



Dr. A.J. Chandler by Igor Zorkin

City of Chandler
**Comprehensive Annual
Financial Report**
Fiscal Year Ended June 30, 2009



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**CITY OF CHANDLER, ARIZONA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2009**

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Bob Caccamo, Vice-Mayor

Rick Heumann, Councilmember

Matt Orlando, Councilmember

Jeff Weninger , Councilmember

Trinity Donovan, Councilmember

Jack Sellers, Councilmember

Executive Staff:

Mark Pentz, City Manager

Patrick McDermott, Assistant City Manager

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Dennis Strachota, Director

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Penny Burczyk, Accounting Manager



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**CITY OF CHANDLER, ARIZONA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED JUNE 30, 2009**

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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.



Chandler Pioneer Family Sculpture by Emanuel Martinez

Located in west courtyard of Dr. A.J. Chandler Park

Bronze panel reliefs depicting historical images of the City of Chandler.



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December 28, 2009

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, 2009, 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.

The City is fifth 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

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Chandler, Arizona 85225

sector, which is led by high-tech industrial companies such as Intel, Orbital Sciences, Microchip Technologies and Freescale Semiconductor. These three companies combined employ 14,413 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 \$71,287. 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 4.8 percent for fiscal year 2008/09 compared with 6.3% for Maricopa County and 7.1% for the State of Arizona.

The City's sales tax revenues, which comprise over 40 percent of its general fund, dropped by 13 percent for 2008/09 from the prior year as the full effect of the recession was felt nationally and globally. In response to the economic recession and corresponding declining revenues, the City reduced its spending by \$20 million in its General Fund for 2008/09 through a combination of spending cuts and reserves specifically set aside for revenue fluctuations. Further reductions are expected for next fiscal year to make up a continued drop in state shared and local own source revenues. To date, Chandler has weathered the recession better than many other communities through a combination of sound financial policies, healthy reserves and conservative budgeting.

2008/2009 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.

- Chandler became one of only 40 cities in the nation to receive the 100 Best Communities for Young People award three times from America's Promise Alliance;
- Successfully implemented an early retirement incentive program that resulted in nearly \$4 million in ongoing annual savings for the City's General Fund;
- Created and promoted a new Commercial Reinvestment Program, which provides incentives for complete redevelopment of existing commercial centers to accommodate a new mix of sustainable uses.
- Implemented a new time and attendance system and the first phase of a citywide enterprise asset management system;
- Awarded 21st consecutive Distinguished Budget Presentation Award from the Government Finance Officers Association;
- Awarded the 4th consecutive Achievement in Excellence in Procurement Award and 3rd consecutive from the National Institute of Government Purchasing;
- Received AAA credit ratings from Standard and Poor's and Fitch Ratings and AA1 rating from Moody's Investor Services for its 2009 general obligation bond issue;
- Implemented a new enterprise-wide permitting system providing the City with first-ever web-based permitting and inspections scheduling system;
- Completed construction on Crossbow Park, West Mini Park, Tumbleweed Parks and Facilities Services Center, and Mesquite Groves Aquatic Center;
- Completed construction of the City's first regional commuter park and ride facility serving four express bus routes;
- Entered into a Regional Wireless Cooperative that will provide seamless interoperability with other metropolitan agencies for public safety communications;

- Established a fire district to provide fire and emergency services on a contractual basis to residents of county islands with the City's limits; and
- Completed construction on the San Tan Vista Water Treatment Plant jointly owned with the Town of Gilbert

Strategic Goals

The City of Chandler's continued goal is to provide the highest quality services to the community in the most cost-effective manner. The Council's strategy to achieve these results is through goals to improve Chandler in a coordinated manner and to make fiscally responsible decisions that will ultimately strengthen the City. The City Council updated its strategic goals in FY 2008-09 to focus on the following organizational priorities over the next two years.

- **Downtown**

Downtown Chandler and the Historic Square have served as the focal point of community life since Chandler's inception. Emerging today as a location for independent business and retail, the downtown also serves as the City's cultural center providing the community with a sense of identity and uniqueness.

- **Economic Development**

The ability of the City to maintain and enhance the quality of life of its residents depends upon a successful economic development program. High paid quality jobs attract potential residents, and diversifying the employment and tax base provides revenue to support the amenities enjoyed by the community.

- **Neighborhoods**

As Chandler has grown rapidly from a community of 30,000 in 1980 to 250,000 today, neighborhoods have become increasingly important to help define the community's quality of life and provide a sense of identity and place. The maintenance and long term care of our neighborhoods will become increasingly important as the community continues to age.

- **Sustainability**

In order to assure that Chandler's quality of life is enjoyed by future generations, it is imperative that the City acts as an effective steward of our financial and environmental resources. This effort is even more critical as city resources are becoming increasingly limited, and as best practices throughout the country have provided ample evidence of the many benefits of doing business in a more sustainable fashion. The City Council is committed to the stewardship of the City's resources through improved business practices and the conservation of our financial and environmental assets.

- **Transportation**

An effective multimodal transportation system is critical to the long-term vitality of the Chandler community. The City must maintain a viable transportation network that includes an efficient arterial street and transit system that is connected regionally, as well as a network that is bicycle and pedestrian friendly.

FINANCIAL INFORMATION

Internal Control Structure

Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting

data are compiled to allow for the preparation of financial statements in conformity with GAAP. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal, state and county financial assistance, the City is also responsible for ensuring that an adequate internal control structure is in place to ensure and document compliance with applicable laws and regulations related to these programs. This internal control structure is subject to periodic evaluation by management and various other City staff, as needed.

Single Audit

As a part of the City's single audit, described earlier, tests were made of the City's internal control structure and of its compliance with applicable laws and regulations, including those related to federal financial assistance programs. The audit for the fiscal year ended June 30, 2009 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 (FY 2008/2009, \$797,894,348). 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, 2009, the City's reserve for self-insurance claims amounted to \$44.3 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, 2008, marking the twenty-seventh 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 Penny Burczyk, Accounting Manager, Derrick Beracy, Senior Financial Reporting Analyst, Debbie Dulanski-Garcia, Senior Accountant, Triana Dowrick, Senior Accountant, and Annette Fries, Executive Assistant. Special thanks also go to Julie Buelt, 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,

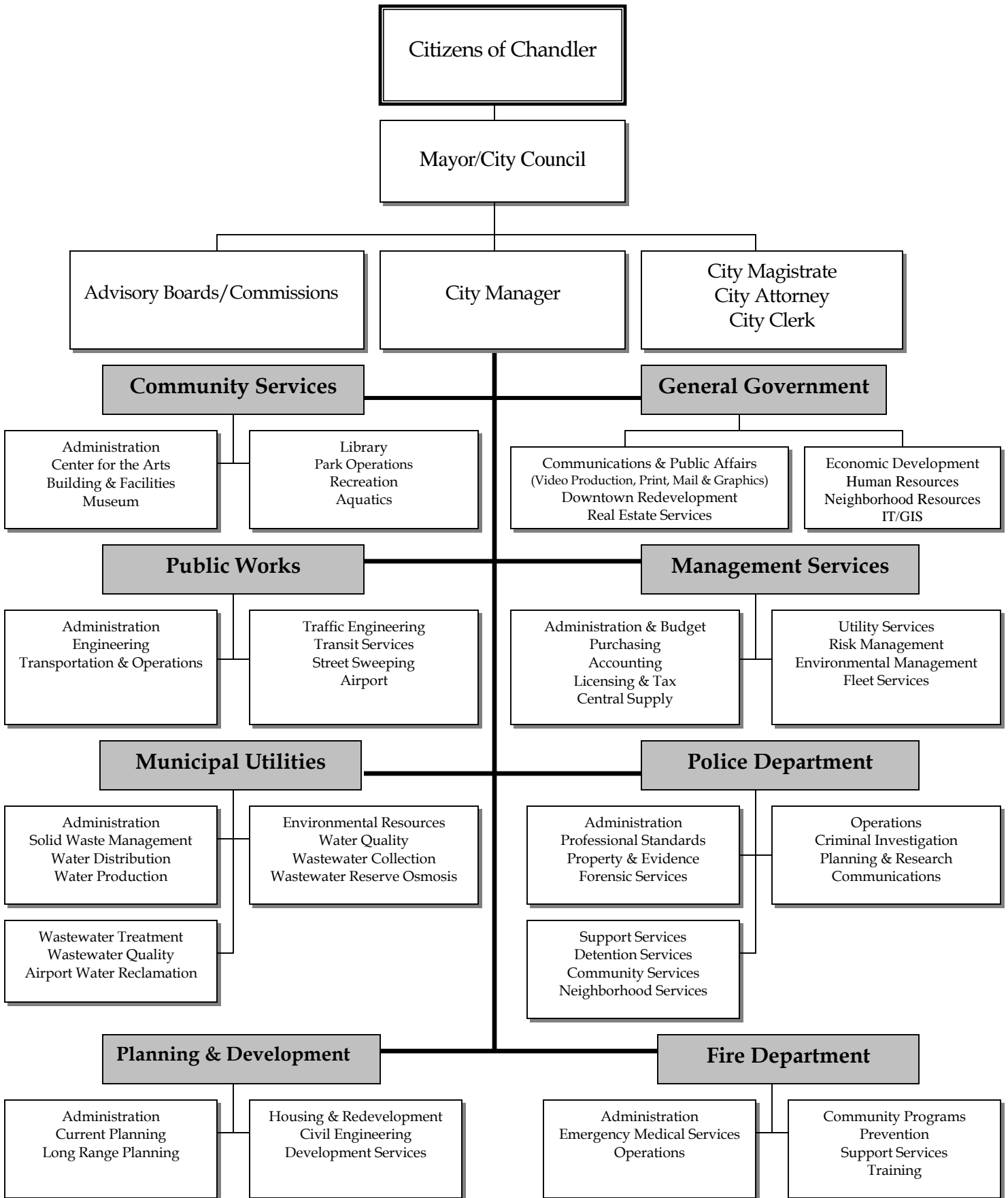


Dennis Strachota
Management Services Director



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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, 2008

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.



President

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.



*Short Cut by Jane DeDecker
Located on the park trail in Desert Breeze Park
Bronze sculpture*



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, 2009, 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, 2009, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2009, 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, Budgetary Comparison Schedule for the General Fund and the Schedules of Funding Progress, as listed in the table of contents, 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, the Combining Non-Major and Fiduciary Fund Financial Statements of the Financial Section, Other Supplemental Information, and the Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Combining Non-Major and Fiduciary Fund Financial Statements and the Other Supplemental Information 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 the Statistical Section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Heinfeld, Meech & Co., P.C.

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

December 18, 2009

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, 2009

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, 2009. 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 2009 as follows:

- The City's total net assets of \$823.3 million in governmental activities and \$485.8 million in business-type activities represent 62.9% and 37.1% respectively, of the total net assets of \$1,309.1 million.
- General revenues from governmental activities accounted for \$222.1 million in revenue, or 78.9% of all revenues from governmental activities. Program specific revenues in the form of charges for services and grants and contributions accounted for \$59.4 million or 21.1% of total governmental activities revenues. The City had \$95.1 million of program revenues and \$4.9 million in general revenues and transfers related to business-type activities.
- The major governmental funds which includes the General Fund, totaling \$221.1 million in revenues, consisting primarily of local taxes, intergovernmental taxes, charges for services, and licenses and permits. The total expenditures of the General Fund were \$189.7 million and the fund balance increased from \$224.3 million to \$224.9 million. The Streets capital projects fund had \$10.9 million in revenues. The total expenditures of the Streets Fund were \$50.3 million and the fund balance increased by \$55.8 million from \$9.1 million to \$64.9 million consisting primarily of the face amount of bonds issued.
- Net assets of the Internal Service Fund increased \$1.3 million, and had operating expenses of \$6.5 million exceeded operating revenues by \$2.8 million consisting primarily of claim settlement payments.

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:

- **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.

CITY OF CHANDLER, ARIZONA
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2009

• **Component units** – The discretely presented component units are the Chandler Industrial Development Authority and the Chandler Cultural Foundation.

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

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

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

The City maintains 22 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the Streets Fund, which are considered to be major funds. Data from the other 20 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements and schedules 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.

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.

CITY OF CHANDLER, ARIZONA
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2009

GOVERNMENT-WIDE FINANCIAL ANALYSIS

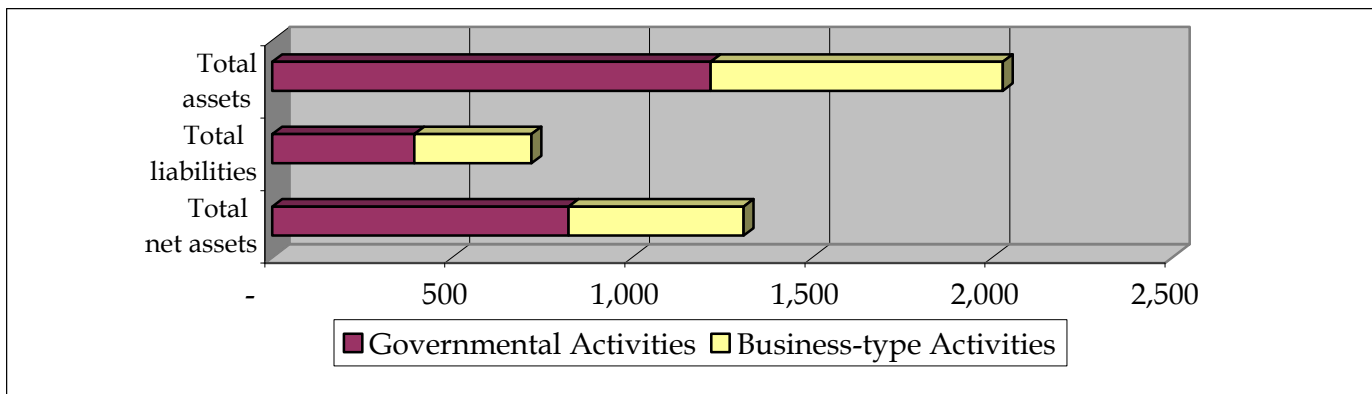
Net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$1,309.1 million as of June 30, 2009.

A significant portion of the City's net assets (62.7% 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, 2009 and 2008.

