capital assets, net of related debt	18,616,372	31,051,297	9,057,727	58,725,396
Restricted for capital improvements	-	89,198	-	89,198
Unrestricted	6,884,716	164,083	2,666,429	9,715,228
Total net assets	<u>\$ 25,501,088</u>	<u>\$ 31,304,578</u>	<u>\$ 11,724,156</u>	<u>\$ 68,529,822</u>

City of Chandler
Combining Statement of Revenues, Expenses, and Changes in Net Assets
Non-Major Proprietary Funds
For the year ended June 30, 2008

	Solid Waste	Airport	Chandler Housing Authority	Total Other Proprietary Funds
OPERATING REVENUES:				
Service fees	\$ 12,979,695	\$ 773,354	\$ 360,870	\$ 14,113,919
Grants and entitlements	-	-	6,114,138	6,114,138
Rentals	-	95	700,788	700,883
Proceeds from disposition of assets held for resale	-	-	-	-
Other revenue	-	5,250	101,916	107,166
Total operating revenues	12,979,695	778,699	7,277,712	21,036,106
OPERATING EXPENSES:				
General and administrative	1,308,680	-	-	1,308,680
Personal services	1,279,307	399,080	1,579,180	3,257,567
Contractual services	8,076,667	41,016	620,252	8,737,935
Commodities	1,247,413	414,451	671,047	2,332,911
Housing assistance payments	-	-	4,213,433	4,213,433
Landfill closure and postclosure	(5,514,995)	-	-	(5,514,995)
Depreciation and amortization	445,296	747,299	509,330	1,701,925
Total operating expenses	6,842,368	1,601,846	7,593,242	16,037,456
OPERATING INCOME (LOSS)	6,137,327	(823,147)	(315,530)	4,998,650
NONOPERATING REVENUES (EXPENSES):				
Interest revenue	459,500	18,992	151,941	630,433
Landfill energy sales	26	-	-	26
Interest expense	-	(422)	-	(422)
Gain (loss) on the disposal of capital assets	(3,611)	-	5,945	2,334
Total nonoperating revenues (expenses)	455,915	18,570	157,886	632,371
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	6,593,242	(804,577)	(157,644)	5,631,021
CAPITAL CONTRIBUTION AND TRANSFERS:				
Capital contributions	50,999	2,942,050	154,645	3,147,694
Transfers in	-	-	507,252	507,252
Transfers out	(36,289)	(4,250)	(408,347)	(448,886)
Total transfers	14,710	2,937,800	253,550	3,206,060
Net income (loss)	6,607,952	2,133,223	95,906	8,837,081
NET ASSETS				
Beginning of year	18,893,136	29,171,355	11,628,250	59,692,741
End of year	\$ 25,501,088	\$ 31,304,578	\$ 11,724,156	\$ 68,529,822

City of Chandler
Combining Statement of Cash Flows
Non-Major Proprietary Funds
For the year ended June 30, 2008

	Solid Waste	Airport	Chandler Housing Authority	Total Other Proprietary Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 12,711,007	\$ 794,339	\$ 1,128,496	\$ 14,633,842
Cash received from grantors	-	-	6,019,974	6,019,974
Cash payments to suppliers	(10,867,865)	(459,362)	(5,447,920)	(16,775,147)
Cash payments to employees for services	(1,283,219)	(391,989)	(1,580,192)	(3,255,400)
Net cash provided (used) by operating activities	559,923	(57,012)	120,358	623,269
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers in	-	-	507,252	507,252
Transfers out	(36,289)	(4,250)	-	(40,539)
Net cash provided (used) by noncapital financing activities	(36,289)	(4,250)	507,252	466,713
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and construction of capital assets	(604,102)	(3,088,829)	(1,272,103)	(4,965,034)
Proceeds from sales of capital assets	(3,611)	-	5,945	2,334
Interest paid on bonds	-	(422)	-	(422)
Proceeds from capital grants	-	-	154,645	154,645
Principal received on mortgage notes	-	-	27,500	27,500
Capital contributions	50,999	2,942,050	-	2,993,049
Net cash provided (used) by capital and related financing activities	(556,714)	(147,201)	(1,084,013)	(1,787,928)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment income	459,500	18,992	151,942	630,434
Net cash provided (used) by investing activities	459,500	18,992	151,942	630,434
Net increase (decrease) in cash and cash equivalents	426,420	(189,471)	(304,461)	(67,512)
CASH AND CASH EQUIVALENTS:				
Beginning of year	8,374,999	537,185	2,302,271	11,214,455
End of year	\$ 8,801,419	\$ 347,714	\$ 1,997,810	\$ 11,146,943
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ 6,137,327	\$ (823,147)	\$ (315,530)	\$ 4,998,650
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	445,296	747,299	509,330 *	1,701,925
Landfill closure and postclosure costs	(5,514,995)	-	-	(5,514,995)
Landfill energy sales	26	-	-	26
Changes in assets and liabilities:				
(Increase) decrease in receivables	(258,612)	168	(102,316)	(360,760)
(Increase) decrease in inventories	-	19,172	-	19,172
(Increase) decrease in other assets	-	-	13,224	13,224
Increase (decrease) in payables	(263,242)	(3,895)	6,335	(260,802)
Increase (decrease) in accrued payroll and compensated absences	(7,654)	4,781	-	(2,873)
Increase (decrease) in deposits	-	5,712	9,315	15,027
Increase (decrease) in unearned revenue	(10,076)	(9,412)	-	(19,488)
Increase (decrease) in advances from other funds	28,111	-	-	28,111
Increase (decrease) in other liabilities	3,742	2,310	-	6,052
Total adjustments	(5,577,404)	766,135	435,888	(4,375,381)
Net cash provided (used) by operating activities	\$ 559,923	\$ (57,012)	\$ 120,358	\$ 623,269

City of Chandler

Statement of Changes in Assets and Liabilities - Agency Fund

Fiduciary Funds

For the year ended June 30, 2008

	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008
<u>Miscellaneous Deposit Fund</u>				
Assets:				
Equity in pooled cash and investments	\$ 14,129	\$ 149,091	\$ (152,243)	\$ 10,977
Total assets	\$ 14,129	\$ 149,091	\$ (152,243)	\$ 10,977
Liabilities:				
Due to others	\$ 14,129	\$ 145,050	\$ (148,202)	\$ 10,977
Total liabilities	\$ 14,129	\$ 145,050	\$ (148,202)	\$ 10,977



Chandler + Arizona
Where Values Make The Difference

City of Chandler
Financial Data Schedule
Housing and Redevelopment
For the year ended June 30, 2008

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

The Financial Data Schedule is a required electronic submission to the U.S. Department of Housing and Urban Development by all Housing Authorities receiving HUD funding. Financial data on each of the grant programs is presented in a combining schedule. The Financial Data Schedule presented herein has been submitted electronically to HUD.

The activities of the City of Chandler Housing and Redevelopment Division are reported as an enterprise fund in the City's Comprehensive Annual Financial Report.

City of Chandler
Financial Data Schedule
Housing and Redevelopment
June 30, 2008

COMBINING STATEMENT OF NET ASSETS - ALL HUD PROGRAMS

FDS Line #	Account Description	Low Rent Public Housing		
		AMP 1 14.850a	AMP 2 14.850a	All AMPs 14.850a
ASSETS				
111	Cash - Unrestricted	\$ 184,907	\$ 103,266	\$ 288,173
113	Cash - Restricted for FSS Escrow Accounts	9,619	8,035	17,654
114	Cash - Security Deposits	53,275	50,567	103,842
122	Accounts Receivable - HUD Other Projects	73,628	63,239	136,867
124	Accounts Receivable - Other Governments	-	-	-
125	Accounts Receivable - Miscellaneous	-	-	-
126	Accounts Receivable - Tenants - Dwelling Rents	31,333	25,855	57,188
126.1	Allowance for Doubtful Accounts - Dwelling Rents	(24,095)	(10,901)	(34,996)
127	Notes and Mortgages Receivable - current	-	-	-
142	Prepaid Expenses and Other Assets	3,535	3,236	6,771
161	Land	1,608,977	1,254,647	2,863,624
162	Buildings	4,260,216	8,565,456	12,825,672
164	Furniture, Equipment, Machinery - Admin	183,262	71,601	254,863
166	Accumulated Depreciation	(4,413,742)	(3,355,317)	(7,769,059)
167	Construction in Progress	-	-	-
171	Notes and Mortgages Receivable - non-current	-	335,950	335,950
	TOTAL ASSETS	\$ 1,970,915	\$ 7,115,634	\$ 9,086,549
LIABILITIES				
311	Bank Overdraft	\$ -	\$ -	\$ -
312	Accounts Payable	47,136	33,178	80,314
321	Accrued Wage/Payroll Taxes Payable	9,918	9,895	19,813
322	Accrued Compensated Absences - Current	624	591	1,215
341	Tenant Security Deposits	53,275	50,567	103,842
342	Deferred Revenues	4,614	-	4,614
345	Other Current Liabilities	-	5,385	5,385
353	Noncurrent Liabilities - Other	9,619	8,035	17,654
354	Accrued Compensated Absences - Noncurrent	10,572	10,026	20,598
	TOTAL LIABILITIES	135,758	117,677	253,435
NET ASSETS				
508.1	Invested in Capital Assets, net of related debt	1,638,713	6,536,387	8,175,100
511.1	Restricted Net Assets	9,619	8,035	17,654
512.1	Unrestricted Net Assets	186,825	453,535	640,360
	TOTAL NET ASSETS	1,835,157	6,997,957	8,833,114
	TOTAL LIABILITIES AND NET ASSETS	\$ 1,970,915	\$ 7,115,634	\$ 9,086,549

Central Office 14.850a	Business Activities		Housing Choice Vouchers 14.871	Total
	Other Business	Total Business Activities		
\$ 315,675	\$ 1,252,822	\$ 1,568,497	\$ -	\$ 1,856,670
-	-	-	22,508	40,162
-	-	-	-	103,842
-	-	-	-	136,867
-	-	-	-	-
-	-	-	414	414
-	-	-	-	57,188
-	-	-	-	(34,996)
-	-	-	-	-
-	-	-	325,678	332,449
-	200,000	200,000	-	3,063,624
-	520,613	520,613	-	13,346,285
32,718	129,670	162,388	35,470	452,721
(5,307)	(3,998)	(9,305)	(26,538)	(7,804,902)
-	-	-	-	-
-	194,924	194,924	-	530,874
<u>\$ 343,086</u>	<u>\$ 2,294,031</u>	<u>\$ 2,637,117</u>	<u>\$ 357,532</u>	<u>\$ 12,081,198</u>
\$ -	\$ -	\$ -	\$ 2,862	\$ 2,862
6,363	733	7,096	7,510	94,920
10,234	-	10,234	8,970	39,017
1,790	-	1,790	685	3,690
-	-	-	-	103,842
-	-	-	-	4,614
-	-	-	-	5,385
-	-	-	22,508	40,162
30,338	-	30,338	11,614	62,550
<u>48,725</u>	<u>733</u>	<u>49,458</u>	<u>54,149</u>	<u>357,042</u>
27,411	846,285	873,696	8,932	9,057,728
-	-	-	22,508	40,162
266,950	1,447,013	1,713,963	271,943	2,626,266
<u>294,361</u>	<u>2,293,298</u>	<u>2,587,659</u>	<u>303,383</u>	<u>11,724,156</u>
<u>\$ 343,086</u>	<u>\$ 2,294,031</u>	<u>\$ 2,637,117</u>	<u>\$ 357,532</u>	<u>\$ 12,081,198</u>

City of Chandler
Financial Data Schedule
Housing and Redevelopment
For the year ended June 30, 2008

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS - ALL HUD PROGRAMS

FDS Line #	Account Description	Low Rent Public Housing		
		AMP 1 14.850a	AMP 2 14.850a	All AMPs 14.850a
REVENUES				
703	Net Tenant Rental Revenue	\$ 314,825	\$ 378,703	\$ 693,528
704	Tenant Revenue - Other	8,469	135	8,604
706	HUD Operating Grants	756,650	576,430	1,333,080
706.1	HUD Capital Grants	99,197	55,447	154,644
707.1	Management Fees Earned	-	-	-
707.2	Asst Management Fees Earned	-	-	-
707.3	Bookkeeping Fees Earned	-	-	-
708	Other Government Grants	-	-	-
711	Investment Income - Unrestricted	9,086	54,648	63,734
714	Fraud Recovery	-	-	-
715	Other Revenue	40,043	36,326	76,369
716	Gain/Loss on sale of Fixed Assets	-	-	-
720	Investment Income - Restricted	-	-	-
	TOTAL REVENUES	1,228,270	1,101,689	2,329,959
EXPENSES				
911	Administrative Salaries	108,577	106,438	215,015
912	Auditing Fees	1,500	1,500	3,000
913	Management Fees	100,424	86,309	186,733
91310	Bookkeeping Fees	14,258	12,255	26,513
915	Employee Benefit Contributions - Administrative	34,269	32,933	67,202
916	Other Operating - Administrative	20,189	14,987	35,176
92000	Asset Management Fees	19,560	16,800	36,360
921	Tenant Services - Salaries	54,597	-	54,597
923	Employee Benefit Contributions - Tenant Services	9,617	-	9,617
924	Tenant Services - Other	394	-	394
931	Water	34,954	2,074	37,028
932	Electricity	43,785	5,956	49,741
933	Gas	2,056	400	2,456
938	Other Utility Expenditures	36,990	2,819	39,809
941	Ordinary Maintenance and Operations - Labor	195,010	142,000	337,010
942	Ordinary Maintenance and Operations - Materials	163,887	106,763	270,650
943	Ordinary Maintenance and Operations - Contract Costs	160,899	153,480	314,379
945	Ordinary Maintenance and Operations - Ordinary Maintenance	58,402	46,242	104,644
961	Insurance	10,444	16,666	27,110
962	Other General Expenditures	17,249	3,370	20,619
964	Bad Debt - Tenant rents	25,352	16,429	41,781
	Total Operating Expenditures	1,112,413	767,421	1,879,834
	Other Expenditures:			
973	Housing assistance Payments	-	-	-
974	Depreciation	200,162	291,193	491,355
	TOTAL EXPENDITURES	1,312,575	1,058,614	2,371,189
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES				
BEFORE OTHER FINANCING SOURCES (USES)				
		(84,305)	43,075	(41,230)
OTHER FINANCING SOURCES (USES)				
1001	Operating Transfers In	15,000	15,000	30,000
1002	Operating Transfers Out	(15,000)	(15,000)	(30,000)
1003	Operating Transfers In from Primary Government	42,361	179,891	222,252
10091	Transfer In - Project to Project	170,000	-	170,000
10092	Transfer Out - Project to Project	-	(170,000)	(170,000)
10094	Transfer Out - Project to Other Program	-	(234,000)	(234,000)
	TOTAL OTHER FINANCING SOURCES (USES)	212,361	(224,109)	(11,748)
CHANGE IN NET ASSETS				
1104	Residual Equity Transfer	128,056	(181,034)	(52,978)
		(15,670)	(747,024)	(762,694)
	TOTAL NET ASSETS, BEGINNING OF YEAR	1,722,771	7,926,015	9,648,786
NET ASSETS, END OF YEAR				
		\$ 1,835,157	\$ 6,997,957	\$ 8,833,114
OTHER MEMORANDUM AMOUNTS				
1113	Maximum Annual Contributions Commitment	-	-	-
1120	Unit Months Available	1,956	1,680	3,636
1121	Number of Unit Months Leased	1,901	1,634	3,535