	Governmental Activities		Business-type Activities		Total (Primary Govt.)	
	2009	2008	2009	2008	2009	2008
Current assets	\$ 457,085,839	\$ 403,860,617	\$ 121,703,908	\$ 76,276,312	\$ 578,789,747	\$ 480,136,929
Capital assets, net	756,199,899	666,033,305	686,468,986	618,009,477	1,442,668,885	1,284,042,782
Non-current assets	4,613,830	3,995,503	3,260,776	2,472,216	7,874,606	6,467,719
Total assets	1,217,899,568	1,073,889,425	811,433,670	696,758,005	2,029,333,238	1,770,647,430
Current liabilities	57,420,810	54,410,901	30,520,113	51,554,710	87,940,923	105,965,611
Non-current liabilities	337,224,162	266,530,736	295,097,643	148,453,205	632,321,805	414,983,941
Total liabilities	394,644,972	320,941,637	325,617,756	200,007,915	720,262,728	520,949,552
Net assets:						
Invested in capital assets, net of related debt	433,851,899	353,996,843	387,401,986	427,130,654	821,253,885	781,127,497
Restricted	117,712,539	56,979,639	-	24,319,427	117,712,539	81,299,066
Unrestricted	271,690,158	341,971,306	98,413,928	45,300,009	370,104,086	387,271,315
Total net assets	\$ 823,254,596	\$ 752,947,788	\$ 485,815,914	\$ 496,750,090	\$ 1,309,070,510	\$ 1,249,697,878



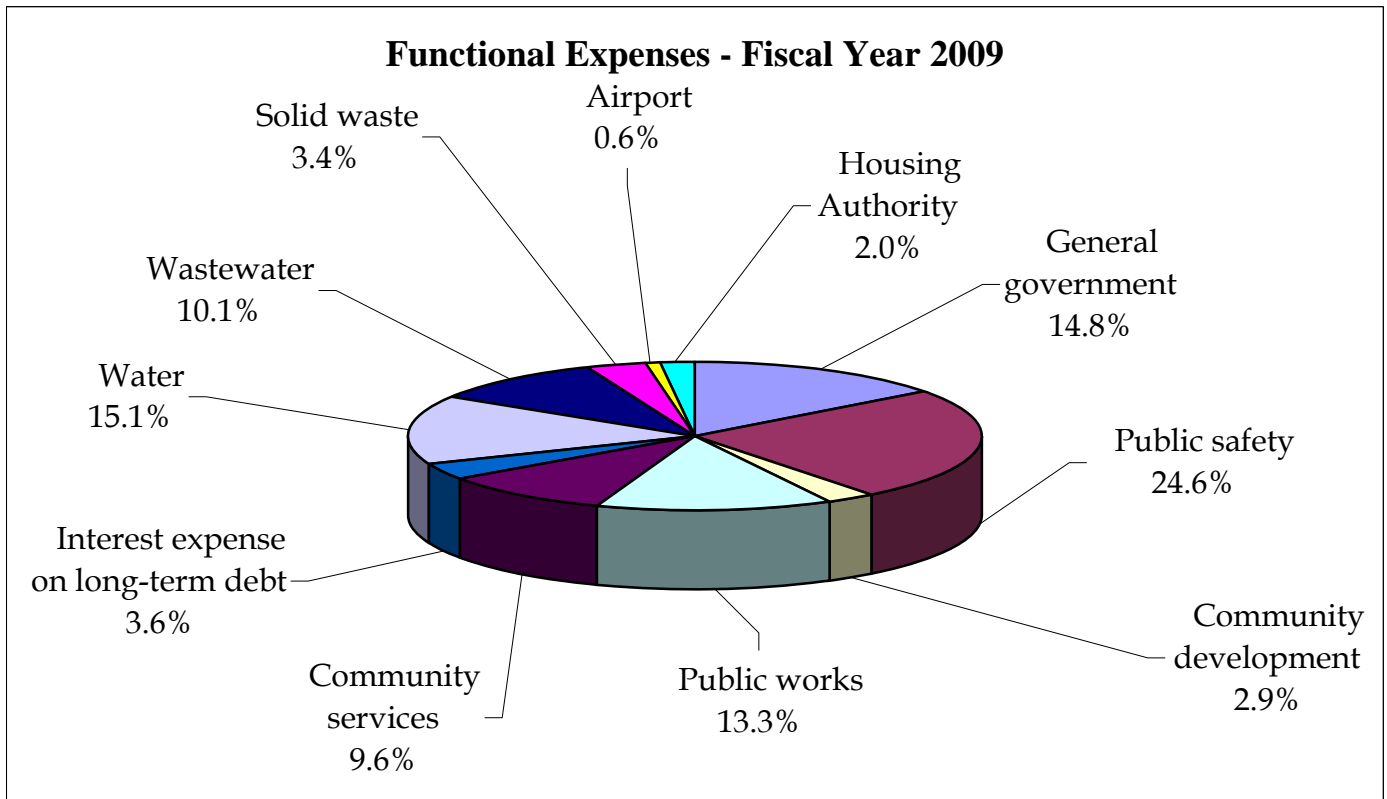
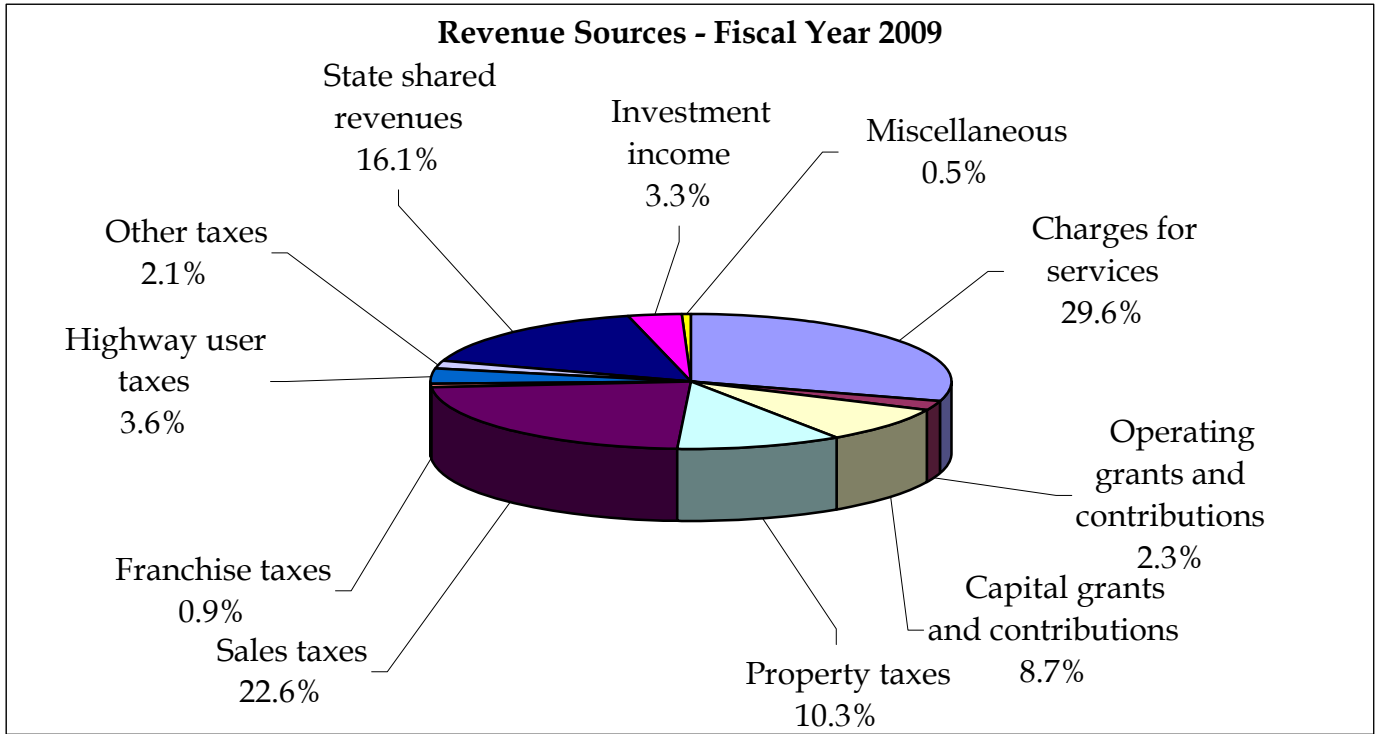
Changes in net assets. The City's total revenues for the fiscal year ended June 30, 2009 were \$380 million. The total cost of all programs and services was \$355.6 million. The following table presents a summary of the changes in net assets for the fiscal years ended June 30, 2009 and 2008.

CITY OF CHANDLER, ARIZONA
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2009

	Governmental Activities		Business-type Activities		Total (Primary Govt.)	
	2009	2008	2009	2008	2009	2008
Revenues:						
Program revenues						
Charges for services	\$ 33,195,803	\$ 40,966,791	\$ 79,729,536	\$ 80,573,787	\$ 112,925,339	\$ 121,540,578
Operating grants and contributions	2,337,910	1,897,300	6,225,928	6,114,138	8,563,838	8,011,438
Capital grants and contributions	23,902,360	36,104,151	9,110,319	19,782,193	33,012,679	55,886,344
General revenues						
Property taxes	38,957,986	34,063,123	-	-	38,957,986	34,063,123
Sales tax	85,897,334	97,226,841	-	-	85,897,334	97,226,841
Franchise taxes	3,264,093	3,937,952	-	-	3,264,093	3,937,952
Highway user taxes	13,849,284	15,856,863	-	-	13,849,284	15,856,863
Other taxes	7,921,275	3,786,677	-	-	7,921,275	3,786,677
State shared revenues	61,211,289	62,970,459	-	-	61,211,289	62,970,459
Investment income	10,045,274	20,823,059	2,536,237	5,906,545	12,581,511	26,729,604
Miscellaneous	995,606	767,221	788,478	1,792,816	1,784,084	2,560,037
Total revenues	281,578,214	318,400,437	98,390,498	114,169,479	379,968,712	432,569,916
Expenses:						
General government	52,293,004	54,459,719	-	-	52,293,004	54,459,719
Public safety	87,609,165	80,860,917	-	-	87,609,165	80,860,917
Community development	10,429,826	11,692,559	-	-	10,429,826	11,692,559
Public works	47,180,197	39,241,652	-	-	47,180,197	39,241,652
Community services	34,278,998	33,086,565	-	-	34,278,998	33,086,565
Interest and fiscal charges	12,938,524	14,880,604	-	-	12,938,524	14,880,604
Water	-	-	53,201,379	53,554,653	53,201,379	53,554,653
Wastewater	-	-	36,079,767	30,657,939	36,079,767	30,657,939
Solid waste	-	-	12,076,998	6,845,979	12,076,998	6,845,979
Airport	-	-	2,269,691	1,602,268	2,269,691	1,602,268
Housing authority	-	-	7,239,185	7,593,242	7,239,185	7,593,242
Total expenses	244,729,714	234,222,016	110,867,020	100,254,081	355,596,734	334,476,097
Increase (decrease) before transfers	36,848,500	84,178,421	(12,476,522)	13,915,398	24,371,978	98,093,819
Transfers in (out)	(1,542,346)	534,086	1,542,346	(534,086)	-	-
Increase (decrease) in net assets	35,306,154	84,712,507	(10,934,176)	13,381,312	24,371,978	98,093,819
Beginning net assets as restated	787,948,442	668,235,281	496,750,090	483,368,778	1,284,698,532	1,151,604,059
Ending net assets	\$ 823,254,596	\$ 752,947,788	\$ 485,815,914	\$ 496,750,090	\$ 1,309,070,510	\$ 1,249,697,878

CITY OF CHANDLER, ARIZONA
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2009

GOVERNMENT-WIDE FINANCIAL ANALYSIS, concluded



CITY OF CHANDLER, ARIZONA
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2009

As evident in the previous graph the largest financing source for the City is charges for services at 29.6% 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 22.6% of the total revenues with state shared revenues accounting for an additional 16.1% of the City's total revenues.

The City as a whole uses the largest amount of resources for public safety at 24.6% of the total functional expenses of the City. The next largest users of resources are water services and general government functions at 15.1% and 14.8%, respectively, with wastewater services also accounting for 10.1% 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 \$348.9 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 36.6% for encumbrances, debt service, legal restrictions and capital improvements. The remaining 63.4% 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 \$194.5 million, while total fund balance reached \$224.9 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 102.5% of total general fund expenditures, while total fund balance represents 118.6% of that same amount.

The fund balance of the City's general fund increased by \$0.6 million during the current fiscal year. Key factor in this increase was the increase in secondary property taxes. However, sales taxes and licenses and permits decreased 12 percent and 31 percent respectively over the previous year, an effect of the economic recession.

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 \$64.9 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 129.0% of that same amount.

The fund balance of the City's street fund increased by \$55.8 million during the current fiscal year. A key factor in this increase was a bond issuance in the amount of \$87.8 million.

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

Net assets for the Enterprise Funds and the Internal Service Funds at the end of the fiscal year amounted to \$485.8 million and \$44.3 million, respectively. Net assets after investing in capital assets and net of related debt is 20.3% unrestricted.

The net assets of the water fund increased by \$19.2 million, due to a repayment transfer of funds from the wastewater fund. The net assets of the wastewater fund decreased by \$31.2 million, primarily due to a repayment transfer of funds to the water fund.

CITY OF CHANDLER, ARIZONA
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2009

BUDGETARY HIGHLIGHTS

The City of Chandler is conservative in its budgeting approach and continues its commitment to a high quality, well planned, fiscally sound, and diverse community. In keeping with these values, the challenges faced with this year's economic downturn were met head on. City staff members at all levels were involved in the efforts to identify potential areas where expenditures could be reduced and those where revenues could be increased. The balanced budget prepared for fiscal year 2008-2009 supported Council's vision, citizens' demands, and high quality services while maintaining financial stability. The City continued with its sound financial policies of only using ongoing revenues to support ongoing expenditures, and one-time funds to support one-time expenditures, and a 12% contingency reserve was included in General Fund for emergency use. In addition, the Council maintained the property tax rate of \$1.1814 per \$100 of assessed value and no rate increases were included for sewer, water or solid waste. 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 spent well under its legal limit in fiscal year 2008-2009. As a result of the declining economy, the City ended the year 2008-2009 with lower revenues than budgeted, and made adjustments to its expenditures accordingly.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2009, the City had invested \$821.3 million in capital assets net of related debt, including buildings, facilities, vehicles, computers, equipment, and infrastructure assets. Total depreciation expense for the year was \$61.8 million.

The following table presents capital asset balances net of accumulated depreciation for the fiscal years, ended June 30, 2009 and 2008.

	Governmental Activities		Business-type Activities		Total (Primary Govt.)	
	2009	2008	2009	2008	2009	2008
Land	\$ 79,989,613	\$ 79,854,613	\$ 41,256,107	\$ 41,256,107	\$ 121,245,720	\$ 121,110,720
Land improvements	-	-	744,511	545,623	744,511	545,623
Infrastructure	351,508,864	333,426,304	-	-	351,508,864	333,426,304
System improvements	-	-	529,528,298	400,597,004	529,528,298	400,597,004
System improvements - Joint Venture	-	-	80,950,007	-	80,950,007	-
Buildings and improvements	176,877,733	161,307,653	9,243,097	9,572,519	186,120,830	170,880,172
Machinery and equipment	25,268,878	23,462,085	2,573,053	2,923,924	27,841,931	26,386,009
Construction in progress - Joint Venture	-	-	-	37,414,771	-	37,414,771
Construction in progress	122,554,811	67,982,650	22,173,913	125,699,529	144,728,724	193,682,179
Total	\$ 756,199,899	\$ 666,033,305	\$ 686,468,986	\$ 618,009,477	\$ 1,442,668,885	\$ 1,284,042,782

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

Debt Administration. At year-end, the City had \$636.2 million in long-term debt outstanding with \$27.7 million due within one year. The following table presents a summary of the City's outstanding long-term debt for the fiscal years ended June 30, 2009 and 2008.

CITY OF CHANDLER, ARIZONA
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2009

	Governmental Activities		Business-type Activities		Total (Primary Govt.)	
	2009	2008	2009	2008	2009	2008
General obligation bonds	\$ 294,588,000	\$ 187,645,000	\$ 188,612,000	\$ 60,395,000	\$ 483,200,000	\$ 248,040,000
Revenue bonds	34,690,000	37,655,000	76,415,000	93,000,000	111,105,000	130,655,000
Excise tax revenue bonds	-	-	34,040,000	-	34,040,000	-
Special assessment bonds	7,820,000	8,345,000	-	-	7,820,000	8,345,000
Accrued interest - capital appreciation bonds	-	35,000,654	-	-	-	35,000,654
Total	\$ 337,098,000	\$ 268,645,654	\$ 299,067,000	\$ 153,395,000	\$ 636,165,000	\$ 422,040,654

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 \$701.6 million. The City has \$472.3 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 \$210.5 million. The City has \$10.9 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. Excise Tax bonds are Aa2 from Moody's Investor Services, AAA 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

In response to the continuing economic crisis, the City of Chandler planned for the economic downturn when preparing the fiscal year 2009-10 budget, and City officials continued to take steps during the process of developing the fiscal year 2009-10 budget to maintain the balance of taxpayer concerns and resource needs. The overall property tax rate of \$1.1814 per \$100 of assessed value remained constant, with \$.03292 allocated to the primary rate and \$.08522 to the secondary rate for fiscal year 2009-10. The amounts available for appropriation in the General Fund adopted budget are \$336,701,292, a decrease of 6.7% over the prior year adopted budget which includes general obligation supported debt service. For C.A.F.R. purposes the debt service is reflected as a separate fund. While many revenue sources have been impacted by the recession, the principal drivers are local and state shared sales tax. Items added into the General Fund budget for fiscal year 2009-10 were limited to only the most essential requirements, and were primarily related to the previously anticipated operations of recently completed capital projects. Financial strategies put into place during the last fiscal year are ongoing, including the examination of services and service levels, updates to rates and charges, and capital project revenue and priority review. As a result, the fiscal year 2009-10 budget reflects the highest priority needs given the limited available resources.