Business Activities			Housing Choice Vouchers 14,871	Eliminations	Total
Central Office 14.850a	Other Business	Total Business Activities			
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 693,528
-	-	-	-	-	8,604
-	-	-	4,667,059	-	6,000,139
-	-	-	-	-	154,644
255,181	-	255,181	-	255,181	-
36,360	-	36,360	-	36,360	-
69,330	-	69,330	-	69,330	-
-	114,000	114,000	-	-	114,000
4,215	69,451	73,666	3,635	-	141,035
-	-	-	17,061	-	17,061
-	450	450	7,720	-	84,539
2,531	-	2,531	2,386	-	4,917
-	-	-	10,907	-	10,907
<u>367,617</u>	<u>183,901</u>	<u>551,518</u>	<u>4,708,768</u>	<u>360,871</u>	<u>7,229,374</u>
238,021	2,134	240,155	255,131	-	710,301
-	-	-	3,000	-	6,000
-	-	-	68,448	255,181	-
-	-	-	42,817	69,330	-
79,338	-	79,338	103,194	-	249,734
33,278	1,574	34,852	41,615	-	111,643
-	-	-	-	36,360	-
-	-	-	-	-	54,597
-	-	-	-	-	9,617
-	-	-	-	-	394
-	-	-	-	-	37,028
-	291	291	-	-	50,032
-	-	-	-	-	2,456
-	-	-	-	-	39,809
84,850	-	84,850	-	-	421,860
1,126	-	1,126	-	-	271,776
-	-	-	-	-	314,379
28,380	-	28,380	-	-	133,024
-	-	-	-	-	27,110
-	-	-	7,449	-	28,068
-	-	-	-	-	41,781
<u>464,993</u>	<u>3,999</u>	<u>468,992</u>	<u>521,654</u>	<u>360,871</u>	<u>2,509,609</u>
-	-	-	4,213,433	-	4,213,433
3,674	3,998	7,672	10,303	-	509,330
<u>468,667</u>	<u>7,997</u>	<u>476,664</u>	<u>4,745,390</u>	<u>360,871</u>	<u>7,232,372</u>
<u>(101,050)</u>	<u>175,904</u>	<u>74,854</u>	<u>(36,622)</u>	<u>-</u>	<u>(2,998)</u>
-	-	-	-	-	30,000
-	-	-	-	-	(30,000)
135,000	-	135,000	150,000	-	507,252
-	-	-	-	-	170,000
-	-	-	-	-	(170,000)
234,000	-	234,000	-	-	-
<u>369,000</u>	<u>-</u>	<u>369,000</u>	<u>150,000</u>	<u>-</u>	<u>507,252</u>
267,950	175,904	443,854	113,378	-	504,254
26,411	736,283	762,694	-	-	-
-	1,381,111	1,381,111	190,005	-	11,219,902
<u>\$ 294,361</u>	<u>\$ 2,293,298</u>	<u>\$ 2,587,659</u>	<u>\$ 303,383</u>	<u>\$ -</u>	<u>\$ 11,724,156</u>

4,667,059
5760
5709

Statistical Section

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

Waste not, want not

In January, Chandler's Reverse Osmosis (R.O.) Facility pumped its three billionth gallon of recycled water back into the ground. This equates to enough water to supply 11,742 Chandler households consisting of five people for a year. The R.O. Facility is designed to treat industrial wastewater from Intel and recharge it back into the aquifer using injection wells.



CITY OF CHANDLER, ARIZONA

Statistical Section

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

<u>Contents</u>	<u>Page</u>
Financial Trends	123
Schedules 1-6 contain information to help the reader understand how the city’s financial performance and well-being have changed over time.	
Revenue Capacity	139
Schedules 7-9 contain information to help the reader assess the factors affecting the city’s ability to generate its sales and use tax.	
Debt Capacity	143
Schedules 10-13 present information to help the reader assess the affordability of the city’s current levels of outstanding debt and the city’s ability to issue additional debt in the future.	
Demographic and Economic Information	150
Schedules 14-15 offer demographic and economic indicators to help the reader understand the environment within which the city’s financial activities take place and to help make comparisons over time and with other governments.	
Operating information	153
Schedules 16-18 contain information about the city’s operations and resources to help the reader understand how the city’s financial information relates to the services the city provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The city implemented Statement 34 in 2002; schedules presenting government-wide information include information beginning in that year.

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

	Fiscal Year			
	2002	2003	2004	2005
Governmental Activities				
Invested in Capital Assets, Net of Related Debt	\$ (62,026,075)	\$ 55,963,968	\$ 101,665,063	\$ 162,790,025
Restricted	22,296,791	117,111,402	90,046,996	110,932,310
Unrestricted	346,949,775	186,420,301	224,309,216	214,663,854
Total Governmental Activities Net Assets	<u>307,220,491</u>	<u>359,495,671</u>	<u>416,021,275</u>	<u>488,386,189</u>
Business-type Activities				
Invested in Capital Assets, Net of Related Debt	207,918,704	232,259,546	252,117,283	275,991,278
Restricted	76,248,944	70,198,611	63,985,390	72,538,299
Unrestricted	71,248,431	70,831,613	82,444,533	78,334,422
Total Business-type Activities Net Assets	<u>355,416,079</u>	<u>373,289,770</u>	<u>398,547,206</u>	<u>426,863,999</u>
Primary Government				
Invested in Capital Assets, Net of Related Debt	145,892,629	288,223,514	353,782,346	438,781,303
Restricted	98,545,735	187,310,013	154,032,386	183,470,609
Unrestricted	418,198,206	257,251,914	306,753,749	292,998,276
Total Primary Government Net Assets	<u>\$ 662,636,570</u>	<u>\$ 732,785,441</u>	<u>\$ 814,568,481</u>	<u>\$ 915,250,188</u>

(1) The significant increase in this year is due to the addition of the retroactive infrastructure. The city implemented Statement 34 in 2002; schedules presenting government-wide information include information beginning in that year.

Fiscal Year		
2006	2007	2008
\$ 260,653,345 (1)	\$ 288,893,354	\$ 353,996,843
106,396,966	115,343,816	56,979,639
208,727,675	265,645,323	341,971,306
<u>575,777,986</u>	<u>669,882,493</u>	<u>752,947,788</u>
325,992,618	347,306,362	427,130,654
52,511,899	57,835,328	24,319,427
76,090,729	78,718,941	45,300,009
<u>454,595,246</u>	<u>483,860,631</u>	<u>496,750,090</u>
586,645,963	636,199,716	781,127,497
158,908,865	173,179,144	81,299,066
284,818,404	344,364,264	387,271,315
<u>\$ 1,030,373,232</u>	<u>\$ 1,153,743,124</u>	<u>\$ 1,249,697,878</u>

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

	Fiscal Year			
	2002	2003	2004	2005
Expenses				
Governmental Activities:				
General Government	\$ 32,159,571	\$ 30,610,529	\$ 32,925,516	\$ 38,116,265
Public Safety	50,221,565	54,854,074	59,666,119	56,022,025
Community Development	6,760,718	7,067,675	7,457,073	6,973,474
Public Works	20,516,230	161,195,319	21,309,408	17,175,426
Community Services	17,668,011	19,823,356	20,200,390	19,017,024
Interest and fiscal charges	12,398,031	10,858,078	11,426,919	10,649,133
Total Governmental Activities Expenses	<u>139,724,126</u>	<u>284,409,031</u>	<u>152,985,425</u>	<u>147,953,347</u>
Business-type Activities:				
Water	33,004,765	35,992,958	40,544,967	41,689,649
Wastewater	21,800,113	22,986,319	24,505,362	25,825,966
Solid Waste	8,675,676	14,414,774	9,705,932	9,598,287
Airport	1,305,935	1,420,574	1,458,068	1,582,079
Community Services - Housing Authority	6,584,884	7,082,747	8,977,049	7,773,223
Total Business-type Activities Expenses	<u>71,371,373</u>	<u>81,897,372</u>	<u>85,191,378</u>	<u>86,469,204</u>
Total Primary Government Expenses	<u>\$ 211,095,499</u>	<u>\$ 366,306,403</u>	<u>\$ 238,176,803</u>	<u>234,422,551</u>

The city implemented Statement 34 in 2002; schedules presenting government-wide information include information beginning in that year.

Fiscal Year		
2006	2007	2008
\$ 36,669,140	\$ 42,317,392	\$ 54,459,719
63,840,179	76,200,082	80,860,917
8,706,473	9,154,407	11,692,559
31,940,075	32,402,242	39,241,652
24,087,695	29,464,039	33,086,565
11,658,090	11,479,112	14,880,604
<u>176,901,652</u>	<u>201,017,274</u>	<u>234,222,016</u>
38,582,431	40,687,283	53,554,653
25,294,189	27,230,862	30,657,939
8,154,317	9,843,824	6,845,979
1,765,772	1,757,279	1,602,268
6,713,829	9,133,427	7,593,242
<u>80,510,538</u>	<u>88,652,675</u>	<u>100,254,081</u>
<u>257,412,190</u>	<u>\$ 289,669,949</u>	<u>\$ 334,476,097</u>

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

	Fiscal Year			
	2002	2003	2004	2005
Program Revenues				
Governmental Activities:				
Charges for Services:				
General Government	\$ 13,215,733	\$ 10,972,432	\$ 14,339,606	\$ 11,770,912
Public Safety	2,045,039	2,962,608	2,515,026	2,921,707
Community Development	7,980,393	8,407,356	7,833,679	10,119,322
Public Works	11,087,995	11,764,790	12,879,966	14,037,835
Community Services	1,339,966	1,950,792	1,713,889	1,988,832
Operating Grants and Contributions	1,691,043	3,323,489	1,488,369	1,041,858
Capital Grants and Contributions	32,016,067	29,223,045	22,107,766	13,880,993
Total Governmental Activities Program Revenues	<u>69,376,236</u>	<u>68,604,512</u>	<u>62,878,301</u>	<u>55,761,459</u>
Business-type Activities:				
Charges for Services:				
Water	32,210,935	34,895,930	36,148,220	36,860,006
Wastewater	18,627,080	19,253,061	19,849,892	20,541,547
Solid Waste	8,575,815	9,290,021	9,850,919	9,787,298
Airport	737,950	832,232	896,968	931,547
Community Services - Housing Authority	698,274	684,758	1,744,088	631,494
Operating Grants and Contributions	5,588,924	6,165,984	6,655,089	6,839,056
Capital Grants and Contributions	32,752,908	29,607,826	34,348,267	35,817,247
Total Business-type Activities Program Revenues	<u>99,191,886</u>	<u>100,729,812</u>	<u>109,493,443</u>	<u>111,408,195</u>
Total Primary Government Program Revenues	<u>\$ 168,568,122</u>	<u>\$ 169,334,324</u>	<u>\$ 172,371,744</u>	<u>\$ 167,169,654</u>
Net (Expense)/Revenue				
Governmental Activities	\$ (70,347,890)	\$ (70,804,519)	\$ (90,107,124)	\$ (92,191,888)
Business-type Activities	27,820,513	18,742,440	24,302,065	24,938,991
Total Primary Government Net Expense	<u>\$ (42,527,377)</u>	<u>\$ (52,062,079)</u>	<u>\$ (65,805,059)</u>	<u>\$ (67,252,897)</u>

(1) System Development Fees were reclassified to charges for services under program revenues.

The city implemented Statement 34 in 2002; schedules presenting government-wide information include information beginning in that year.

Fiscal Year		
2006	2007	2008
\$ 12,359,183	\$ 12,793,179.00	\$ 12,629,779
3,303,895	4,178,941	4,317,843
8,338,156	10,405,425	5,488,535
24,529,838 (1)	13,145,192	15,831,165
2,272,309	2,272,826	2,699,469
2,167,327	3,707,115	1,897,300
12,751,519	26,428,112	36,104,151
<u>65,722,227</u>	<u>72,930,790</u>	<u>78,968,242</u>
38,112,680	39,054,531	40,613,727
20,499,458	21,083,587	25,145,258
12,218,720	12,769,423	12,979,695
1,005,728	974,190	773,449
648,766	661,509	1,061,658
6,634,435	6,312,438	6,114,138
23,547,210	28,014,518	19,782,193
<u>102,666,997</u>	<u>108,870,196</u>	<u>106,470,118</u>
<u>\$ 168,389,224</u>	<u>\$ 181,800,986</u>	<u>\$ 185,438,360</u>
\$ (111,179,425)	\$ (128,086,484)	\$ (155,253,774)
22,156,459	20,217,521	6,216,037
<u>\$ (89,022,966)</u>	<u>\$ (107,868,963)</u>	<u>\$ (149,037,737)</u>

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

	Fiscal Year		
	2002	2003	2004
Governmental Revenues and Other Changes in Net Assets			
Governmental Activities:			
Taxes:			
Property taxes	\$ 16,001,578	\$ 17,953,164	\$ 20,818,622
Sales taxes	55,070,562	60,614,779	66,671,049
Franchise taxes	1,957,618	2,249,190	2,365,749
Highway user taxes	-	-	-
Other taxes	-	-	-
State shared revenues	37,850,975	39,559,356	37,903,674
System development fees	8,320,712	8,105,353	15,165,191
Investment Income (loss)	7,677,017	(4,895,290) (1)	2,391,875
Miscellaneous	162,714	261,069	695,312
Westcor Contract Payment	-	-	-
Transfers	690,493	(767,922)	621,256
Total Governmental Activities	<u>127,731,669</u>	<u>123,079,699</u>	<u>146,632,728</u>
Business-type Activities:			
Investment Income (loss)	4,007,601	(2,624,182) (1)	1,199,710
Miscellaneous	639,190	897,511	376,917
Transfers	(690,493)	767,922	(621,256)
Total Business-type Activities:	<u>3,956,298</u>	<u>(958,749)</u>	<u>955,371</u>
Total Primary Government	<u>\$ 131,687,967</u>	<u>\$ 122,120,950</u>	<u>\$ 147,588,099</u>
Change in Net Assets			
Governmental Activities	\$ 57,838,779	\$ 52,275,180	\$ 56,525,604
Business-type Activities	31,776,811	17,873,691	25,257,436
Total Primary Government	<u>\$ 89,615,590</u>	<u>\$ 70,148,871</u>	<u>\$ 81,783,040</u>

(1) The negative income this year is the result of the City's share of a loss recognized by the State of Arizona's Local Government Investment Pool

(2) System Development Fees were reclassified to charges for services under program revenues.

The city implemented Statement 34 in 2002; schedules presenting government-wide information include information beginning in that year.

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

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

	Fiscal Year			
	1999	2000	2001	2002
General Fund				
Reserved	\$ 65,025,595	\$ 54,443,256	\$ 20,504,156	\$ 27,158,273
Unreserved	<u>52,375,240</u>	<u>82,988,035</u>	<u>146,099,948</u>	<u>149,678,534</u>
Total General Fund	<u>\$ 117,400,835</u>	<u>\$ 137,431,291</u>	<u>\$ 166,604,104</u>	<u>\$ 176,836,807</u>
All Other Governmental Funds				
Reserved	\$ 9,833,555	\$ 6,233,287	\$ 12,041,889	\$ 74,230,663
Unreserved, Reported in:				
Special Revenue Funds	6,127,574	6,443,322	6,187,316	7,022,854
Capitol Projects Funds	<u>38,125,074</u>	<u>49,174,492</u>	<u>56,774,094</u>	<u>-</u>
Total All Other Governmental Funds	<u>\$ 54,086,203</u>	<u>\$ 61,851,101</u>	<u>\$ 75,003,299</u>	<u>\$ 81,253,517</u>

Fiscal Year					
2003	2004	2005	2006	2007	2008
\$ 34,328,283	\$ 50,644,739	\$ 56,325,826	\$ 15,211,490	\$ 12,349,638	\$ 28,237,521
<u>135,307,858</u>	<u>126,091,872</u>	<u>124,519,771</u>	<u>148,606,301</u>	<u>189,087,760</u>	<u>196,093,067</u>
<u>\$ 169,636,141</u>	<u>\$ 176,736,611</u>	<u>\$ 180,845,597</u>	<u>\$ 163,817,791</u>	<u>\$ 201,437,398</u>	<u>\$ 224,330,588</u>
\$ 91,320,181	\$ 76,703,585	\$ 99,267,829	\$ 100,167,158	\$ 109,777,210	\$ 43,039,742
5,677,614	5,648,789	9,259,261	8,089,144	14,064,542	17,752,306
-	-	-	253,903	9,158,971	11,608,190
<u>\$ 96,997,795</u>	<u>\$ 82,352,374</u>	<u>\$ 108,527,090</u>	<u>\$ 108,510,205</u>	<u>\$ 133,000,723</u>	<u>\$ 72,400,238</u>

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

	Fiscal Year				
	1999	2000	2001	2002	2003
Taxes - Local	\$ 54,743,902	\$ 59,732,188	\$ 69,079,352	\$ 72,951,061	\$ 82,591,633
Taxes - Intergovernmental	38,188,387	41,594,096	43,772,423	48,797,917	49,850,293
Property taxes	-	-	-	-	-
Sales taxes	-	-	-	-	-
Franchise taxes	-	-	-	-	-
Highway user taxes	-	-	-	-	-
Other taxes	-	-	-	-	-
State shared	-	-	-	-	-
Grants and Entitlements	6,684,846	8,572,276	10,377,193	7,748,473	3,983,091
System Development Fees	5,555,693	7,600,252	9,394,230	8,320,712	8,105,353
Special Assessments	785,170	221,530	187,819	175,152	513,242
License and Permits	5,699,464	5,572,080	6,627,557	5,651,522	6,386,478
Charges for Current Services	8,012,514	10,151,578	11,987,802	12,373,053	12,843,147
Fines and Forfeitures	2,627,517	1,969,478	2,233,173	2,796,157	3,975,613
Rentals	623,837	516,855	608,896	17,625	93,630
Contributions	-	-	-	-	-
Investment Income (loss)	8,516,969	11,250,246	13,735,770	6,885,010	(4,330,308) (1)
Miscellaneous	1,848,209	1,169,275	1,526,134	1,151,110	1,538,830
Total Revenues	\$ 133,286,508	\$ 148,349,854	\$ 169,530,349	\$ 166,867,792	\$ 165,551,002

(1) The negative income in this year is the result of the City's share of a loss recognized by the State of Arizona's Local Government Investment Pool.