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, 2009

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Equity in pooled cash and investments	\$ 439,276,306	\$ 110,120,224	\$ 549,396,530
Cash and investments	-	-	-
Accounts receivable	583,439	11,884,137	12,467,576
Interest receivable	-	-	-
Prepaid items	250,989	347,584	598,573
Property taxes receivable	1,361,235	-	1,361,235
Other taxes receivable	2,203,612	-	2,203,612
Internal balances	770,297	(770,297)	-
Due from other governments	4,353,796	24,629	4,378,425
Inventory	1,098,640	97,631	1,196,271
Special assessment receivable	7,007,525	-	7,007,525
Other receivables	180,000	-	180,000
Total current assets	457,085,839	121,703,908	578,789,747
Noncurrent assets:			
Cash and investments - restricted	-	-	-
Long-term notes receivable	618,087	394,450	1,012,537
Other assets	3,995,743	2,866,326	6,862,069
Capital assets:			
Non-depreciable	202,544,424	63,430,020	265,974,444
Depreciable, net - Joint venture	-	80,950,007	80,950,007
Depreciable, net	553,655,475	542,088,959	1,095,744,434
Total capital assets	756,199,899	686,468,986	1,442,668,885
Total noncurrent assets	760,813,729	689,729,762	1,450,543,491
Total assets	1,217,899,568	811,433,670	2,029,333,238
LIABILITIES			
Current liabilities:			
Accounts payable	17,313,653	8,634,280	25,947,933
Accrued payroll	4,129,631	447,529	4,577,160
Trust liabilities and deposits	8,665,674	2,140,253	10,805,927
Accrued interest	8,214,855	5,516,657	13,731,512
Unearned revenue	-	396,912	396,912
Compensated absences payable - current	424,302	47,456	471,758
Bonds payable - current	15,255,000	12,415,000	27,670,000
Arbitrage liability - current	231,710	69,755	301,465
Other payables - current	3,185,985	852,271	4,038,256
Total current liabilities	57,420,810	30,520,113	87,940,923
Noncurrent liabilities:			
Compensated absences payable	7,170,867	802,066	7,972,933
Bonds payable	321,843,000	286,652,000	608,495,000
Arbitrage liability	17,729	27,271	45,000
Other payables	7,252,712	5,160,715	12,413,427
Landfill closure and postclosure costs	-	2,455,591	2,455,591
Claims payable	939,854	-	939,854
Total noncurrent liabilities	337,224,162	295,097,643	632,321,805
Total liabilities	394,644,972	325,617,756	720,262,728
NET ASSETS			
Invested in capital assets, net of related debt	433,851,899	387,401,986	821,253,885
Restricted for:			
Capital improvements	95,725,396	-	95,725,396
Debt service	21,105,405	-	21,105,405
Legal restrictions	881,738	-	881,738
Total restricted	117,712,539	-	117,712,539
Unrestricted	271,690,158	98,413,928	370,104,086
Total net assets	\$ 823,254,596	\$ 485,815,914	\$ 1,309,070,510

See accompanying Notes to Basic Financial Statements.

Component Units	
Chandler Industrial Development Authority	Chandler Cultural Foundation
\$ -	\$ -
395,026	843,725
-	5,684
-	13,632
-	19,000
-	-
-	-
-	-
-	-
-	-
-	-
<u>395,026</u>	<u>882,041</u>
-	1,274,896
-	-
-	6,000
-	-
-	-
-	100,805
-	100,805
-	1,381,701
<u>395,026</u>	<u>2,263,742</u>
-	18,569
-	-
-	-
-	-
-	65,017
-	-
-	-
-	-
-	-
-	-
-	83,586
-	-
-	-
-	-
-	-
-	-
-	83,586
-	-
-	100,805
-	-
-	-
-	1,274,896
-	1,274,896
<u>395,026</u>	<u>804,455</u>
<u>\$ 395,026</u>	<u>\$ 2,180,156</u>

City of Chandler
Statement of Activities and Changes in Net Assets
For the year ended June 30, 2009

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities:					
General government	\$ 52,293,004	\$ 14,349,483	\$ 238,179	\$ -	\$ 14,587,662
Public safety	87,609,165	4,802,272	1,791,662	-	6,593,934
Community development	10,429,826	3,581,458	-	1,443,793	5,025,251
Public works	47,180,197	5,226,726	-	22,458,567	27,685,293
Community services	34,278,998	5,235,864	308,069	-	5,543,933
Interest on long-term debt	12,938,524	-	-	-	-
Total governmental activities	244,729,714	33,195,803	2,337,910	23,902,360	59,436,073
Business-type activities:					
Water	53,201,379	39,707,910	-	3,975,035	43,682,945
Wastewater	36,079,767	25,922,530	-	4,620,013	30,542,543
Solid waste	12,076,998	12,762,120	-	37,332	12,799,452
Airport	2,269,691	741,556	-	324,891	1,066,447
Community services - housing authority	7,239,185	595,420	6,225,928	153,048	6,974,396
Total business-type activities	110,867,020	79,729,536	6,225,928	9,110,319	95,065,783
Total primary government	\$ 355,596,734	\$ 112,925,339	\$ 8,563,838	\$ 33,012,679	\$ 154,501,856
Component Units					
Chandler Industrial Development Authority	\$ 729	\$ 63,539	\$ -	\$ -	\$ 63,539
Chandler Cultural Foundation	1,254,577	888,183	272,594	-	1,160,777
Total component units	\$ 1,255,306	\$ 951,722	\$ 272,594	\$ -	\$ 1,224,316

General revenues and transfers:

Taxes:

Property taxes, levied for general purposes

Sales taxes

Franchise fees

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, as restated (Note 18)

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
\$ (37,705,342)	\$ -	\$ (37,705,342)	\$ -	\$ -
(81,015,231)	-	(81,015,231)	-	-
(5,404,575)	-	(5,404,575)	-	-
(19,494,904)	-	(19,494,904)	-	-
(28,735,065)	-	(28,735,065)	-	-
(12,938,524)	-	(12,938,524)	-	-
(185,293,641)	-	(185,293,641)	-	-
-	(9,518,434)	(9,518,434)	-	-
-	(5,537,224)	(5,537,224)	-	-
-	722,454	722,454	-	-
-	(1,203,244)	(1,203,244)	-	-
-	(264,789)	(264,789)	-	-
-	(15,801,237)	(15,801,237)	-	-
(185,293,641)	(15,801,237)	(201,094,878)	-	-
-	-	-	62,810	-
-	-	-	-	(93,800)
-	-	-	62,810	(93,800)
38,957,986	-	38,957,986	-	-
85,897,334	-	85,897,334	-	-
3,264,093	-	3,264,093	-	-
13,849,284	-	13,849,284	-	-
7,921,275	-	7,921,275	-	-
149,889,972	-	149,889,972	-	-
61,211,289	-	61,211,289	-	-
10,045,274	2,536,237	12,581,511	10,923	76,346
995,606	788,478	1,784,084	-	34,608
(1,542,346)	1,542,346	-	-	-
220,599,795	4,867,061	225,466,856	10,923	110,954
35,306,154	(10,934,176)	24,371,978	73,733	17,154
787,948,442	496,750,090	1,284,698,532	321,293	2,163,002
\$ 823,254,596	\$ 485,815,914	\$ 1,309,070,510	\$ 395,026	\$ 2,180,156

**City of Chandler
Balance Sheet
Governmental Funds
June 30, 2009**

	Major Funds			
	General	Streets Capital Projects	Other Governmental Funds	Total
ASSETS				
Equity in pooled cash and investments	\$ 215,226,608	\$ 75,973,422	\$ 99,826,277	\$ 391,026,307
Accounts receivable	583,357	-	82	583,439
Prepaid items	250,989	-	-	250,989
Property tax receivable	1,361,235	-	-	1,361,235
Special assessments receivable	-	-	7,007,525	7,007,525
Other taxes receivable	2,201,119	2,493	-	2,203,612
Notes receivable	-	-	618,087	618,087
Advances to other funds	29,091,414	-	10,388,971	39,480,385
Due from other funds	3,555,374	-	-	3,555,374
Due from other governments	2,926,230	-	1,427,566	4,353,796
Inventories	1,098,640	-	-	1,098,640
Other receivables	-	-	180,000	180,000
Total assets	\$ 256,294,966	\$ 75,975,915	\$ 119,448,508	\$ 451,719,389
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 9,057,014	\$ 2,997,744	\$ 5,038,725	\$ 17,093,483
Accrued payroll	3,995,338	-	121,105	4,116,443
Trust liabilities and deposits	8,665,674	-	-	8,665,674
Accrued interest payable	-	-	8,214,855	8,214,855
Due to other funds	-	-	3,555,374	3,555,374
Advances from other funds	8,755,729	7,870,000	22,084,359	38,710,088
Arbitrage liability	-	160,640	88,799	249,439
Bonds payable (matured)	-	-	14,750,000	14,750,000
Deferred revenue	881,339	-	6,620,220	7,501,559
Total liabilities	31,355,094	11,028,384	60,473,437	102,856,915
Fund Balances:				
Reserved for:				
Capital improvements	-	64,947,531	30,777,865	95,725,396
Debt service	19,563,351	-	1,542,054	21,105,405
Encumbrances	10,037,222	-	-	10,037,222
Legal restrictions	881,738	-	-	881,738
Unreserved designated for:				
General purposes	179,882,771	-	-	179,882,771
Unreserved, undesignated:				
General fund	14,574,790	-	-	14,574,790
Special revenue funds	-	-	18,786,740	18,786,740
Capital projects funds	-	-	7,868,412	7,868,412
Total fund balances	224,939,872	64,947,531	58,975,071	348,862,474
Total liabilities and fund balances	\$ 256,294,966	\$ 75,975,915	\$ 119,448,508	\$ 451,719,389

See accompanying Notes to Basic Financial Statements.

City of Chandler
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Assets
June 30, 2009

Total Fund Balances - Total Governmental Funds \$ 348,862,474

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, they were not reported in the Governmental Funds Balance Sheet.

Non-depreciable	202,544,424
Depreciable buildings, property, equipment and infrastructure, net	<u>553,655,475</u>
Total capital assets	<u>756,199,899</u>

Certain revenues are not available to pay for current period expenditures and, therefore, are deferred in the funds. 7,501,559

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. 44,328,756

Long-term liabilities are not due and payable in the current period. Therefore, they were not reported in the Governmental Funds Balance Sheet. Except for the internal service funds amounts of \$3,684,850 which are included above, the long-term liabilities were adjusted as follows:

Bonds and other payables	(322,848,985)
Bonds premium	(5,220,887)
Bond issuance costs	3,995,743
Other payables	(2,023,133)
Compensated absences	<u>(7,540,830)</u>
Total long-term liabilities	<u>(333,638,092)</u>

Net Assets of Governmental Activities \$ 823,254,596



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, 2009

	Major Funds			Total
	General	Streets Capital Projects	Other Governmental Funds	
	General	Capital Projects	Funds	
REVENUES:				
Property taxes	\$ 38,677,156	\$ -	\$ -	\$ 38,677,156
Sales taxes	85,897,334	-	-	85,897,334
Franchise taxes	3,264,093	-	-	3,264,093
Highway user taxes	-	-	13,849,284	13,849,284
Regional transportation tax	-	7,921,275	-	7,921,275
State shared	61,211,289	-	-	61,211,289
Grants and entitlements	-	-	18,168,904	18,168,904
System development fees	-	1,386,213	3,088,816	4,475,029
Special assessments	-	-	863,747	863,747
Licenses and permits	2,667,720	-	-	2,667,720
Charges for services	17,943,550	-	1,549,190	19,492,740
Fines and forfeitures	4,912,159	-	-	4,912,159
Rentals	138,667	-	-	138,667
Contributions	50,000	-	-	50,000
Interest income	5,209,297	1,376,849	2,239,549	8,825,695
Miscellaneous	1,172,564	246,382	242,826	1,661,772
Total revenues	221,143,829	10,930,719	40,002,316	272,076,864
EXPENDITURES:				
Current:				
General government	40,003,215	-	499,898	40,503,113
Public safety	83,722,259	-	771,557	84,493,816
Community development	9,362,459	-	1,147,008	10,509,467
Public works	10,687,193	-	8,596,450	19,283,643
Community services	29,423,774	-	492,228	29,916,002
Capital improvements	16,510,408	49,627,420	58,543,129	124,680,957
Debt service:				
Principal	-	-	15,275,000	15,275,000
Bond issuance costs	-	700,690	260,320	961,010
Interest and fiscal charges	-	-	13,059,295	13,059,295
Total expenditures	189,709,308	50,328,110	98,644,885	338,682,303
REVENUES OVER (UNDER) EXPENDITURES	31,434,521	(39,397,391)	(58,642,569)	(66,605,439)
OTHER FINANCING SOURCES (USES):				
Bond premium	-	1,712,609	636,269	2,348,878
Face amount of bonds issued	-	87,775,000	32,738,000	120,513,000
Proceeds from disposal of capital assets	142,490	-	77,303	219,793
Transfers in	3,624,429	5,742,068	31,226,822	40,593,319
Transfers out	(34,592,156)	-	(10,345,747)	(44,937,903)
Total other financing sources (uses)	(30,825,237)	95,229,677	54,332,647	118,737,087
NET CHANGE IN FUND BALANCE	609,284	55,832,286	(4,309,922)	52,131,648
FUND BALANCES:				
Beginning of year	224,330,588	9,115,245	63,284,993	296,730,826
End of year	\$ 224,939,872	\$ 64,947,531	\$ 58,975,071	\$ 348,862,474

See accompanying Notes to Basic Financial Statements.