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

Fiscal Year				
2004	2005	2006	2007	2008
\$ 91,492,704	\$ 102,701,196	\$ 109,141,434	\$ - (2)	\$ -
50,173,867	51,677,502	60,107,031	- (2)	-
-	-	-	26,909,841 (2)	33,844,181
-	-	-	95,410,460 (2)	97,226,841
-	-	-	3,230,429	3,937,952
-	-	-	16,490,129	15,856,863
-	-	-	3,481,086 (2)	3,786,677
-	-	-	57,716,644	62,970,459
4,217,697	14,100,944	9,296,423	7,610,807	10,553,680
15,165,191	13,878,663	10,322,313	11,871,969	8,111,597
251,608	439,565	303,336	309,386	426,428
7,500,437	7,262,403	5,541,215	6,728,309	3,894,368
13,386,852	15,133,670	15,475,362	18,216,653	17,254,859
3,517,080	4,136,342	4,231,306	4,058,090	4,342,621
18,012	19,580	8,363	89,875	94,575
5,980	250	500	50,000	50,000
2,170,414	6,987,824	10,699,944	15,589,318	18,334,581
2,204,555	2,667,611	1,632,785	1,830,328	1,255,681
<u>\$ 190,104,397</u>	<u>\$ 219,005,550</u>	<u>\$ 226,760,012</u>	<u>\$ 269,593,324</u>	<u>\$ 281,941,363</u>

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

	Fiscal Year			
	1999	2000	2001	2002
General Government	\$ 19,510,963	\$ 18,850,899	\$ 19,919,757	\$ 28,858,549
Public Safety	33,611,007	35,994,889	42,355,666	49,910,766
Community Development	10,658,913	11,822,939	15,217,991	6,757,787
Public Works	9,347,934	12,237,692	13,593,511	20,314,406
Community Services	11,103,823	14,075,303	16,560,173	17,575,610
Capital Improvements	17,514,335	17,093,743	21,296,370	32,346,642
Debt Service:				
Principal Retirement	13,089,500	6,144,000	420,000	3,679,500
Interest and Fiscal Charges	7,398,827	9,228,823	9,747,597	9,730,214
Bond Issuance Costs	-	-	-	-
Total Expenditures	<u>\$ 122,235,302</u>	<u>\$ 125,448,288</u>	<u>\$ 139,111,065</u>	<u>\$ 169,173,474</u>
Debt Service as a Percentage of Noncapital Expenditures	19.6%	14.2%	8.6%	10.1%

Fiscal Year						
2003	2004	2005	2006	2007	2008	
\$ 29,448,025	\$ 31,024,154	\$ 41,135,736	\$ 33,729,455	\$ 38,124,478	\$ 51,261,849	
53,885,322	58,407,246	57,630,321	64,090,649	75,800,634	78,306,604	
7,061,116	7,449,114	7,438,317	8,740,380	8,989,308	11,593,642	
19,096,782	23,028,537	38,421,485	32,555,171	22,987,692	19,306,381	
20,310,994	21,048,659	20,893,626	22,738,420	25,714,032	28,830,926	
33,211,184	36,794,139	33,828,009	49,884,875	75,524,840	104,836,442	
6,614,500	8,689,500	8,329,500	17,122,071	12,374,500	16,659,500	
8,515,445	9,641,321	9,180,338	10,465,983	10,669,877	14,437,346	
100,000	-	174,917	135,437	189,840	179,201	
<u>\$ 178,243,368</u>	<u>\$ 196,082,670</u>	<u>\$ 217,032,249</u>	<u>\$ 239,462,441</u>	<u>\$ 270,375,201</u>	<u>\$ 325,411,891</u>	
11.1%	12.4%	11.1%	15.9%	12.1%	14.1%	

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

	Fiscal Year			
	1999	2000	2001	2002
Other Financing Sources (Uses)				
Bond Premium	\$ -	\$ -	\$ -	\$ 212,486
Face Amount of Bonds Issued	12,010,000	10,770,000	14,870,000	23,000,000
Proceeds from Sale of Capital Assets	40,265	3,000	131,450	159,247
Payment to Escrow Agent	-	-	-	-
Westcor Contract Payment	-	-	-	-
Transfers in	15,147,955	23,840,419	15,790,022	20,152,263
Transfers out	(17,066,096)	(25,720,821)	(18,885,745)	(23,649,139)
 Total Other Financing Sources and (Uses)	 10,132,124	 8,892,598	 11,905,727	 19,874,857
 Net Change in Fund Balances	 \$ 17,569,175	 \$ 17,569,175	 \$ 17,569,175	 \$ 17,569,175

Fiscal Year					
2003	2004	2005	2006	2007	2008
\$ 1,026,142	\$ -	\$ 852,671	\$ 515,129	\$ 1,975,876	\$ 165,431
45,850,000	-	35,720,000	30,905,000	88,405,000	7,370,000
91,245	680,019	264,352	205,936	173,742	280,969
(20,488,542)	-	(11,228,422)	-	(24,335,292)	-
-	-	-	34,500,000	-	-
32,480,447	26,072,155	33,226,080	37,204,132	31,525,563	38,442,603
(37,723,314)	(28,318,852)	(35,170,013)	(39,584,767)	(34,246,951)	(41,108,342)
21,235,978	(1,566,678)	23,664,668	63,745,430	63,497,938	5,150,661
\$ 8,543,612	\$ (7,544,951)	\$ 25,637,969	\$ (17,956,999)	\$ 62,716,055	\$ (38,319,867)

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

	Fiscal Year			
	1999	2000	2001	2002
Amusements	\$ 315,740	\$ 338,387	\$ 326,154	\$ 347,405
Contracting	10,193,338	9,233,519	11,563,422	11,290,014
General Retail	14,634,802	16,762,997	18,152,267	19,596,953
Hotel/Motel	941,574	1,048,010	1,299,873	1,161,330
Miscellaneous Related Revenue ¹	904,227	907,662	2,053,581	1,440,490
Publishing	581,107	609,677	626,200	586,054
Rentals - Personal Property	1,009,416	1,247,486	1,573,050	1,760,707
Rentals - Real Property	2,826,184	3,297,849	3,759,161	4,530,384
Restaurant/Bar	2,578,012	2,949,472	3,416,147	3,921,958
Telecommunications	2,106,833	2,500,653	2,931,529	2,869,467
Use Tax	959,732	1,019,338	807,287	837,932
Utilities	5,225,365	5,371,404	6,058,546	6,417,518
Total Sales and Use Taxes	\$ 42,276,330	\$ 45,286,454	\$ 52,567,217	\$ 54,760,212
 City Direct Sales Tax Rate ²	 1.77%	 1.77%	 1.75%	 1.76%

Source: Tax & License Division

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

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

Fiscal Year					
2003	2004	2005	2006	2007	2008
\$ 410,039	\$ 477,089	\$ 499,388	\$ 611,352	\$ 679,666	\$ 660,985
11,467,704	13,008,527	14,966,943	16,580,509	15,665,738	15,519,590
22,261,109	25,638,223	28,835,490	38,501,000	41,719,797	41,253,934
1,212,328	1,309,463	1,508,509	1,716,055	1,938,442	2,103,714
2,201,668	1,583,458	3,156,782	1,898,671	2,765,527	3,329,891
669,702	711,215	754,016	699,456	723,532	492,770
2,008,711	1,994,513	1,807,806	1,743,393	1,935,981	2,177,125
5,207,175	5,454,033	6,074,236	7,141,065	7,883,794	8,449,059
4,482,235	5,015,335	5,618,535	6,994,533	7,655,093	7,908,883
3,124,021	3,006,992	3,336,576	3,603,977	3,709,781	3,978,715
634,029	750,291	1,132,268	989,767	1,044,225	950,808
6,648,449	7,448,823	7,929,178	8,910,538	9,688,886	10,401,302
<u>\$ 60,327,170</u>	<u>\$ 66,397,962</u>	<u>\$ 75,619,727</u>	<u>\$ 89,390,316</u>	<u>\$ 95,410,462</u>	<u>\$ 97,226,776</u>
1.73%	1.74%	1.70%	1.72%	1.72%	1.72%

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

Fiscal Year	City Direct Tax Rate ¹	Overlapping Rates		
		Maricopa County Tax Rate ²	State of Arizona Tax Rate ³	Tourism & Sports Authority Tax Rate ⁴
1999	1.77%	0.49%	4.67%	0.00%
2000	1.77%	0.49%	4.64%	0.00%
2001	1.75%	0.58%	4.69%	0.01%
2002	1.76%	0.67%	5.12%	0.02%
2003	1.73%	0.67%	5.12%	0.02%
2004	1.74%	0.67%	5.12%	0.02%
2005	1.70%	0.67%	5.13%	0.02%
2006	1.72%	0.68%	5.14%	0.02%
2007	1.72%	0.68%	5.12%	0.02%
2008	1.72%	0.68%	5.09%	0.02%

Source: Tax & License Division

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

²The overlapping County tax rate was calculated using a weighted average of the actual revenues the City collected for each category. Tax rates vary by category, currently ranging from 0.5% to 0.77%.

³The overlapping State tax rate was calculated using a weighted average of the actual revenues the City collected for each category. Tax rates vary by category, currently ranging from 5.5% to 5.6%.

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

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

Schedule 9

Taxpayer	Business Type	Fiscal Year 2008			Fiscal Year 1999		
		Sales and Use Tax Payments	Rank	Percentage of Total Sales and Use Tax Payments	Sales and Use Tax Payments	Rank	Percentage of Total Sales and Use Tax Payments
Taxpayer A	Utility	\$ 7,417,028	1	7.63%	\$ 3,899,898	1	9.22%
Taxpayer B	Department Store	2,401,856	2	2.47%	867,960	7	2.05%
Taxpayer C	Grocery	2,209,475	3	2.27%	1,185,517	3	2.80%
Taxpayer D	Home Improvement	1,510,381	4	1.55%			
Taxpayer E	Vehicle Dealer	1,479,721	5	1.52%			
Taxpayer F	Department Store	1,402,927	6	1.44%			
Taxpayer G	Department Store	1,385,439	7	1.42%			
Taxpayer H	Grocery	1,269,767	8	1.31%	924,546	5	2.19%
Taxpayer I	Department Store	1,243,635	9	1.28%			
Taxpayer J	Utility	1,136,918	10	1.17%	771,937	8	1.83%
Taxpayer K	Retailer				1,126,167	2	2.66%
Taxpayer L	Vehicle Dealer				999,725	4	2.36%
Taxpayer M	Telecommunications				900,192	6	2.13%
Taxpayer N	Vehicle Dealer				716,970	9	1.70%
Taxpayer O	Grocery				602,416	10	1.42%
		<u>\$ 21,457,145</u>		<u>22.07%</u>	<u>\$ 11,995,328</u>		<u>28.37%</u>

Source: City's Licensing, Tax and Utility Services Division.

Notes: The identities of the ten largest revenue payers are prohibited from disclosure per State Statute. The business type of the top ten taxpayers has been disclosed along with the appropriate data. Information for fiscal year 1999 was only available rounded to the nearest thousand.

CITY OF CHANDLER, ARIZONA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Schedule 10

Governmental Activities - General Obligation Bonds				Other Governmental Activities Debt			
Fiscal Year	General Obligation Bonds	Estimated Actual Taxable Value of Property	Percentage of Estimated Actual Taxable Value of Property	Per Capita ¹	Revenue Bonds	Special Assessment Bonds	Accrued Interest - Capital Appreciation Bonds
1999	\$116,183,499	\$ 5,487,333,654	2.12%	679	\$ 61,730,081	\$ 3,194,439	\$ 16,990,505
2000	116,673,232	6,924,106,131	1.69%	652	61,595,906	2,619,743	20,968,607
2001	121,796,310	7,361,557,694	1.65%	641	67,413,061	2,372,449	24,345,650
2002	87,250,000	8,368,335,959	1.04%	434	45,300,000	1,647,000	27,102,208
2003	106,970,000	8,981,174,789	1.19%	505	48,725,000	1,547,500	29,147,730
2004	102,480,000	10,999,084,221	0.93%	456	46,700,000	1,443,000	30,928,390
2005	120,805,000	12,256,368,621	0.99%	510	45,015,000	1,333,500	32,426,569
2006	140,130,000	13,936,132,832	1.01%	579	42,920,000	1,219,000	33,620,916
2007	197,075,000	15,180,800,679	1.30%	798	40,480,000	1,099,500	34,505,099
2008	187,645,000	26,166,428,389	0.72%	749	37,655,000	8,345,000	35,000,654

Business-type Activities							
Fiscal Year	General Obligation Bonds	Revenue Bonds	Certificates of Participation	Intergovernmental Loans	Total Primary Government ²	Percentage of Personal Income ¹	Per Capita ¹
1999	\$ 43,458,068	\$ 156,676,973	31,266,625	\$ 157,072	\$ 231,558,738	*	\$ 1,354
2000	41,070,541	152,083,366	-	142,398	395,153,793	9.32%	2,209
2001	35,203,528	154,190,353	19,148,890	126,972	424,597,213	9.08%	2,234
2002	25,770,000	117,540,000	12,510,000	110,755	317,229,963	6.17%	1,576
2003	25,395,000	122,735,000	11,035,000	93,706	345,648,936	6.51%	1,631
2004	23,705,000	116,140,000	10,210,000	75,783	331,682,173	5.71%	1,476
2005	21,270,000	114,800,000	9,335,000	56,942	345,042,011	5.82%	1,457
2006	19,415,000	108,870,000	-	37,135	346,212,051	5.45%	1,431
2007	62,410,000	101,095,000	-	16,304	436,680,903	6.81%	1,767
2008	60,395,000	93,000,000	-	-	422,040,654	5.81%	1,684

* Information not available

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

¹ Population and personal income data can be found in Schedule 14. 1999-Personal Income information not available.

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

CITY OF CHANDLER, ARIZONA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2008

Schedule 11

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
State of Arizona	None	4.05%	None
Maricopa County	None	5.96	None
Maricopa County Community College District	\$ 507,390,000	5.96	\$ 30,250,592
East Valley Institute of Technology	None	13.52	None
Chandler Unified School District No. 80	159,525,000	75.59	120,578,567
Mesa Unified School District No. 4	101,010,000	4.98	5,026,258
Gilbert Unified School District No. 41	98,000,000	2.96	2,896,880
Kyrene Elementary School District No. 28	206,630,000	29.87	61,720,381
Tempe Union High School District No. 213	266,770,000	16.21	43,230,079
Subtotal, overlapping debt			263,702,755
City direct debt	482,690,000	100.00	482,690,000
Total direct and overlapping debt			<u>\$ 746,392,755</u>

Source: J.P Morgan Trust Company

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

	Fiscal Year			
	1999	2000	2001	2002
<u>6% General Obligation Bond Limitation</u>				
Debt limit	\$ 48,974,614	\$ 55,406,326	\$ 65,967,141	\$ 74,634,001
Total net debt applicable to limit	<u>24,760,000</u>	<u>23,625,000</u>	<u>23,160,000</u>	<u>34,020,000</u>
Legal debt margin	<u>\$ 24,214,614</u>	<u>\$ 31,781,326</u>	<u>\$ 42,807,141</u>	<u>\$ 40,614,001</u>
Total net debt applicable to the limit as a percentage of the debt limit	51%	43%	35%	46%
<u>20% General Obligation Bond Limitation</u>				
Debt limit	\$ 163,248,714	\$ 184,687,754	\$ 219,890,471	\$ 248,780,004
Total net debt applicable to limit	<u>56,965,000</u>	<u>60,410,000</u>	<u>66,860,000</u>	<u>76,970,000</u>
Legal debt margin	<u>\$ 106,283,714</u>	<u>\$ 124,277,754</u>	<u>\$ 153,030,471</u>	<u>\$ 171,810,004</u>
Total net debt applicable to the limit as a percentage of the debt limit	35%	33%	30%	31%

Source: Peacock, Hislop, Staley & Given, Inc. for 1997 - 2001, Piper Jaffray, Inc. for 2002-2006.