City of Chandler
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes
in Fund Balances to the Government-Wide Statement of Activities and Changes in Net Assets
For the year ended June 30, 2009

Net Change in Fund Balances - Total Governmental Funds \$ 52,131,648

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. 111,503,041

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. (28,770,312)

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	\$ (120,513,000)	
Principal payments on debt	15,275,000	
Bond premium	(2,348,878)	
Other postemployment benefits obligation	(886,339)	
Loss on disposal of capital assets	<u>(637,501)</u>	<u>(109,110,718)</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. 961,010

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. 120,771

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. (698,200)

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. (169,119)

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. 8,071,366

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. 1,266,667

Change in Net Assets of Governmental Activities \$ 35,306,154

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, 2009

	Major Funds		Other	Total	Governmental
	Water	Wastewater	Proprietary Funds		Activities: Internal Service Fund
ASSETS					
Current assets:					
Equity in pooled cash and investments	\$ 60,790,412	\$ 35,650,408	\$ 13,679,404	\$ 110,120,224	\$ 48,249,999
Accounts receivable	6,153,744	4,008,211	1,722,182	11,884,137	-
Advances to other funds	3,900,000	-	-	3,900,000	-
Due from other governments	-	-	24,629	24,629	-
Inventories	85,018	-	12,613	97,631	-
Prepaid invoices	-	-	347,584	347,584	-
Total current assets	70,929,174	39,658,619	15,786,412	126,374,205	48,249,999
Noncurrent assets:					
Other assets	1,522,550	1,342,243	1,533	2,866,326	-
Long-term notes receivable	-	-	394,450	394,450	-
Capital assets:					
Non-depreciable	19,100,963	16,159,388	28,169,669	63,430,020	-
Depreciable, net - joint venture	80,950,007	-	-	80,950,007	-
Depreciable, net	265,220,840	247,275,695	29,592,424	542,088,959	-
Total capital assets	365,271,810	263,435,083	57,762,093	686,468,986	-
Total noncurrent assets	366,794,360	264,777,326	58,158,076	689,729,762	-
Total assets	437,723,534	304,435,945	73,944,488	816,103,967	48,249,999
LIABILITIES					
Current liabilities:					
Accounts payable	3,242,482	4,577,904	813,894	8,634,280	220,170
Accrued payroll	220,065	130,284	97,180	447,529	13,188
Trust liabilities and deposits	1,139,787	783,181	217,285	2,140,253	-
Accrued interest	3,417,448	2,096,683	2,526	5,516,657	-
Arbitrage liability	34,088	35,667	-	69,755	-
Unearned revenue	225,122	104,311	67,479	396,912	-
Compensated absences	26,679	12,451	8,326	47,456	3,035
Bonds payable	8,161,413	4,253,587	-	12,415,000	-
Other payables	316,384	205,091	330,796	852,271	2,685,000
Total current liabilities	16,783,468	12,199,159	1,537,486	30,520,113	2,921,393
Noncurrent liabilities:					
Compensated absences	450,903	210,471	140,692	802,066	51,304
Advances from other funds	313,513	4,306,061	50,723	4,670,297	-
Bonds payable	166,898,470	119,552,530	201,000	286,652,000	-
Other payables	2,952,124	2,194,294	14,297	5,160,715	8,692
Arbitrage liability	7,263	20,000	8	27,271	-
Landfill closure and postclosure costs	-	-	2,455,591	2,455,591	-
Claims payable	-	-	-	-	939,854
Total noncurrent liabilities	170,622,273	126,283,356	2,862,311	299,767,940	999,850
Total liabilities	187,405,741	138,482,515	4,399,797	330,288,053	3,921,243
NET ASSETS					
Invested in capital assets, net of related debt	190,211,927	139,628,966	57,561,093	387,401,986	-
Unrestricted	60,105,866	26,324,464	11,983,598	98,413,928	44,328,756
Total net assets	\$ 250,317,793	\$ 165,953,430	\$ 69,544,691	\$ 485,815,914	\$ 44,328,756

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, 2009

	Major Funds		Other	Total	Governmental
	Water	Wastewater	Proprietary Funds		Activities: Internal Service Fund
OPERATING REVENUES:					
Service fees	\$ 39,707,910	\$ 25,922,530	\$ 13,502,362	\$ 79,132,802	\$ -
Grants and entitlements	-	-	6,225,928	6,225,928	-
Rentals	-	-	596,734	596,734	-
Worker's compensation premiums	-	-	-	-	3,320,043
Miscellaneous	21,540	51,789	193,478	266,807	379,524
Total operating revenues	39,729,450	25,974,319	20,518,502	86,222,271	3,699,567
OPERATING EXPENSES:					
General and administrative	4,705,021	2,572,801	2,280,224	9,558,046	-
Personal services	7,974,869	3,953,942	3,500,835	15,429,646	1,076,203
Contractual services	6,190,715	6,656,587	8,359,517	21,206,819	729,306
Commodities	12,213,503	4,480,314	1,175,601	17,869,418	4,457,927
Claims	-	-	-	-	193,324
Housing assistance payments	-	-	4,281,150	4,281,150	-
Landfill closure and postclosure	-	-	56,054	56,054	-
Depreciation and amortization	15,896,486	15,203,328	1,918,784	33,018,598	-
Total operating expenses	46,980,594	32,866,972	21,572,165	101,419,731	6,456,760
OPERATING INCOME (LOSS)	(7,251,144)	(6,892,653)	(1,053,663)	(15,197,460)	(2,757,193)
NONOPERATING REVENUES (EXPENSES):					
Interest revenue	1,410,692	797,529	328,016	2,536,237	1,219,579
Interest expense	(5,904,638)	(2,913,514)	(2,527)	(8,820,679)	-
Accretion of bond premium	316,384	205,091	196	521,671	-
Amortization of bond costs	(299,230)	(287,609)	(69)	(586,908)	-
Gain (loss) from disposal of capital assets	(16,917)	(11,672)	(11,113)	(39,702)	2,043
Total nonoperating revenues (expenses)	(4,493,709)	(2,210,175)	314,503	(6,389,381)	1,221,622
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(11,744,853)	(9,102,828)	(739,160)	(21,586,841)	(1,535,571)
CAPITAL CONTRIBUTIONS AND TRANSFERS:					
Capital contributions	3,975,035	4,620,013	515,271	9,110,319	-
Transfers in	27,652,308	806,148	1,925,958	30,384,414	2,830,338
Transfers out	(650,385)	(27,504,483)	(687,200)	(28,842,068)	(28,100)
Total capital contributions and transfers	30,976,958	(22,078,322)	1,754,029	10,652,665	2,802,238
Change in net assets	19,232,105	(31,181,150)	1,014,869	(10,934,176)	1,266,667
NET ASSETS:					
Beginning of the year	231,085,688	197,134,580	68,529,822	496,750,090	43,062,089
End of the year	\$ 250,317,793	\$ 165,953,430	\$ 69,544,691	\$ 485,815,914	\$ 44,328,756

See accompanying Notes to Basic Financial Statements.

City of Chandler
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2009

	Major Funds		Other	Total	Governmental
	Water	Wastewater	Proprietary Funds		Activities: Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers	\$ 39,646,342	\$ 24,941,911	\$ 14,553,348	\$ 79,141,601	\$ 3,699,567
Cash received from grantors	-	-	6,338,167	6,338,167	-
Cash payments to suppliers	(45,807,260)	(15,658,208)	(16,324,942)	(77,790,410)	(5,187,873)
Cash payments to employees for services	(7,854,419)	(3,849,250)	(3,473,347)	(15,177,016)	(1,068,496)
Net cash provided (used) by operating activities	(14,015,337)	5,434,453	1,093,226	(7,487,658)	(2,556,802)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers in	27,652,308	806,148	1,925,958	30,384,414	2,830,338
Transfers out	(650,385)	(27,504,483)	(687,200)	(28,842,068)	(28,100)
Net cash provided (used) by noncapital financing activities	27,001,923	(26,698,335)	1,238,758	1,542,346	2,802,238
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition and construction of capital assets	(38,822,082)	(59,865,089)	(967,585)	(99,654,756)	2,043
Proceeds from sales of capital assets	6,732	2,328	993	10,053	-
Proceeds from debt issuance	71,623,200	93,702,800	201,000	165,527,000	-
Principal paid on bond maturities	(14,493,882)	(5,361,118)	-	(19,855,000)	-
Interest paid on bonds	(4,470,224)	(384,324)	3,856	(4,850,692)	-
Principal received on mortgage notes	-	-	136,424	136,424	-
Cash payments to other funds	(179,541)	(68,416)	(17,498)	(265,455)	-
Capital contributions	3,146,279	3,575,665	515,271	7,237,215	-
Net cash provided (used) by capital and related financing activities	16,810,482	31,601,846	(127,539)	48,284,789	2,043
CASH FLOWS FROM INVESTING ACTIVITIES:					
Investment income	1,410,692	797,529	328,016	2,536,237	1,219,579
Net cash provided (used) by investing activities	1,410,692	797,529	328,016	2,536,237	1,219,579
Net increase (decrease) in cash and cash equivalents	31,207,760	11,135,493	2,532,461	44,875,714	1,467,058
CASH AND CASH EQUIVALENTS:					
Beginning of year	29,582,652	24,514,915	11,146,943	65,244,510	46,782,941
End of year	\$ 60,790,412	\$ 35,650,408	\$ 13,679,404	\$ 110,120,224	\$ 48,249,999
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating income (loss)	\$ (7,251,144)	\$ (6,892,653)	\$ (1,053,663)	\$ (15,197,460)	\$ (2,757,193)

Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:

Depreciation	15,896,486	15,203,328	1,918,784	33,018,598	-
Landfill closure and postclosure costs	-	-	56,054	56,054	-
Changes in assets and liabilities:					
(Increase) decrease in receivables	235,973	(692,935)	93,674	(363,288)	-
(Increase) decrease in inventories	78,890	-	13,106	91,996	-
(Increase) decrease in other assets	(347,558)	(575,893)	(16,668)	(940,119)	-
Increase (decrease) in payables	(22,776,911)	(1,948,506)	55,667	(24,669,750)	-
Increase (decrease) in accrued payroll and compensated absences	86,369	84,933	10,753	182,055	3,899
Increase (decrease) in deposits	(7,001)	219,150	(1,814)	210,335	-
Increase (decrease) in claims payable	-	-	-	-	192,684
Increase (decrease) in unearned revenue	35,478	17,270	12,614	65,362	-
Increase (decrease) in other liabilities	34,081	19,759	4,719	58,559	3,808
Total adjustments	<u>(6,764,193)</u>	<u>12,327,106</u>	<u>2,146,889</u>	<u>7,709,802</u>	<u>200,391</u>
Net cash provided (used) by operating activities	<u><u>\$ (14,015,337)</u></u>	<u><u>\$ 5,434,453</u></u>	<u><u>\$ 1,093,226</u></u>	<u><u>\$ (7,487,658)</u></u>	<u><u>\$ (2,556,802)</u></u>

NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:

Contributions of capital assets from developers	828,756	1,044,348			
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See accompanying Notes to Basic Financial Statements.

City of Chandler
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2009

	Volunteer Fireman's Pension and Relief Trust Fund	Agency Funds
	<u> </u>	<u> </u>
ASSETS		
Equity in pooled cash and investments	\$ 39,612	\$ 18,014
Total assets	<u>\$ 39,612</u>	<u>\$ 18,014</u>
LIABILITIES		
Accounts payable	\$ -	\$ -
Due to others	-	18,014
Total liabilities	<u>\$ -</u>	<u>\$ 18,014</u>
NET ASSETS		
Assets held in trust for pension benefits	<u>39,612</u>	
Total net assets	<u>\$ 39,612</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, 2009

	Volunteer Fireman's Pension and Relief Trust Fund
ADDITIONS:	
Investment income	\$ 2,531
Total additions	2,531
DEDUCTIONS:	
Benefits paid to plan members and suppliers	4,800
Change in net assets	(2,269)
NET ASSETS:	
Beginning of year	41,881
End of year	\$ 39,612

See accompanying Notes to Basic Financial Statements.



Chandler + Arizona
Where Values Make The Difference

CITY OF CHANDLER, ARIZONA

Notes to the Financial Statements

June 30, 2009

The City of Chandler (City) was incorporated on February 17, 1920. On May 25, 1964, voters ratified a city charter providing for a Council-Manager form of government. The government of the City is operated by authority of its charter, as limited by the state legislature. A seven-member council including a separately elected mayor governs the City.

The following notes to the financial statements are an integral part of the City's financial statements.

NOTE 1 - Summary of Significant Accounting Policies

The accounting policies and procedures of the City conform to accounting principles generally accepted in the United States of America (GAAP) as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The more significant of the City's accounting policies are described below.

A. Reporting Entity

As required by GAAP, these financial statements present the City and its component units, i.e., entities for which the City is considered to be financially accountable and/or exercise significant influence over operations. Blended component units, although legally separate entities, are in substance part of the City's operations, and therefore data from these units are combined with data of the City. The City's discretely presented component units, on the other hand, are reported in a separate column in the basic financial statements, to emphasize that they are legally separate from the City. The component units discussed below are included in the City's reporting entity because of the significance of their operational and/or financial relationships with the City. Each component unit has a June 30 year-end.

1. Blended Component Unit

The City of Chandler Municipal Property Corporation (Corporation) is a nonprofit corporation which exists solely for the purpose of constructing or otherwise acquiring or equipping buildings, structures or improvements on land owned by the City for the benefit, common good and general welfare of the City and its citizens. The Chandler City Council appoints the five members of the Board, who are responsible for approving the Corporation's bond sales. Additionally, all bond sales must be submitted to and approved by the City Council. All financial activities are reported within the enterprise funds of the City. Unaudited financial statements for the Corporation are available from the City of Chandler, Management Services Department, P.O. Box 4008, MS 702, Chandler, AZ 85244-4008.

2. Discretely Presented Component Units

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

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

CITY OF CHANDLER, ARIZONA

Notes to the Financial Statements

June 30, 2009

NOTE 1 - Summary of Significant Accounting Policies, continued

B. Government-Wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes, state shared revenues, investment income, and other items not included among program revenues are reported instead as general revenues.

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

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

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

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

Property taxes, sales taxes, franchise fees, licenses and permits, charges for services, special assessments and investment income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Grants and similar awards are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. Miscellaneous revenues are not susceptible to accrual because generally they are not measurable until received in cash.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2009

NOTE 1 - Summary of Significant Accounting Policies, continued

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.

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

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.

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.

CITY OF CHANDLER, ARIZONA

Notes to the Financial Statements

June 30, 2009

NOTE 1 - Summary of Significant Accounting Policies, continued

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's internal service fund are interfund transfers from the general fund 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.

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 \$50,680,404 was transferred to the contingency reserves within the General, Proprietary, Internal Service, Special Revenue and Capital Projects funds.

All appropriations expire at the end of the fiscal year except for encumbered and capital improvements carry forward 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 carry forward 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 post closure 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.

CITY OF CHANDLER, ARIZONA

Notes to the Financial Statements

June 30, 2009

NOTE 1 - Summary of Significant Accounting Policies, continued

On June 3, 1980, the voters of Arizona approved an expenditure limitation for all local governments. This limitation restricts the growth of expenditures to a percentage determined by population and inflation, with certain expenditures excluded from the limitation. Through a Home Rule option, any city can adopt its own alternative expenditure limitation if a majority of the qualified electors vote in favor of the issue at a regular election. 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.

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.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2009

NOTE 1 - Summary of Significant Accounting Policies, continued

J. Capital Assets

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

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

Estimated useful lives for capital assets were determined based on the City's historical experience and the various industry standards. Capital assets of the City are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	20-40
Building Improvements	20
Infrastructure	12-50
System Improvements	25
Vehicles	4-7
Machinery and equipment	5-15

K. 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.

L. 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.

CITY OF CHANDLER, ARIZONA

Notes to the Financial Statements

June 30, 2009

NOTE 1 - Summary of Significant Accounting Policies, continued

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

The debt service funds are specifically established to account for and service the long-term obligations for the governmental funds and special assessment debt. Each enterprise fund individually accounts for and services the applicable bonds and lease purchase obligations, which benefit these funds. Long-term obligations are recognized as a liability of a governmental fund when due, or when resources have been accumulated for payment early in the following year. For other long-term obligations, only that portion is expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund.

M. 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.

N. 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.

O. Post-Employment Health Care and Life Insurance Benefits

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

P. Statements of Cash Flows

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

Q. Interfund Activity

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

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2009

NOTE 1 - Summary of Significant Accounting Policies, concluded

R. Use of Estimates

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

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 \$3,940,146, and the bank balance was \$4,116,679. The entire bank balance was covered by the FDIC's Transaction Account Guarantee Program.

Investments

At June 30, 2009, the City had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)		Concentration of Credit Risk %
		Less than 1 yr.	1-5 yrs.	
U.S. Treasuries	\$ 37,636,127	\$ 20,367,060	\$ 17,269,067	6.90 %
U.S. Agencies:				
Federal Home Loan Bank	120,474,362	94,788,632	25,685,730	22.09
Federal Home Loan Mortgage Corp.	94,016,891	55,521,731	38,495,160	17.24
Federal National Mortgage Assn.	69,501,258	35,338,539	34,162,719	12.74
Federal Farm Credit Bank	13,256,790	2,086,125	11,170,665	2.43
Tennessee Valley Authority	8,217,373	-	8,217,373	1.51
Gov't Guaranteed- Corporate Bonds:				
Bank of America	7,083,536	-	7,083,536	1.30
Citibank	5,013,133	-	5,013,133	0.92
General Elec. Cap. Corp.	7,101,262	-	7,101,262	1.30
JPMorgan Chase	7,185,133	-	7,185,133	1.32
Morgan Stanley	7,213,512	-	7,213,512	1.32
Gov't Guaranteed- Commerical Paper:				
GE Capital TLGP	1,399,006	1,399,006	-	0.26
U.S. Agency Discount Notes:				
Federal Home Loan Bank	42,206,517	42,206,517	-	7.74
Federal Home Loan Mortgage Corp.	29,986,602	29,986,602	-	5.50
Federal National Mortgage Assn.	10,028,531	10,028,531	-	1.84
Money Market - U.S. Treasuries & Agencies	85,114,607	85,114,607	-	15.60
Total	\$ 545,434,640	\$ 376,837,350	\$ 168,597,290	100.00 %

CITY OF CHANDLER, ARIZONA

Notes to the Financial Statements

June 30, 2009

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, Government Guaranteed Corporate Bonds, Government Guaranteed Commercial Paper, U.S. Agency Discount Notes and Money Market Funds were rated AAA, AAA, A1+, A1+, and AAA by Standard & Poor's respectively as of June 30, 2009.