Notes: Under Arizona law, cities may issue general obligation bonds for purposes of water, wastewater, artificial light, open space preserves, parks, public safety and emergency services, streets, transportation, playgrounds and recreational facilities up to an amount not to exceed 20% of secondary assessed valuation. Cities may issue general obligation bonds for any other purpose up to an amount not to exceed 6% of secondary assessed valuation.

(1) In November 2006, Arizona Revised Statutes were amended to move public safety and emergency services, streets and transportation from the 6% category to the 20% category.

Legal Debt Margin Calculation for Fiscal Year 2008

Net Secondary Assessed Valuation as of June 30, 2008	\$ 3,455,175,278
Debt limit (6% of assessed value)	207,310,517
Debt applicable to limit:	
6% general obligation bonds	7,795,000
Legal 6% debt margin	<u>\$ 199,515,517</u>
Debt limit (20% of assessed value)	\$ 691,035,056
Debt applicable to limit:	
20% general obligation bonds	240,245,000
Legal 20% debt margin	<u>\$ 450,790,056</u>

Fiscal Year

2003	2004	2005	2006	2007	2008
\$ 98,302,556	\$ 108,344,928	\$ 118,749,422	\$ 116,449,443	\$ 179,351,393	\$ 207,310,517
<u>45,475,000</u>	<u>37,575,000</u>	<u>61,660,000</u>	<u>74,720,000</u>	<u>66,460,000</u>	<u>7,795,000</u>
<u>\$ 52,827,556</u>	<u>\$ 70,769,928</u>	<u>\$ 57,089,422</u>	<u>\$ 41,729,443</u>	<u>\$ 112,891,393</u>	<u>\$ 199,515,517</u>
46%	35%	52%	64%	37%	(1) 4%
\$ 327,675,186	\$ 361,149,760	\$ 395,831,408	\$ 388,164,810	\$ 597,837,975	\$ 691,035,056
<u>80,710,000</u>	<u>72,120,000</u>	<u>80,415,000</u>	<u>84,825,000</u>	<u>193,025,000</u>	<u>240,245,000</u>
<u>\$ 246,965,186</u>	<u>\$ 289,029,760</u>	<u>\$ 315,416,408</u>	<u>\$ 303,339,810</u>	<u>\$ 404,812,975</u>	<u>\$ 450,790,056</u>
25%	20%	20%	22%	32%	(1) 35%

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

Schedule 13a

Street & Highway Revenue Bonds

Fiscal Year	Highway User Taxes	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
1999	\$ 9,035,776	\$ 5,098,331	\$ 3,937,445	\$ 2,155,000	\$ 3,663,378	0.68
2000	9,468,864	5,930,349	3,538,515	2,400,000	2,666,316	0.70
2001	9,865,633	6,338,691	3,526,942	420,000	2,763,717	1.11
2002	10,946,942	6,859,931	4,087,011	1,910,000	2,460,983	0.94
2003	11,443,762	7,453,094	3,990,668	2,025,000	2,021,322	0.99
2004	12,225,100	7,125,374	5,099,726	2,110,000	2,255,270	1.17
2005	12,852,329	8,302,871	4,549,458	2,095,000	1,863,289	1.15
2006	13,870,790	7,731,437	6,139,353	2,440,000	1,870,433	1.42
2007	16,490,129	8,527,904	7,962,225	2,825,000	1,735,306	1.75
2008	15,856,863	8,299,229	7,557,634	2,965,000	1,628,797	1.65

Water Revenue Bonds

Fiscal Year	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
1999	\$ 27,673,581	\$ 12,128,606	\$ 15,544,975	\$ 1,535,000	\$ 3,895,336	2.86
2000	29,363,716	14,425,308	14,938,408	2,765,000	3,976,266	2.22
2001	31,348,875	15,231,413	16,117,462	3,087,800	3,116,390	2.60
2002	32,210,935	18,245,708	13,965,227	3,561,504	3,366,721	2.02
2003	34,895,930	21,435,429	13,460,501	7,255,900	2,965,187	1.32
2004	36,148,220	24,536,695	11,611,525	3,853,756	3,232,596	1.64
2005	36,860,006	25,371,528	11,488,478	4,282,606	2,798,390	1.62
2006	38,112,680	22,633,168	15,479,512	4,275,097	3,181,666	2.08
2007	39,054,531	23,844,731	15,209,800	4,447,321	2,881,971	2.08
2008	40,613,727	32,812,618	7,801,109	4,643,032	2,700,799	1.06

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

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

Schedule 13b

Waste Water Revenue Bonds						
Fiscal Year	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
1999	\$ 16,824,564	\$ 10,208,357	\$ 6,616,207	\$ 270,000	\$ 1,594,596	3.55
2000	17,380,475	11,072,108	6,308,367	540,000	1,620,041	2.92
2001	17,812,204	11,502,384	6,309,820	1,342,200	1,696,904	2.08
2002	18,627,080	10,878,826	7,748,254	1,548,496	2,098,401	2.12
2003	19,253,061	11,701,023	7,552,038	10,714,100	2,295,089	0.58
2004	19,849,892	11,845,344	8,004,548	1,296,244	1,713,875	2.66
2005	20,541,547	12,802,253	7,739,294	3,207,394	1,592,081	1.61
2006	20,499,458	14,217,466	6,281,992	3,499,903	1,828,920	1.18
2007	21,083,587	14,349,752	6,733,835	3,647,679	1,691,169	1.26
2008	25,145,258	17,923,089	7,222,169	3,786,968	1,554,504	1.35

Solid Waste Revenue Bonds						
Fiscal Year	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
1999	\$ 6,997,570	\$ 5,124,323	\$ 1,873,247	\$ 100,000	\$ 236,813	5.56
2000	7,514,525	5,894,509	1,620,016	100,000	229,750	4.91
2001	8,173,254	6,423,477	1,749,777	100,000	222,688	5.42
2002	8,571,736	7,781,800	789,936	125,000	215,750	2.32
2003	9,257,218	13,627,896	(4,370,678)	125,000	206,969	-13.17 (1)
2004	9,825,572	9,035,882	789,690	125,000	152,469	2.85
2005	9,773,505	8,703,517	1,069,988	-	71,844	14.89 (2)
2006	-	-	-	-	-	0.00
2007	-	-	-	-	-	0.00
2008	-	-	-	-	-	0.00

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

(1) Expenses for FY 03 include \$5,323,714 in landfill closure and post closure costs. The amount expensed 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.

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

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

Municipal Property Corporation Certificates of Participation

Fiscal Year	Water & Sewer Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
1999	\$ 44,498,145	\$ 22,336,963	\$ 22,161,182	\$ 575,000	\$ 1,389,362	11.28
2000	46,744,191	25,497,416	21,246,775	625,000	1,012,595	12.97
2001	49,161,079	26,733,797	22,427,282	650,000	959,470	13.93
2002	50,838,015	29,124,534	21,713,481	700,000	915,595	13.44
2003	54,148,991	33,136,452	21,012,539	775,000	867,295	12.79
2004	55,998,112	36,382,039	19,616,073	825,000	813,045	11.98
2005	57,401,553	38,173,781	19,227,772	875,000	755,295	11.79 (1)
2006	-	-	-	-	-	-
2007	-	-	-	-	-	-
2008	-	-	-	-	-	-

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

(1) All remaining debt was defeased in 2006.