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, Government Guaranteed Corp., U.S. Agency Discount Notes, U.S. Treasuries and Agencies money market funds. See percentages in above table.

NOTE 3 - Property Taxes

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

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

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

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

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

In fiscal year 2008-09, current property tax collections were \$37,854,817 or 95% 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 2009 are not available for fiscal year 2008-09; accordingly, such taxes will not be recognized as revenue until fiscal year 2009-2010.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2009

NOTE 4 - Capital Assets

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

Governmental Activities	Balance July 1, 2008	Additions and Transfers In	Deletions and Transfers Out	Balance June 30, 2009
Capital asset, not being depreciated:				
Land	\$ 79,854,613	\$ 135,000	\$ -	\$ 79,989,613
Construction in progress	67,982,650	104,878,034	(50,305,873)	122,554,811
Total capital assets not being depreciated	<u>147,837,263</u>	<u>105,013,034</u>	<u>(50,305,873)</u>	<u>202,544,424</u>
Capital asset, being depreciated:				
Infrastructure	458,263,338	33,584,391	-	491,847,729
Buildings and improvements	201,447,518	24,570,583	-	226,018,101
Machinery and equipment	45,911,140	6,712,272	(1,762,930)	50,860,482
Total capital assets being depreciated	<u>705,621,996</u>	<u>64,867,246</u>	<u>(1,762,930)</u>	<u>768,726,312</u>
Less accumulated depreciation for:				
Infrastructure	(124,837,034)	(15,501,831)	-	(140,338,865)
Buildings and improvements	(40,139,865)	(9,000,503)	-	(49,140,368)
Machinery and equipment	(22,449,055)	(4,267,978)	1,125,429	(25,591,604)
Total accumulated depreciation	<u>(187,425,954)</u>	<u>(28,770,312)</u>	<u>1,125,429</u>	<u>(215,070,837)</u>
Total capital asset, being depreciated, net	<u>518,196,042</u>	<u>36,096,934</u>	<u>(637,501)</u>	<u>553,655,475</u>
Governmental activities capital assets, net	<u>\$ 666,033,305</u>	<u>\$ 141,109,968</u>	<u>\$ (50,943,374)</u>	<u>\$ 756,199,899</u>

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

	Expended to June 30, 2009	Remaining Commitments
Streets	\$ 59,587,670	\$ 12,998,151
Parks and recreation	28,852,110	13,809,701
Buildings and related improvements	34,115,031	52,181,612
Total	<u>\$ 122,554,811</u>	<u>\$ 78,989,464</u>

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2009

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, 2008	Additions and Transfers In	Deletions and Transfers Out	Balance June 30, 2009
Capital assets, not being depreciated:				
Land	\$ 41,256,107	\$ -	\$ -	\$ 41,256,107
Construction in progress - joint venture	37,414,771	43,535,236	(80,950,007)	-
Construction in progress	125,699,529	75,254,479	(178,780,095)	22,173,913
Total capital assets not being depreciated	<u>204,370,407</u>	<u>118,789,715</u>	<u>(259,730,102)</u>	<u>63,430,020</u>
Capital assets, being depreciated:				
System improvements	706,115,971	160,718,968	-	866,834,939
System improvements - joint venture	-	80,950,007	-	80,950,007
Building and improvements	19,463,610	168,513	-	19,632,123
Vehicles, machinery and equipment	14,995,677	343,818	(157,134)	15,182,361
Land improvements	1,747,872	309,676	-	2,057,548
Total capital assets being depreciated	<u>742,323,130</u>	<u>242,490,982</u>	<u>(157,134)</u>	<u>984,656,978</u>
Less accumulated depreciation for:				
System improvements	(305,518,967)	(31,787,674)	-	(337,306,641)
Buildings and improvements	(9,891,091)	(497,935)	-	(10,389,026)
Vehicles, machinery and equipment	(12,071,753)	(622,201)	84,646	(12,609,308)
Land improvements	(1,202,249)	(110,788)	-	(1,313,037)
Total accumulated depreciation	<u>(328,684,060)</u>	<u>(33,018,598)</u>	<u>84,646</u>	<u>(361,618,012)</u>
Total capital assets, being depreciated, net	<u>413,639,070</u>	<u>209,472,384</u>	<u>(72,488)</u>	<u>623,038,966</u>
Business-type activities capital assets, net	<u>\$ 618,009,477</u>	<u>\$ 328,262,099</u>	<u>\$ (259,802,590)</u>	<u>\$ 686,468,986</u>

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

	Expended to June 30, 2009	Remaining Commitments
Sewer system improvements	\$ 10,333,113	\$ 8,346,781
Water system improvements	11,236,322	5,540,954
Airport improvements	604,478	472,269
Total	<u>\$ 22,173,913</u>	<u>\$ 14,360,004</u>

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2009

NOTE 4 - Capital Assets, concluded

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 1,709,365
Public safety	4,261,013
Community services	6,374,349
Community development	46,377
Public works	<u>16,379,208</u>
Total depreciation expense - governmental activities	<u><u>\$ 28,770,312</u></u>
Business-type activities:	
Water	\$ 15,896,486
Wastewater	15,203,328
Solid waste	645,286
Airport	745,493
Chandler housing authority	<u>528,005</u>
Total depreciation expense - business-type activities	<u><u>\$ 33,018,598</u></u>

NOTE 5 - Operating Leases

The City leases approximately 73,000 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 \$1,255,764 for the year ended June 30, 2009. The future minimum lease payments for these leases are as follows:

<u>Year Ending June 30</u>	
2010	1,275,274
2011	858,976
2012-2016	2,382,963
2017-2020	2,216,160
Total	<u><u>\$ 6,733,373</u></u>

NOTE 6 - Long-Term Liabilities

A. General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. Bonds issued for business-type activities are reported in the proprietary funds as they are to be repaid from proprietary revenues. In addition, general obligation bonds have been issued to refund other general obligation bonds. General obligation bonds are direct obligations and pledge the full faith and credit of the City. These bonds are generally issued as 10 to 15 year serial bonds, except for refunding issues, with varying amounts of principal maturing each year.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2009

NOTE 6 - Long-Term Liabilities, continued

The City has pledged future ad valorem tax revenues to repay a total of \$483,200,000 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, 2028. Annual principal and interest payments on the bonds are expected to require less than 80% of total 2008-09 ad valorem taxes. The total principal and interest remaining to be paid on the bonds is \$699,180,168. Principal and interest paid for the current year and total ad valorem property taxes were \$30,924,945 and \$38,677,156, respectively.

General obligation bonds outstanding as reported in governmental and business-type activities at June 30, 2009 were as follows:

	<u>Outstanding June 30, 2009</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.	\$ 600,000
\$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.	1,300,000
\$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.	650,000
\$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.	450,000
\$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
\$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.	8,825,000

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2009

NOTE 6 - Long-Term Liabilities, continued

	<u>Outstanding June 30, 2009</u>
\$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.	14,575,000
\$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.	15,400,000
\$30,905,000 Capital Improvement Bonds, Series 2006, due in annual installments of \$1,455,000 to \$6,675,000 through 7/1/17; interest at 4 percent to 4.5 percent.	26,775,000
\$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.	60,100,000
\$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
\$252,000,000 Capital Improvement Bonds, Series 2009, due in annual installments of \$2,020,000 to \$26,840,000 starting 7/1/09 through 7/1/28; interest at 2.25 percent to 5 percent.	120,513,000
Total Governmental Activities General Obligation Bonds	<u><u>\$ 294,588,000</u></u>
	<u>Outstanding June 30, 2009</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.	\$ 5,510,000
\$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.	44,425,000
\$252,000,000 Capital Improvement Bonds, Series 2009, due in annual installments of \$2,020,000 to \$26,840,000 starting 7/1/09 through 7/1/28 at 2.25 percent to 5 percent.	131,487,000
Total Business-Type Activities General Obligation Bonds	<u><u>\$ 188,612,000</u></u>

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2009

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 \$34,690,000 in outstanding street and highway user revenue bonds. Proceeds of the bonds were used for improvements and expansions to the City's streets and highways. The bonds are payable solely from state shared gasoline tax revenues and are payable through July 1, 2019. Annual principal and interest payments on the bonds are expected to require less than 34% of total 2008-09 street and highway user revenues. The total principal and interest remaining to be paid on the bonds is \$42,787,437. Principal and interest paid for the current year and street and highway user revenue taxes were \$4,622,829 and \$13,799,157 respectively.

Street and highway revenue bonds outstanding as reported in governmental activities at June 30, 2009 were as follows:

Governmental Activities Revenue Bonds:	Outstanding June 30, 2009
\$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 through 7/1/16; interest at 5.5 percent to 7.5 percent.	175,000
\$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.	4,885,000
\$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.	300,000
\$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.	1,900,000
\$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.	225,000
\$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.	4,650,000

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2009

NOTE 6 - Long-Term Liabilities, continued

	<u>Outstanding June 30, 2009</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 3.0 percent to 4.3 percent.	5,345,000
\$5,000,000 Street & Highway User Bonds, Series 2003, due in annual installments of \$1,000,000 to \$1,500,000 starting 7/1/16 through 7/1/19; interest at 3.5 percent to 5.0 percent.	5,000,000
\$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 3.0 percent to 5.0 percent.	10,310,000
Total Governmental Activities Revenue Bonds	<u><u>\$ 34,690,000</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 \$76,415,000 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, 2028. Annual principal and interest payments on the bonds are expected to require less than 74% of net 2008-09 water and wastewater system revenue. The total principal and interest remaining to be paid on the bonds is \$94,828,343. Principal and interest paid for the current year and net water and wastewater system revenues were \$12,531,278 and \$16,882,688 respectively.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2009

NOTE 6 - Long-Term Liabilities, continued

Water, and sewer revenue bonds outstanding as reported in business-type activities at June 30, 2009 were as follows:

	<u>Outstanding June 30, 2009</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 7 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.	1,185,000
\$3,000,000 Water & Sewer Bonds, Series 2000, due in annual installments of \$100,000 to \$500,000 from 7/1/09 and 7/1/13 through 7/1/17; interest at 5 percent to 6.5 percent.	200,000
\$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.	4,560,000
\$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.	8,415,000
\$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.	1,850,000
\$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.	8,800,000
\$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.	12,905,000
\$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.	8,975,000
\$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><u>\$ 76,415,000</u></u>

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2009

NOTE 6 - Long-Term Liabilities, continued

D. Excise Tax Revenue Bonds

On February 4, 2009, the City issued \$34,040,000 of Excise Tax Revenue Obligations. The Obligations are being used for the purpose of providing funds to finance certain improvements to the City's Water System and to refund the 2014 and 2015 maturities of the City's Water & Sewer Revenue Refunding Bonds. The City has collateralized the obligations by the pledge of all unrestricted excise taxes (transaction, franchise, privilege, business taxes, state-shared sales and income taxes, fees for licenses and permits, and state revenue sharing), including all fines and forfeitures, which the City presently or in the future validity imposes or receives from other entities and which are not earmarked by the contributor for a contrary or inconsistent purpose. The City covenants and agrees that, so long as any of the Obligations remain outstanding and the principal and interest thereon shall be unpaid or unprovided for or any other amounts remain unpaid or unprovided for thereunder, it will not further encumber the Excise Taxes on a basis equal to the pledge thereunder unless the Excise Taxes received by the City in the immediately preceding fiscal year shall have amounted to at least three times the highest combined Debt Service for the current or any succeeding fiscal year for all outstanding Parity Obligations, including the Additional Parity Obligations proposed be secured by a pledge of the same Excise Taxes. The City shall have the right to incur Additional Parity Obligations payable from and secured by the Excise Taxes on parity with the Obligations.

Business-Type Activities Excise Tax Revenue Bonds:	<u>Outstanding June 30, 2009</u>
\$34,040,000 Water & Sewer Excise Tax Bonds, Series 2009, due in annual installments of \$500,000 to \$2,120,000 starting 7/1/10 through 7/1/28; interest rate at 2.25 percent to 4.375 percent.	\$ 34,040,000
Total Business-Type Activities Excise Tax Revenue Bonds	<u>\$ 34,040,000</u>

E. Special Assessment Bonds with Governmental Commitment

As trustee for improvement districts, the City is responsible for collection of assessments levied against the owners of property within the improvement districts and for disbursement of these amounts for retirement of the respective bonds issued to finance the improvements. At June 30, 2009, 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, 2009 were as follows:

Governmental Activities Special Assessment Bonds:	<u>Outstanding June 30, 2009</u>
\$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.	\$ 855,000
\$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.	6,965,000
Total Special Assessment Bonds with Governmental Commitment	<u>\$ 7,820,000</u>

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2009

NOTE 6 - Long-Term Liabilities, continued

Changes in Long-Term Liabilities

	Restated Balance July 1, 2008	Additions	Reductions	Balance June 30, 2009	Due Within One Year
Governmental Activities:					
Compensated absences	\$ 6,881,195	\$ 5,972,247	\$ (5,258,273)	\$ 7,595,169	\$ 424,302
Bonds payable:					
General obligation bonds	187,645,000	120,513,000	(13,570,000)	294,588,000	11,700,000
Revenue bonds	37,655,000	-	(2,965,000)	34,690,000	3,050,000
Special assessment bonds	8,345,000	-	(525,000)	7,820,000	505,000
Total bonds payable	233,645,000	120,513,000	(17,060,000)	337,098,000	15,255,000
Arbitrage liability	636,167	-	(386,728)	249,439	231,710
Other payables:					
Claims payable	3,431,530	4,603,604	(4,410,280)	3,624,854	2,685,000
Post employment benefits	1,141,678	890,147	-	2,031,825	-
Deferred bond premiums	3,873,979	2,348,878	(500,985)	5,721,872	500,985
Total other payables	8,447,187	7,842,629	(4,911,265)	11,378,551	3,185,985
Totals	\$ 249,609,549	\$ 134,327,876	\$ (27,616,266)	\$ 356,321,159	\$ 19,096,997
Business-Type Activities:					
	Balance July 1, 2008	Additions	Reductions	Balance June 30, 2009	Due Within One Year
Compensated absences	\$ 718,435	\$ 738,143	\$ (607,056)	\$ 849,522	\$ 47,456
Bonds payable:					
General obligation bonds	60,395,000	131,487,000	(3,270,000)	188,612,000	3,580,000
Revenue bonds	93,000,000	-	(16,585,000)	76,415,000	8,835,000
Excise tax revenue bonds	-	34,040,000	-	34,040,000	-
Total bonds payable	153,395,000	165,527,000	(19,855,000)	299,067,000	12,415,000
Arbitrage liability	424,930	-	(327,904)	97,026	69,755
Other payables:					
Post employment benefits	75,104	58,559	-	133,663	-
Deferred bond premiums	3,238,225	2,859,584	(549,086)	5,548,723	521,671
Total other payables	3,313,329	2,918,143	(549,086)	5,682,386	521,671
Landfill closure/post closure	2,730,136	56,055	-	2,786,191	330,600
Totals	\$ 160,581,830	\$ 169,239,341	\$ (21,339,046)	\$ 308,482,125	\$ 13,384,482

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2009

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, 2009, the 6 percent debt limitation was \$210,484,296, providing a debt margin of \$199,550,297 and the 20 percent debt limitation was \$701,614,321, providing a debt margin of \$229,348,322.

Bond Covenants

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

Debt Service Requirements to Maturity

The following is a summary of debt service requirements to maturity for all bonds payable as of June 30, 2009:

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
2010	11,700,000	\$ 13,338,655	\$ 3,050,000	\$ 1,513,999	\$ 505,000	\$ 319,213	\$ 30,426,867
2011	12,845,000	11,842,773	3,180,000	1,393,821	530,000	298,075	30,089,669
2012	11,820,000	11,303,326	3,320,000	1,236,049	550,000	275,863	28,505,238
2013	11,850,000	10,809,827	3,500,000	1,062,009	575,000	252,812	28,049,648
2014	14,105,000	10,253,375	3,680,000	901,011	595,000	228,725	29,763,111
2015-2019	74,324,000	42,056,944	15,905,000	1,950,423	2,670,000	795,800	137,702,167
2020-2024	73,090,000	26,047,559	2,055,000	40,125	2,395,000	244,200	103,871,884
2025-2028	84,854,000	8,644,319	-	-	-	-	93,498,319
Total	\$ 294,588,000	\$ 134,296,778	\$ 34,690,000	\$ 8,097,437	\$ 7,820,000	\$ 2,414,688	\$ 481,906,903

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2009

NOTE 6 - Long-Term Liabilities, concluded

BUSINESS-TYPE ACTIVITIES							
Years Ended June 30	General Obligation Principal	General Obligation Interest	Revenue Principal	Revenue Interest	Excise Tax Principal	Excise Tax Interest	Total
2010	3,580,000	\$ 7,035,159	\$ 8,835,000	\$ 3,373,009	\$ -	\$ 1,029,198	\$ 23,852,366
2011	5,285,000	7,310,562	7,300,000	3,021,634	500,000	1,125,563	24,542,759
2012	8,760,000	7,013,963	7,610,000	2,669,226	1,100,000	1,105,687	28,258,876
2013	9,420,000	6,640,063	7,930,000	2,350,558	1,100,000	1,080,938	28,521,559
2014	10,595,000	6,247,862	8,260,000	1,999,818	1,100,000	1,056,187	29,258,867
2015-2019	51,086,000	25,895,194	31,480,000	4,792,848	12,995,000	4,186,075	130,435,117
2020-2024	49,100,000	16,136,281	5,000,000	206,250	7,650,000	2,820,487	80,913,018
2025-2028	50,786,000	5,404,306	-	-	9,595,000	1,075,406	66,860,712
Total	\$ 188,612,000	\$ 81,683,390	\$ 76,415,000	\$ 18,413,343	\$ 34,040,000	\$ 13,479,541	\$ 412,643,273

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 \$7,595,169 for governmental activities and \$849,522 for business-type activities at June 30, 2009 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, 2008	Incurred	Satisfied	Balance June 30, 2009	Due Within One Year
Governmental Activities					
Compensated Absences	\$ 6,881,195	\$ 5,972,247	\$ 5,258,273	\$ 7,595,169	\$ 424,302
Business-Type Activities					
Compensated Absences	\$ 718,435	\$ 738,143	\$ 607,056	\$ 849,522	\$ 47,456

NOTE 7 - Defeased Debt

Current Year Defeasance

On February 4, 2009, the City issued \$34,040,000 in Excise Tax Revenue Bonds with an average interest rate of 3.64 percent. \$6,480,000 of this issuance was used to advance refund \$6,370,000 of Series 1997 Water and Sewer Refunding Bonds with an average interest rate of 5.17 percent. The refunding portion of net proceeds of \$6,484,175 (after payment of \$66,474 in underwriting fees, insurance, and other issuance costs and receipt of \$71,589 in original issue premium) was used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for future debt service payments on the 1997 bonds. Only a portion of the future debt service payments for the 1997 bonds was defeased. As a result, this part of the debt service payments for the bonds is considered to be defeased and the liability for that portion of the bonds has been removed from the government-wide and proprietary funds statements of net assets. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$114,175. This difference, reported in the accompanying financial statements as a component of other assets, is being charged to operations through the year 2028 using the straight-line amortization method. The City completed the advance refunding to decrease its total debt service payments over the next 7 years by \$944,540 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$854,115.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2009

NOTE 7 - Defeased Debt, concluded

Prior Year Defeasance

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, 2009 are as follows:

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	125,000
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	\$ 33,810,000

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, 2009, the City estimates total costs related to landfill closure and postclosure care is \$13,595,644 and has recognized that entire amount since the landfill no longer accepts waste. To date, \$10,809,454 has been paid. The remaining balance of \$2,786,191 consists of a current liability of \$330,600 and \$2,455,591 recorded as a non-current liability on the City's financial statements.

The estimated total current cost of the landfill closure and postclosure, \$13,595,644, 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, 2009. 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, 2009. 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, 2009

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	\$ 3,146,279	\$ 828,756	\$ -	\$ 3,975,035
Wastewater	3,575,665	1,044,348	-	4,620,013
Solid Waste	37,332	-	-	37,332
Airport	-	-	324,891	324,891
Housing Authority	-	-	153,048	153,048
Total	\$ 6,759,276	\$ 1,873,104	\$ 477,939	\$ 9,110,319

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, 2009, were as follows:

	<u>General</u>
Fund Balance:	
Unreserved:	
Designated:	
Capital Improvements	\$ 125,818,097
Compensated Absences	7,325,246
Personnel & Retirement Incentives	11,088,217
Expenditure Control Budgeting	6,363,057
One Time Citywide Requirements (non-capital)	3,542,324
Self-Insurance	1,176,094
City Council 12% Contingency Reserve	24,569,736
Total Designated Fund Balance	\$ 179,882,771

Reservations of Fund Balances

At June 30, 2009, 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 2008/2009 budget.
- 4) Legal Restrictions - comprises domestic violence fees and court/judicial enhancement funds.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2009

NOTE 10 - Fund Equity, concluded

Restricted Net Assets

At June 30, 2009, reserved amounts of fund balance represent the following:

- 1) Capital Improvements-amounts reserved for specific projects and amounts appropriated as part of the City's 2008/2009 budget; and
- 2) Volunteer Firemen's Pension - actuarially determined benefits payable under the Volunteer Fireman's Pension and Relief Trust Fund.
- 3) 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
- 4) Legal Restrictions - comprises domestic violence fees and court/judicial enhancement funds.

Deficit Fund Balances

The City plans to remove the deficit in the Grants-in-Aid Special Revenue Fund of \$760,786 by receiving revenues from other governments.

The City plans to remove the deficit in the Public Safety Buildings and Improvements Capital Projects Fund of \$2,308,511 by receiving revenues from other governments.

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.

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, 2009 was 9.45 percent (8.95 percent retirement and 0.50 percent long-term disability) for active members and the City was required to contribute 9.45 percent (7.99 percent for retirement, .96 percent for health insurance premium, and 0.5 percent for long-term disability) of the members' annual covered

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2009

NOTE 11 - Retirement and Pension Plans, continued

payroll. The City's contributions to the System for the years ended June 30, 2009, 2008 and 2007, were \$6,627,159, \$6,311,856, and \$5,373,873, 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 18.38 percent of annual covered payroll of which 0.57 percent was the health insurance premium portion. The current aggregate contribution rate for firefighters is 16.70 percent of annual covered payroll of which 0.44 percent was the health insurance premium portion.

C. Annual Pension Cost

For fiscal year ended June 30, 2009, the City's annual pension cost of \$4,970,190 for police and \$2,621,211 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, 2008, actuarial valuations using the individual entry-age actuarial cost method.

The contribution requirements for the year ended June 30, 2009 were established by the June 30, 2008 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, 2008, was 30 years for unfunded actuarial accrued liability and 20 years for excess contributions.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2009

NOTE 11 - Retirement and Pension Plans, continued

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

Fiscal Year Ended	Annual Pension Cost (APC)	Percent of APC Contributed	Net Pension Obligation
2007	\$ 2,344,017	100%	-
2008 (Pension)	\$ 2,871,567	100%	-
2008 (Health)	\$ 95,474	100%	-
2009 (Pension)	\$ 4,941,860	100%	-
2009 (Health)	\$ 28,330	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
2007	\$ 1,167,762	100%	-
2008 (Pension)	\$ 1,563,938	100%	-
2008 (Health)	\$ 50,966	100%	-
2009 (Pension)	\$ 2,609,678	100%	-
2009 (Health)	\$ 11,533	100%	-

D. Funded Status and Funding Progress

As of June 30, 2008, the most recent actuarial calculation date, the firefighters plan was 77 percent funded. The actuarial accrued liability for benefits was \$58.7 million, and the actuarial value of assets was \$45.4 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$13.3 million. The covered payroll (annual payroll of active employees covered by the plan) was \$14.9 million, and the ratio of the UAAL to the covered payroll was 89 percent.

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

Elected Officials' Retirement Plan (Mayor and City Council)

A. Plan Description

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

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2009

NOTE 11 - Retirement and Pension Plans, concluded

B. Funding Policy

Covered employees are required by state statute to contribute an amount equal to 7 percent of gross salary. Incorporated city or town employers are required to contribute an amount sufficient to meet both the normal cost of a level-cost method attributable to the EORP, plus the amount required to amortize the unfunded accrued liability for the employer. Such amount is to be determined each year by actuarial valuation and paid as a level percent of compensation. The contribution requirements for plan members are established and may be amended by the Fund Manager, a five-member board. The City's rate for fiscal year ended June 2009 was 21.70 percent of the members' annual covered payroll, of which .96 percent was the health insurance premium portion. The city's contributions to EORP for the years ended June 30, 2009, 2008, and 2007, were \$37,757, \$23,105, and \$20,164 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, 2009, 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.

B. Funding Policy

There were no contributions to the Volunteer Firemen's Pension and Relief Fund by the City in fiscal year 2008/09. 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.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2009

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

The City also provides a Retirement Health Savings Plan (RHSP) for active employees that may be used upon separation from City employment. The City funds \$15 per pay period during the term of employment. The plan provides 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.

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

C. Funding Policy

The plan premium rates are determined annually by the City's Human Resources Department, in collaboration with an outside consulting firm, 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, 2009, retirees contributed \$897,609 and the City contributed \$633,452 (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, 2009:

Annual Required Contribution (ARC)	\$ 2,125,569
ARC Adjustment	(49,583)
Interest adjustment to Net OPEB Obligation	<u>60,839</u>
Annual OPEB Cost	\$ 2,136,825
Contributions Made	<u>(1,188,119)</u>
Increase in Net OPEB Obligation	\$ 948,706
Net OPEB Obligation - Beginning of year	<u>1,216,782</u>
Net OPEB Obligation - End of year	<u><u>\$ 2,165,488</u></u>

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2009

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

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2009 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>
2009	\$ 2,136,825	\$ 1,188,119	55.60%	\$ 2,165,488

E. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2009 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.

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 the 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.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2009

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, 2009, amounted to \$460,559, and the account is fully funded at June 30, 2009.

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 2008/2009, 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 2008/2009, 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 \$3,624,854 reported as claims payable in the Self-Insurance Fund at June 30, 2009, 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 2008 and 2009 were:

Years Ended June 30,	Beginning of Fiscal Year Liability	Current Year			Balance at Fiscal Year End
		Claims and Changes in Estimates	Claim Payments		
2008	\$ 3,362,849	\$ 3,008,361	(\$2,939,680)	\$ 3,431,530	
2009	\$ 3,431,530	\$ 4,603,604	(\$4,410,280)	\$ 3,624,854	

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2009

NOTE 15 - Interfund Transfers

The interfund transfers in and out at June 30, 2009 are as follows:

<u>Fund</u>	<u>Transfer Detail</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	Capital Projects-Streets	\$ -	\$ 4,212,291
	Non-major Governmental	2,975,884	25,955,168
	Non-major Enterprise	648,545	1,603,546
	Internal Service-Self Insurance	-	2,821,151
	Total General Fund	<u>3,624,429</u>	<u>34,592,156</u>
Capital Projects-Streets	General	4,212,291	-
	Non-major Governmental	1,529,777	-
	Total Capital Projects-Streets Fund	<u>5,742,068</u>	<u>-</u>
Non-major Governmental Funds	General	25,955,168	2,975,884
	Capital Projects-Streets	-	1,529,777
	Non-major Governmental	5,010,943	5,010,943
	Enterprise-Water	119,658	222,123
	Enterprise-Wastewater	74,298	275,421
	Nonmajor Enterprise	38,655	322,412
	Internal Service-Self Insurance	28,100	9,187
	Total Non-major Governmental Funds	<u>31,226,822</u>	<u>10,345,747</u>
Water	Non-major Governmental	222,123	119,658
	Enterprise-Wastewater	27,430,185	530,727
	Total Water Fund	<u>27,652,308</u>	<u>650,385</u>
Wastewater	Non-major Governmental	275,421	74,298
	Enterprise-Water	530,727	27,430,185
	Total Wastewater Fund	<u>806,148</u>	<u>27,504,483</u>
Nonmajor Enterprise Funds	General	1,603,546	648,545
	Non-major Governmental	322,412	38,655
	Total Nonmajor Enterprise Funds	<u>1,925,958</u>	<u>687,200</u>
Internal Service	General	2,821,151	-
	Non-major Governmental	9,187	28,100
	Total Internal Service	<u>2,830,338</u>	<u>28,100</u>
Total		<u>\$ 73,808,071</u>	<u>\$ 73,808,071</u>

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2009

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 2009-10. 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

Advances To	Advances From	Total
General	Capital Projects-Community Services	\$ 5,566,708
	Capital Projects-Public Safety	15,654,706
	Capital Projects-Streets	<u>7,870,000</u>
	Total General Fund	<u>29,091,414</u>
Capital Projects Capital Equipment	General	8,755,729
	Special Revenue-Highway User Revenue	862,945
	Enterprise-Water	313,513
	Enterprise-Wastewater	406,061
	Enterprise-Solid Waste	<u>50,723</u>
	Total Capital Projects-Capital Equipment	<u>10,388,971</u>
Enterprise Water	Enterprise-Wastewater	<u>3,900,000</u>
	Total	<u>\$ 43,380,385</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 \$1,735,847.

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.

B. Interfund Due To/Due From

Due from other funds	Due to other funds	Total
General	Special Revenue-Grants in Aid	\$ 63,634
	Capital Projects-Capital Equipment Acquisition and Replacement	<u>3,491,740</u>
	Total	<u>\$ 3,555,374</u>

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2009

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, which were substantially complete at June 30, 2009, and operating the plant.

NOTE 18 -Accounting Restatement

On July 1, 2008, beginning net assets of the governmental activities on the government-wide financial statements do not agree to the prior year-end statements due to overstatement of accrued interest on Capital Appreciation Bonds in prior years. This change in financial presentation resulted in a beginning net assets reclassification. There was an increase to net assets of \$35,000,654.

	<u>Govt Activities</u>
Net Assets, June 30, 2008, as previously reported	\$ 752,947,788
Adjustment for accrued interest on Capital Appreciation Bonds	<u>35,000,654</u>
Net Assets balance, July 1, 2008, as restated	<u><u>\$ 787,948,442</u></u>



Chandler + Arizona
Where Values Make The Difference

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, 2009

	Budgeted Amounts		Non-GAAP	Positive
	Original	Final	Actual	(Negative)
			Amounts	Variance with
				Final Budget
REVENUES:				
Property taxes	\$ 38,606,234	\$ 38,606,234	\$ 38,644,104	\$ 37,870
Sales taxes	98,750,000	98,750,000	85,897,335	(12,852,665)
Franchise taxes	3,353,500	3,353,500	3,264,093	(89,407)
State shared	63,404,859	63,404,859	61,096,684	(2,308,175)
Licenses and permits	3,608,536	3,608,536	2,667,720	(940,816)
Charges for services	19,563,448	19,563,448	17,943,549	(1,619,899)
Fines and forfeitures	5,849,000	5,849,000	4,909,778	(939,222)
Rentals	99,740	99,740	138,668	38,928
Contributions	50,000	50,000	50,000	-
Interest income	7,250,000	7,250,000	5,209,298	(2,040,702)
Miscellaneous	3,334,706	3,334,706	1,174,946	(2,159,760)
Total revenues	243,870,023	243,870,023	220,996,175	(22,873,848)
EXPENDITURES:				
General government				
City manager	23,825,971	27,675,244	19,608,770	8,066,474
City clerk	944,523	906,980	667,162	239,818
Communications and public affairs	2,642,980	2,938,517	2,472,560	465,957
Law	3,501,389	3,445,540	3,208,222	237,318
Magistrate	4,196,814	4,247,335	3,956,240	291,095
Management services	145,365,842	135,548,776	54,496,816	81,051,960
Mayor and council	954,281	1,073,119	815,746	257,373
Public safety				
Fire	28,122,216	28,137,719	27,841,882	295,837
Police	60,386,455	62,016,266	57,864,626	4,151,640
Community development	12,475,878	12,229,646	9,743,317	2,486,329
Public works	18,112,223	20,561,170	16,498,144	4,063,026
Community services	35,151,477	36,842,404	33,922,402	2,920,002
Total expenditures	335,680,049	335,622,716	231,095,887	104,526,829
REVENUES OVER (UNDER) EXPENDITURES	(91,810,026)	(91,752,693)	(10,099,712)	81,652,981
OTHER FINANCING SOURCES (USES):				
Proceeds from disposal of capital assets	-	-	142,490	142,490
Transfers in	-	-	3,624,429	3,624,429
Transfers out	(32,189,570)	(32,137,164)	(34,592,156)	(2,454,992)
Total other financing sources (uses)	(32,189,570)	(32,137,164)	(30,825,237)	1,311,927
Change in fund balance	(123,999,596)	(123,889,857)	(40,924,949)	82,964,908
Fund balances, July 1, 2008	210,401,744	210,401,744	210,401,744	-
Fund balances, June 30, 2009	\$ 86,402,148	\$ 86,511,887	\$ 169,476,795	\$ 82,964,908

See accompanying notes to this schedule.