**CITY OF CHANDLER, ARIZONA
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST TEN FISCAL YEARS**

Schedule 14

Fiscal Year	Population (1)	Total Personal Income (2)	Median Age (2)	Unemployment Rate (3)	Per Capita Personal Income (4)
1999	171,047	*	30.6	1.8%	*
2000	178,921	\$ 4,240,427,700	30.6	1.7%	23,700
2001	190,019	4,677,887,742	31.2	2.8%	24,618
2002	201,262	5,139,225,170	31.2	4.2%	25,535
2003	211,984	5,310,835,152	31.2	4.0%	25,053
2004	224,644	5,805,699,536	31.2	3.1%	25,844
2005	236,877	5,928,557,556	30.8	3.3%	25,028
2006	241,910	6,351,347,050	31.6	3.0%	26,255
2007	247,097	6,412,414,247	31.1	2.5%	25,951
2008	250,619	7,269,204,095	31.2	3.2%	29,005

*Information not available

Sources:

- 1 City's Long Range Planning Division
- 2 City's Economic Development Division
- 3 Arizona Department of Economic Security
- 4 SitesUSA

Note: Total personal income is composed of earned income, dividends, interest and rents, and government transfer payments.
 Per capita personal income is calculated by dividing total personal income by population; amounts may not be exact due to rounding.

**CITY OF CHANDLER, ARIZONA
 PRINCIPAL EMPLOYERS
 CURRENT YEAR AND TEN YEARS AGO**

Employer	2008		
	Employees	Rank	Percentage of Total City Employment
Intel Corporation	11,400	1	11.28%
Chandler Unified School District	2,400	2	2.38%
Countrywide Home Mortgage	2,350	3	2.33%
Wells Fargo Ocotillo Corp. Campus	2,200	4	2.18%
Chandler Regional Hospital	1,784	5	1.77%
City of Chandler	1,701	6	1.68%
Verizon Wireless	1,695	7	1.68%
Orbital Sciences	1,525	8	1.51%
Microchip Technology	1,485	9	1.47%
Freescale Semiconductor	1,400	10	1.39%
Motorola			
Ryobi Outdoor Products, Inc.			
AdFlex Solutions			
Basha's Corporate & Markets			
Total	27,940		27.66%

Source: City's Economic Development Division, Chandler Unified School District, Chandler Regional Hospital, and City of Chandler Human Resources

1999		
Employees	Rank	Percentage of Total City Employment
9,200	1	12.44%
2,175	2	2.94%
910	6	1.23%
1,071	5	1.45%
450	10	0.61%
750	8	1.01%
1,400	3	1.89%
1,200	4	1.62%
800	7	1.08%
700	9	0.95%
<u>18,656</u>		<u>25.22%</u>

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

	Fiscal Year					
	1999	2000	2001	2002	2003	
Full Time Equivalent Personnel						
Mayor and Council	2	4	4	4	4	
City Clerk	4	5	6	6	6	
City Manager	21	23	26	30	69	(1)
Communications/Public Affairs	6	8	10	11	17	
City Magistrate	32	37	39	40	41	
Law	20	21	21	23	25	
Management Services	106	113	127	124	97	(1)
Total General Government	191	211	233	238	259	
Total Planning and Development	101	116	124	115	117	
Total Community Services	131	154	162	170	178	
Public Works Administration	5	6	7	5	2	
Streets	49	53	57	53	53	
Airport	4	6	6	6	5	
Engineering, Development and Real Estate	65	77	85	75	72	
Total Public Works	123	142	155	139	132	
Police	357	378	420	423	440	
Fire	129	142	160	174	181	
Total Public Safety	486	520	580	597	621	
Municipal Utilities Administration	4	5	6	4	5	
Water	73	76	81	81	90	
Wastewater	26	32	27	38	39	
Solid Waste	18	20	22	24	24	
Total Municipal Utilities	121	133	136	147	158	
Total Primary Government	1,153	1,276	1,390	1,406	1,465	

Source: City's Human Resources Division

(1) The significant change in this year is a result of the Information Technology Division moving from the Management Services Department to the City Manager Department.

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

Notes: The calculation of full time equivalent personnel includes full time and part time regular employees as of the last pay period of the fiscal year.

Fiscal Year				
2004	2005	2006	2007	2008
4	5	5	5	5
6	6	5	6	6
71	70	74	79	104
17	18	18	17	18
41	40	39	44	48
23	24	25	27	29
99	96	95	101	106
261	259	261	279	316
117	111	108	111	114
183	178	182	219	243
3	3	3	3	3
53	48	55	59	64
6	6	6	6	6
78	74	71	76	85
140	131	135	144	158
438	436	460	487	496
179	195	207	219	228
617	631	667	706	724
5	5	5	5	5
85	85	85	85	88
29	41	41	42	43
20	18	21	21	20
139	149	152	153	156
1,457	1,459	1,505	1,612	1,711

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

Function/Program	Fiscal Year			
	2002	2003	2004	2005
General Government				
Privilege Tax Licenses Issued	13,437	14,843	15,713	16,663
Meeting Notices Posted	450	501	504	534
City Council Actions and Agenda Items Prepared	1,109	947	996	1,542
Grant Awards Received	43	46	47	49
Inventory Turnover Ratio	2.95	3.72	3.77	3.46
Planning & Development				
Building Permits Issued	8,737	9,723	11,688	8,951
Community Services				
Library Circulation	1,501,217	1,700,786	1,817,536	1,967,446
Center for the Arts Events & Exhibits	523	535	1,010	1,027
Public Safety				
Crime Rate (per 1,000 population)	51.8	54.1	48.1	40.7
Total Calls for Police Services (estimated)	125,817	126,710	113,501	136,942
Total Calls for Fire Services	13,646	13,614	14,560	15,310
Fire Inspections	2,386	3,705	2,236	3,767
Fire Investigations	86	49	33	58
Municipal Utilities				
Water Connections	58,962	64,862	66,105	70,375
Operating Wells	23	21	21	23
Daily Pumping Capacity - Wells (gallons)	62,090,000	55,800,000	55,800,000	57,400,000
Daily Pumping Capacity - Plants (gallons)	45,000,000	45,000,000	45,000,000	45,000,000
Sewer Connections	56,313	61,911	62,107	66,750
Sanitary Sewer (miles)	712	755	780	796
Solid Waste Customers Served	52,615	55,526	59,107	62,591
Solid Waste Refuse Collected (tons)	110,495	125,158	134,571	117,813
Solid Waste Refuse Recycled (tons)	19,490	20,417	21,678	23,379

Source: City of Chandler Departments

The city implemented Statement 34 in 2002, therefore, information presented on this schedule was unavailable before that year.

Fiscal Year		
2006	2007	2008
20,464	20,652	22,980
505	721	470
1,292	1,292	1,188
57	57	61
2.78	3.32	3.94
7,909	6,474	5,750
2,004,000	2,082,000	2,349,232
1,024	1,024	989
40	38	35
151,941	160,355	159,535
16,662	16,682	16,709
4,375	4,878	3,585
73	74	57
73,822	74,406	74,841
23	23	26
59,900,000	58,400,000	65,100,000
45,000,000	45,000,000	60,000,000
68,515	70,169	70,863
814	828	837
65,173	66,451	67,433
99,547	97,646	94,633
25,017	25,877	25,555

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

Schedule 18

Function/Program	Fiscal Year						
	2002	2003	2004	2005	2006	2007	2008
Community Services							
Developed Parks	48	49	51	51	53	54	58
Developed Acres	752	796	870	874	889	959	1,099
Undeveloped Acres	432	405	333	349	535 (1)	468	455
Swimming Pools	5	5	5	5	5	5	5
Other Recreational Facilities (Lighted Fields)	32	32	32	32	33	34	34
Library Bookstock	373,527	405,986	422,841	450,068	469,000	483,128	469,023
Public Works							
Total Miles Streets (center line)	743	762	768	775	785	812	822
Street Lights	20,400	22,154	23,140	24,218	25,100	25,307	26,326
Signalized Intersections	118	136	153	166	189	192	200
Based Aircraft	415	411	433	434	457	499	442
Public Safety							
Police Stations	1	1	1	1	2	2	3
Fire Stations	5	7	8	9	9	10	10
Municipal Utilities							
Water Mains (miles)	985	1,000	1,021	1,051	1,063	1,080	1,117
Fire Hydrants	8,617	9,393	10,368	10,799	10,952	12,291	13,033
Average Daily Treatment (mgd)	19	19	21	21	22	24	24

Source: City of Chandler Departments

(1) The 2006 increase in Undeveloped Acres is due to the purchasing of more land at the following sites: Tumbleweed, Landfill and Veteran Oasis.

The city implemented Statement 34 in 2002, therefore, information presented on this schedule was unavailable before that year.



*In 2007, Chandler was named one of the
100 Best Communities for Young People in the country.
The winning communities – ranging from small towns to
urban neighborhoods across America –
are celebrated for their commitment to provide
healthy, safe and caring environments for young people.*



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