CITY OF CHANDLER, ARIZONA
Required Supplementary Information
June 30, 2009

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, (2) property tax and state shared revenue accruals, and (3) 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	\$ 609,284
Taxes accrued as revenue for GAAP purposes in fiscal year ended June 30, 2008	2,612,534
Taxes accrued as revenue for GAAP purposes in fiscal year ended June 30, 2009	(2,795,332)
Accrued payroll not recognized as budgetary basis expenditures for the fiscal year ended June 30, 2008	(3,497,931)
Accrued payroll not recognized as budgetary basis expenditures for the fiscal year ended June 30, 2009	3,995,339
Reserved encumbrances at June 30, 2009 recognized as budgetary expenditures in fiscal year ended June 30, 2009	<u>(41,848,843)</u>
Budgetary Comparison Schedule for the General Fund	<u>\$ (40,924,949)</u>

CITY OF CHANDLER, ARIZONA
Required Supplementary Information
June 30, 2009

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 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%
2008	66,242,859	95,361,375	69.5%	29,118,516	25,093,684	116.0%

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 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%
2008	45,433,395	58,745,529	77.3%	13,312,134	14,906,063	89.3%

**BUDGETARY COMPARISON SCHEDULES -
OTHER MAJOR FUND**

City of Chandler

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

Streets Capital Projects

For the year ended June 30, 2009

	Budgeted Amounts		Non-GAAP Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
REVENUES:				
Interest income	\$ 1,689,000	\$ 1,689,000	\$ 89,749	\$ (1,599,251)
Charges for service	2,666,102	2,666,102	1,386,213	(1,279,889)
Regional Transportation Tax	4,456,600	4,456,600	7,921,275	3,464,675
Miscellaneous	-	-	246,383	246,383
Total revenues	8,811,702	8,811,702	9,643,620	831,918
EXPENDITURES:				
Bond issuance cost	-	-	700,690	(700,690)
Capital improvements	204,115,843	204,117,319	63,959,865	140,157,454
Total expenditures	204,115,843	204,117,319	64,660,555	139,456,764
Excess (deficiency) of revenues over expenditures	(195,304,141)	(195,305,617)	(55,016,935)	140,288,682
Other financing sources (uses):				
Proceeds from the issuance of debt	162,695,000	162,695,000	88,786,919	(73,908,081)
Transfers in	73,607,456	73,607,456	5,742,069	(67,865,387)
Transfers out	(67,957,659)	(67,957,659)	-	67,957,659
Total other financing sources (uses)	168,344,797	168,344,797	94,528,988	(73,815,809)
Change in fund balances	(26,959,344)	(26,960,820)	39,512,053	66,472,873
Fund balances (deficits), July 1, 2008	(63,204,908)	(51,335,828)	(36,227,247)	15,108,581
Fund balances (deficits), June 30, 2009	\$ (90,164,252)	\$ (78,296,648)	\$ 3,284,806	\$ 81,581,454

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

City of Chandler
Combining Balance Sheet
All Non-Major Governmental Funds - By Fund Type
June 30, 2009

	Special Revenue	Debt Service	Capital Projects	Total Non-Major Governmental Funds
ASSETS				
Equity in pooled cash and investments	\$ 18,794,946	\$ 24,127,610	\$ 56,903,721	\$ 99,826,277
Receivables (net of allowance for uncollectible):				
Accounts	82	-	-	82
Special assessments	-	7,007,525	-	7,007,525
Notes	618,087	-	-	618,087
Other	180,000	-	-	180,000
Due from other governments	1,427,566	-	-	1,427,566
Advances to other funds	-	-	10,388,971	10,388,971
Total assets	\$ 21,020,681	\$ 31,135,135	\$ 67,292,692	\$ 119,448,508
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 1,186,257	\$ 8,006	\$ 3,844,462	\$ 5,038,725
Accrued payroll	121,105	-	-	121,105
Accrued interest	-	8,214,855	-	8,214,855
Due to other funds	63,634	-	3,491,740	3,555,374
Advances from other funds	862,945	-	21,221,414	22,084,359
Arbitrage liability	-	-	88,799	88,799
Bonds payable	-	14,750,000	-	14,750,000
Deferred revenue	-	6,620,220	-	6,620,220
Total liabilities	2,233,941	29,593,081	28,646,415	60,473,437
Fund Balances:				
Reserved:				
Capital improvements	-	-	30,777,865	30,777,865
Debt service	-	1,542,054	-	1,542,054
Unreserved, undesignated:				
Special revenue funds	18,786,740	-	-	18,786,740
Capital projects funds	-	-	7,868,412	7,868,412
Total fund balances	18,786,740	1,542,054	38,646,277	58,975,071
Total liabilities and fund balances	\$ 21,020,681	\$ 31,135,135	\$ 67,292,692	\$ 119,448,508

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, 2009

	Special Revenue	Debt Service	Capital Projects	Total Non-Major Governmental Funds
REVENUES:				
Highway user taxes	\$ 13,849,284	\$ -	\$ -	\$ 13,849,284
Grants and entitlements	18,168,904	-	-	18,168,904
System development fees	-	-	3,088,816	3,088,816
Special assessments	-	863,747	-	863,747
Charges for services	855,190	-	694,000	1,549,190
Interest income	510,091	19,282	1,710,176	2,239,549
Miscellaneous	241,176	-	1,650	242,826
Total revenues	33,624,645	883,029	5,494,642	40,002,316
EXPENDITURES:				
Current:				
General government	191,524	-	308,374	499,898
Public safety	771,557	-	-	771,557
Community development	1,147,008	-	-	1,147,008
Public works	8,596,450	-	-	8,596,450
Community services	492,228	-	-	492,228
Capital improvements	16,284,020	-	42,259,109	58,543,129
Debt service:				
Principal	-	15,275,000	-	15,275,000
Bond issuance costs	-	-	260,320	260,320
Interest and fiscal charges	-	13,059,295	-	13,059,295
Total expenditures	27,482,787	28,334,295	42,827,803	98,644,885
REVENUES OVER (UNDER) EXPENDITURES	6,141,858	(27,451,266)	(37,333,161)	(58,642,569)
OTHER FINANCING SOURCES (USES):				
Bond premium	-	-	636,269	636,269
Face amount of bonds issued	-	-	32,738,000	32,738,000
Proceeds from disposal of capital assets	6,730	-	70,573	77,303
Transfers in	37,922	27,590,083	3,598,817	31,226,822
Transfers out	(5,152,076)	(211,043)	(4,982,628)	(10,345,747)
Total other financing sources (uses)	(5,107,424)	27,379,040	32,061,031	54,332,647
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	1,034,434	(72,226)	(5,272,130)	(4,309,922)
FUND BALANCES:				
Beginning of year	17,752,306	1,614,280	43,918,407	63,284,993
End of year	\$ 18,786,740	\$ 1,542,054	\$ 38,646,277	\$ 58,975,071



Chandler + Arizona
Where Values Make The Difference

City of Chandler

Non-Major Governmental Funds

NON-MAJOR SPECIAL REVENUE FUNDS

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

Highway User

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

Local Transportation Assistance

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

Grants-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

General Obligation Bonds

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

City of Chandler

Non-Major Governmental Funds, Continued

NON-MAJOR DEBT SERVICE FUNDS, CONTINUED

Highway User Revenue Bonds

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

Special Assessment Bonds

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

CAPITAL PROJECTS FUNDS

Public Works and General Government

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

Community Services

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

Public Safety Buildings and Improvements

Used to account for public safety, e.g., police and fire department, building construction, renovation and improvements and equipment purchases

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, 2009

	Special Revenue						
	Highway User Fund	Local Transportation Assistance	Grants-in-Aid	Community Development	Parks and Recreation	Library	Community Center Building
ASSETS							
Equity in pooled cash and investments	\$ 14,919,411	\$ 2,743,493	\$ -	\$ 4,107	\$ 277,223	\$ 27,274	\$ 139
Receivables (net of allowance for uncollectible):							
Accounts	-	82	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-
Notes	-	-	-	618,087	-	-	-
Other	-	-	180,000	-	-	-	-
Due from other governments	1,251,350	-	23,979	152,237	-	-	-
Advances to other funds	-	-	-	-	-	-	-
Total assets	\$ 16,170,761	\$ 2,743,575	\$ 203,979	\$ 774,431	\$ 277,223	\$ 27,274	\$ 139
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 107,764	\$ 53,649	\$ 892,450	\$ 125,303	\$ 2,990	\$ 1,776	\$ -
Accrued payroll	103,743	-	8,681	8,681	-	-	-
Accrued interest	-	-	-	-	-	-	-
Due to other funds	-	-	63,634	-	-	-	-
Advances from other funds	862,945	-	-	-	-	-	-
Arbitrage liability	-	-	-	-	-	-	-
Bonds payable	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-
Total liabilities	1,074,452	53,649	964,765	133,984	2,990	1,776	-
Fund Balances:							
Reserved:							
Capital improvements	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Unreserved, undesignated:							
Special revenue funds	15,096,309	2,689,926	(760,786)	640,447	274,233	25,498	139
Capital projects funds	-	-	-	-	-	-	-
Total fund balances	15,096,309	2,689,926	(760,786)	640,447	274,233	25,498	139
Total liabilities and fund balances	\$ 16,170,761	\$ 2,743,575	\$ 203,979	\$ 774,431	\$ 277,223	\$ 27,274	\$ 139

(Continued)

City of Chandler
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2009

	Special Revenue			Debt Service		
	Chandler	Downtown	Municipal	General	Highway User	Special
	Employee	Redevelopment	Arts	Obligation	Revenue Bonds	Assessment
				Bonds		Bonds
ASSETS						
Equity in pooled cash and investments	\$ -	\$ 7,915	\$ 815,384	\$ 18,968,834	\$ 3,836,415	\$ 1,322,361
Receivables (net of allowance for uncollectible):						
Accounts	-	-	-	-	-	-
Special assessments	-	-	-	-	-	7,007,525
Notes	-	-	-	-	-	-
Other	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-
Total assets	\$ -	\$ 7,915	\$ 815,384	\$ 18,968,834	\$ 3,836,415	\$ 8,329,886
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ 2,325	\$ -	\$ -	\$ 8,006
Accrued payroll	-	-	-	-	-	-
Accrued interest	-	-	-	7,268,834	786,415	159,606
Due to other funds	-	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-
Arbitrage liability	-	-	-	-	-	-
Bonds payable	-	-	-	11,700,000	3,050,000	-
Deferred revenue	-	-	-	-	-	6,620,220
Total liabilities	-	-	2,325	18,968,834	3,836,415	6,787,832
Fund Balances:						
Reserved:						
Capital projects purposes	-	-	-	-	-	-
Debt service	-	-	-	-	-	1,542,054
Unreserved, undesignated:						
Special revenue funds	-	7,915	813,059	-	-	-
Capital projects funds	-	-	-	-	-	-
Total fund balances	-	7,915	813,059	-	-	1,542,054
Total liabilities and fund balances	\$ -	\$ 7,915	\$ 815,384	\$ 18,968,834	\$ 3,836,415	\$ 8,329,886

(Continued)

Capital Projects							
Public Works and General Government	Community Services	Public Safety Buildings and Improvements	Capital Equipment Acquisition and Replacement	Special Assessments	Computer Purchases	Fleet Replacement	Total Other Governmental Funds
\$ 8,004,798	\$ 26,862,334	\$ 14,060,753	\$ -	\$ 4,887,082	\$ 2,678,974	\$ 409,780	\$ 99,826,277
-	-	-	-	-	-	-	82
-	-	-	-	-	-	-	7,007,525
-	-	-	-	-	-	-	618,087
-	-	-	-	-	-	-	180,000
-	-	-	-	-	-	-	1,427,566
-	-	-	10,388,971	-	-	-	10,388,971
<u>\$ 8,004,798</u>	<u>\$ 26,862,334</u>	<u>\$ 14,060,753</u>	<u>\$ 10,388,971</u>	<u>\$ 4,887,082</u>	<u>\$ 2,678,974</u>	<u>\$ 409,780</u>	<u>\$ 119,448,508</u>
\$ 782,422	\$ 2,241,945	\$ 712,671	\$ -	\$ 1,214	\$ 106,210	\$ -	\$ 5,038,725
-	-	-	-	-	-	-	121,105
-	-	-	-	-	-	-	8,214,855
-	-	-	3,491,740	-	-	-	3,555,374
-	5,566,708	15,654,706	-	-	-	-	22,084,359
22	86,890	1,887	-	-	-	-	88,799
-	-	-	-	-	-	-	14,750,000
-	-	-	-	-	-	-	6,620,220
<u>782,444</u>	<u>7,895,543</u>	<u>16,369,264</u>	<u>3,491,740</u>	<u>1,214</u>	<u>106,210</u>	<u>-</u>	<u>60,473,437</u>
7,222,354	18,966,791	(2,308,511)	6,897,231	-	-	-	30,777,865
-	-	-	-	-	-	-	1,542,054
-	-	-	-	-	-	-	18,786,740
-	-	-	-	4,885,868	2,572,764	409,780	7,868,412
<u>7,222,354</u>	<u>18,966,791</u>	<u>(2,308,511)</u>	<u>6,897,231</u>	<u>4,885,868</u>	<u>2,572,764</u>	<u>409,780</u>	<u>58,975,071</u>
<u>\$ 8,004,798</u>	<u>\$ 26,862,334</u>	<u>\$ 14,060,753</u>	<u>\$ 10,388,971</u>	<u>\$ 4,887,082</u>	<u>\$ 2,678,974</u>	<u>\$ 409,780</u>	<u>\$ 119,448,508</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, 2009

	Special Revenue						
	Highway	Local					
	User Fund	Transportation Assistance	Grants-in-Aid	Community Development	Parks and Recreation	Library	Community Center Building
REVENUES:							
Highway user taxes	\$ 13,849,284	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants and entitlements	-	1,454,127	15,270,984	1,443,793	-	-	-
System development fees	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-
Charges for services	17,947	-	-	-	-	-	-
Interest income	415,206	69,434	6,106	-	6,924	895	-
Miscellaneous	-	130,468	621	-	80,913	29,174	-
Total revenues	<u>14,282,437</u>	<u>1,654,029</u>	<u>15,277,711</u>	<u>1,443,793</u>	<u>87,837</u>	<u>30,069</u>	<u>-</u>
EXPENDITURES:							
Current:							
General government	7,067	-	184,457	-	-	-	-
Public safety	-	-	771,557	-	-	-	-
Community development	-	-	1,242	1,145,766	-	-	-
Public works	7,682,176	914,274	-	-	-	-	-
Community services	-	-	267,681	-	72,838	23,906	64
Capital improvements	2,909,798	756,260	12,617,962	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-
Total expenditures	<u>10,599,041</u>	<u>1,670,534</u>	<u>13,842,899</u>	<u>1,145,766</u>	<u>72,838</u>	<u>23,906</u>	<u>64</u>
REVENUES OVER (UNDER)							
EXPENDITURES	<u>3,683,396</u>	<u>(16,505)</u>	<u>1,434,812</u>	<u>298,027</u>	<u>14,999</u>	<u>6,163</u>	<u>(64)</u>
OTHER FINANCING SOURCES (USES):							
Bond premium	-	-	-	-	-	-	-
Face amount of bonds issued	-	-	-	-	-	-	-
Proceeds from disposal of capital assets	6,730	-	-	-	-	-	-
Transfers in	36,637	1,117	-	-	-	-	-
Transfers out	(4,874,438)	(1,525)	-	(276,111)	-	-	-
Total other financing sources (uses)	<u>(4,831,071)</u>	<u>(408)</u>	<u>-</u>	<u>(276,111)</u>	<u>-</u>	<u>-</u>	<u>-</u>
REVENUES AND OTHER FINANCING							
SOURCES OVER (UNDER)							
EXPENDITURES AND OTHER							
FINANCING USES	<u>(1,147,675)</u>	<u>(16,913)</u>	<u>1,434,812</u>	<u>21,916</u>	<u>14,999</u>	<u>6,163</u>	<u>(64)</u>
FUND BALANCES:							
Beginning of year	<u>16,243,984</u>	<u>2,706,839</u>	<u>(2,195,598)</u>	<u>618,531</u>	<u>259,234</u>	<u>19,335</u>	<u>203</u>
End of year	<u>\$ 15,096,309</u>	<u>\$ 2,689,926</u>	<u>\$ (760,786)</u>	<u>\$ 640,447</u>	<u>\$ 274,233</u>	<u>\$ 25,498</u>	<u>\$ 139</u>

(Continued)

Special Revenue			Debt Service			Capital Projects	
Chandler Employee	Downtown Redevelopment	Municipal Arts	General Obligation Bonds	Highway User Revenue Bonds	Special Assessments Bonds	Public Works and General Government	Community Services
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	412,563	1,957,010
-	-	-	-	-	863,747	-	-
-	-	837,243	-	-	-	-	694,000
2	196	11,328	-	-	19,282	74,508	837,026
-	-	-	-	-	-	-	-
<u>2</u>	<u>196</u>	<u>848,571</u>	<u>-</u>	<u>-</u>	<u>883,029</u>	<u>487,071</u>	<u>3,488,036</u>
-	-	-	-	-	-	139,649	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	127,739	-	-	-	-	-
-	-	-	-	-	-	2,520,567	26,492,777
-	-	-	11,700,000	3,050,000	525,000	-	-
-	-	-	-	-	-	4,499	204,971
-	-	-	<u>11,048,211</u>	<u>1,572,829</u>	<u>438,255</u>	<u>-</u>	<u>-</u>
-	-	<u>127,739</u>	<u>22,748,211</u>	<u>4,622,829</u>	<u>963,255</u>	<u>2,664,715</u>	<u>26,697,748</u>
<u>2</u>	<u>196</u>	<u>720,832</u>	<u>(22,748,211)</u>	<u>(4,622,829)</u>	<u>(80,226)</u>	<u>(2,177,644)</u>	<u>(23,209,712)</u>
-	-	-	-	-	-	10,997	500,986
-	-	-	-	-	-	564,000	25,800,000
-	-	-	-	-	-	-	-
168	-	-	22,748,211	4,622,829	219,043	-	-
(2)	-	-	-	-	(211,043)	-	(12,782)
<u>166</u>	<u>-</u>	<u>-</u>	<u>22,748,211</u>	<u>4,622,829</u>	<u>8,000</u>	<u>574,997</u>	<u>26,288,204</u>
168	196	720,832	-	-	(72,226)	(1,602,647)	3,078,492
(168)	7,719	92,227	-	-	1,614,280	8,825,001	15,888,299
<u>\$ -</u>	<u>\$ 7,915</u>	<u>\$ 813,059</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,542,054</u>	<u>\$ 7,222,354</u>	<u>\$ 18,966,791</u>

(Continued)

City of Chandler
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the year ended June 30, 2009

	Capital Projects					Total Other Governmental Funds
	Public Safety Buildings and Improvements	Capital Equipment Acquisition and Replacement	Special Assessments	Computer Purchases	Fleet Replacement	
REVENUES:						
Highway user taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,849,284
Grants and entitlements	-	-	-	-	-	18,168,904
System development fees	719,243	-	-	-	-	3,088,816
Special assessments	-	-	-	-	-	863,747
Charges for services	-	-	-	-	-	1,549,190
Interest income	402,898	150,160	145,047	86,305	14,232	2,239,549
Miscellaneous	-	-	1,650	-	-	242,826
Total revenues	1,122,141	150,160	146,697	86,305	14,232	40,002,316
EXPENDITURES:						
Current:						
General government	-	-	126,137	42,588	-	499,898
Public safety	-	-	-	-	-	771,557
Community development	-	-	-	-	-	1,147,008
Public works	-	-	-	-	-	8,596,450
Community services	-	-	-	-	-	492,228
Capital improvements	10,799,648	903,828	-	1,542,289	-	58,543,129
Debt service:						
Principal	-	-	-	-	-	15,275,000
Bond issuance costs	50,850	-	-	-	-	260,320
Interest and fiscal charges	-	-	-	-	-	13,059,295
Total expenditures	10,850,498	903,828	126,137	1,584,877	-	98,644,885
REVENUES OVER (UNDER) EXPENDITURES	(9,728,357)	(753,668)	20,560	(1,498,572)	14,232	(58,642,569)
OTHER FINANCING SOURCES (USES):						
Bond premium	124,286	-	-	-	-	636,269
Face amount of bonds issued	6,374,000	-	-	-	-	32,738,000
Proceeds from disposal of capital assets	-	69,295	-	-	1,278	77,303
Transfers in	-	1,195,463	58,349	2,284,760	60,245	31,226,822
Transfers out	-	(289,216)	(2,684,001)	(1,996,629)	-	(10,345,747)
Total other financing sources (uses)	6,498,286	975,542	(2,625,652)	288,131	61,523	54,332,647
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(3,230,071)	221,874	(2,605,092)	(1,210,441)	75,755	(4,309,922)
FUND BALANCES:						
Beginning of year	921,560	6,675,357	7,490,960	3,783,205	334,025	63,284,993
End of year	\$ (2,308,511)	\$ 6,897,231	\$ 4,885,868	\$ 2,572,764	\$ 409,780	\$ 58,975,071

(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, 2009

	Budgeted Amounts		Non-GAAP	Positive
	Original	Final	Actual	(Negative)
			Amounts	Variance with Final Budget
REVENUES:				
Highway user tax	\$ 16,000,000	\$ 16,000,000	\$ 13,907,476	\$ (2,092,524)
Charges for services	19,500	19,500	17,947	(1,553)
Interest income	550,000	550,000	415,207	(134,793)
Miscellaneous	1,000	1,000	-	(1,000)
Total revenues	<u>16,570,500</u>	<u>16,570,500</u>	<u>14,340,630</u>	<u>(2,229,870)</u>
EXPENDITURES:				
Current:				
General government	12,389,405	14,284,240	7,067	14,277,173
Public works	14,255,746	11,764,737	11,102,000	662,737
Total expenditures	<u>26,645,151</u>	<u>26,048,977</u>	<u>11,109,067</u>	<u>14,939,910</u>
Excess (deficiency) of revenues over expenditures	<u>(10,074,651)</u>	<u>(9,478,477)</u>	<u>3,231,563</u>	<u>12,710,040</u>
Other financing sources (uses):				
Transfers in	16,573	16,573	36,637	20,064
Transfers out	(294,844)	(295,655)	(4,874,438)	(4,578,783)
Total other financing sources (uses)	<u>(278,271)</u>	<u>(279,082)</u>	<u>(4,837,801)</u>	<u>(4,558,719)</u>
Change in fund balances	(10,352,922)	(9,757,559)	(1,606,238)	8,151,321
Fund balances, July 1, 2008	<u>1,179,484</u>	<u>1,272,287</u>	<u>17,196,828</u>	<u>15,924,541</u>
Fund balances, June 30, 2009	<u>\$ (9,173,438)</u>	<u>\$ (8,485,272)</u>	<u>\$ 15,590,590</u>	<u>\$ 24,075,862</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, 2009

	Budgeted Amounts		Non-GAAP	Positive
	Original	Final	Actual	(Negative)
			Amounts	Variance with
				Final Budget
REVENUES:				
Grants and entitlements	\$ 1,573,653	\$ 1,573,653	\$ 1,454,127	\$ (119,526)
Interest income	70,000	70,000	69,433	(567)
Miscellaneous	70,347	70,347	130,469	60,122
Total revenues	1,714,000	1,714,000	1,654,029	(59,971)
EXPENDITURES:				
Current:				
General government	310,270	200,687	-	200,687
Public works	1,415,963	2,368,994	2,075,210	293,784
Total expenditures	1,726,233	2,569,681	2,075,210	494,471
Excess (deficiency) of revenues over expenditures	(12,233)	(855,681)	(421,181)	434,500
Other financing sources (uses):				
Transfers in	1,117	1,117	1,117	-
Transfers out	(5,377)	(5,377)	(1,525)	3,852
Total other financing sources (uses)	(4,260)	(4,260)	(408)	3,852
Change in fund balances	(16,493)	(859,941)	(421,589)	438,352
Fund balances, July 1, 2008	1,299,344	1,339,440	2,556,428	1,216,988
Fund balances, June 30, 2009	\$ 1,282,851	\$ 479,499	\$ 2,134,839	\$ 1,655,340

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, 2009

	Budgeted Amounts		Non-GAAP	Positive
	Original	Final	Actual	(Negative)
			Amounts	Variance with
				Final Budget
REVENUES:				
Grants and entitlements	\$ 26,247,687	\$ 26,247,687	\$ 15,988,422	\$ (10,259,265)
Interest income	5,000	5,000	6,106	1,106
Miscellaneous	-	-	620	620
Total revenues	<u>26,252,687</u>	<u>26,252,687</u>	<u>15,995,148</u>	<u>(10,257,539)</u>
EXPENDITURES:				
Current:				
General government	687,546	8,249,077	184,155	8,064,922
Public safety	3,184,362	3,319,000	1,640,815	1,678,185
Public works	31,858,257	24,152,042	15,312,214	8,839,828
Community development	-	-	1,362	(1,362)
Community services	1,761,567	1,767,316	376,008	1,391,308
Total expenditures	<u>37,491,732</u>	<u>37,487,435</u>	<u>17,514,554</u>	<u>19,972,881</u>
Change in fund balances	<u>(11,239,045)</u>	<u>(11,234,748)</u>	<u>(1,519,406)</u>	<u>9,715,342</u>
Fund balances, July 1, 2008	<u>(10,503,462)</u>	<u>(11,777,250)</u>	<u>(7,225,409)</u>	<u>4,551,841</u>
Fund balances, June 30, 2009	<u>\$ (21,742,507)</u>	<u>\$ (23,011,998)</u>	<u>\$ (8,744,815)</u>	<u>\$ 14,267,183</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, 2009

	Budgeted Amounts		Non-GAAP	Positive
	Original	Final	Actual	(Negative)
			Amounts	Variance with
				Final Budget
REVENUES:				
Grants and entitlements	\$ 4,600,000	\$ 4,600,000	\$ 1,443,793	\$ (3,156,207)
Interest income	-	-	-	-
Total revenues	4,600,000	4,600,000	1,443,793	(3,156,207)
EXPENDITURES:				
Current:				
Capital improvements	-	-	-	-
General government	465,207	81,880	-	81,880
Community development	4,600,000	4,749,510	1,145,766	3,603,744
Total expenditures	5,065,207	4,831,390	1,145,766	3,685,624
Excess (deficiency) of revenues over expenditures	(465,207)	(231,390)	298,027	529,417
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	(276,111)	(276,111)
Total other financing sources (uses)	-	-	(276,111)	(276,111)
Change in fund balances	(465,207)	(231,390)	21,916	253,306
Fund balances, July 1, 2008	(417,498)	(600,862)	151,792	752,654
Fund balances, June 30, 2009	\$ (882,705)	\$ (832,252)	\$ 173,708	\$ 1,005,960

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, 2009

	Budgeted Amounts		Non-GAAP	Positive
	Original	Final	Actual	(Negative)
			Amounts	Variance with
				Final Budget
REVENUES:				
Interest income	\$ 10,000	\$ 10,000	\$ 6,924	\$ (3,076)
Miscellaneous	62,850	62,850	80,913	18,063
Total revenues	72,850	72,850	87,837	14,987
EXPENDITURES:				
Current:				
General government	7,370	2,831	-	2,831
Community services	165,003	169,542	79,787	89,755
Total expenditures	172,373	172,373	79,787	92,586
Change in fund balances	(99,523)	(99,523)	8,050	107,573
Fund balances, July 1, 2008	167,467	167,975	259,520	91,545
Fund balances, June 30, 2009	\$ 67,944	\$ 68,452	\$ 267,570	\$ 199,118

City of Chandler

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

Library Special Revenue

For the year ended June 30, 2009

	Budgeted Amounts		Non-GAAP Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
REVENUES:				
Interest income	\$ 1,000	\$ 1,000	\$ 895	\$ (105)
Miscellaneous	20,000	20,000	29,174	9,174
Total revenues	21,000	21,000	30,069	9,069
EXPENDITURES:				
Current:				
General government	5,063	1,883	-	1,883
Community services	54,000	54,331	4,451	49,880
Total expenditures	59,063	56,214	4,451	51,763
Change in fund balances	(38,063)	(35,214)	25,618	60,832
Fund balances, July 1, 2008	(2,259)	(259)	13,878	14,137
Fund balances, June 30, 2009	\$ (40,322)	\$ (35,473)	\$ 39,496	\$ 74,969

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, 2009

	Budgeted Amounts		Total Non-GAAP Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
REVENUES:				
Interest income	\$ 8	\$ 8	\$ -	\$ (8)
Total revenues	<u>8</u>	<u>8</u>	<u>-</u>	<u>(8)</u>
EXPENDITURES:				
Current:				
General government	8	8	64	(56)
Total expenditures	<u>8</u>	<u>8</u>	<u>64</u>	<u>(56)</u>
Change in fund balances	-	-	(64)	(64)
Fund balances, July 1, 2008	<u>146</u>	<u>146</u>	<u>157</u>	<u>11</u>
Fund balances, June 30, 2009	<u>\$ 146</u>	<u>\$ 146</u>	<u>\$ 93</u>	<u>\$ (53)</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, 2009

	Budgeted Amounts		Non-GAAP Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
REVENUES:				
Interest income	\$ -	\$ -	\$ 2	\$ 2
Total revenues	<u>-</u>	<u>-</u>	<u>2</u>	<u>2</u>
Change in fund balances	-	-	2	2
Other financing sources (uses):				
Transfers in	-	-	168	168
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>168</u>	<u>168</u>
Fund balances, July 1, 2008	<u>(172)</u>	<u>(172)</u>	<u>(171)</u>	<u>1</u>
Fund balances, June 30, 2009	<u>\$ (172)</u>	<u>\$ (172)</u>	<u>\$ (3)</u>	<u>\$ 169</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, 2009

	Budgeted Amounts		Non-GAAP Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
REVENUES:				
Interest income	\$ 250	\$ 250	\$ 196	\$ (54)
Total revenues	<u>250</u>	<u>250</u>	<u>196</u>	<u>(54)</u>
EXPENDITURES:				
Current:				
General government	<u>250</u>	<u>250</u>	<u>-</u>	<u>250</u>
Total expenditures	<u>250</u>	<u>250</u>	<u>-</u>	<u>250</u>
Change in fund balances	-	-	196	196
Fund balances, July 1, 2008	<u>7,307</u>	<u>7,307</u>	<u>7,703</u>	<u>396</u>
Fund balances, June 30, 2009	<u><u>\$ 7,307</u></u>	<u><u>\$ 7,307</u></u>	<u><u>\$ 7,899</u></u>	<u><u>\$ 592</u></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, 2009

	Budgeted Amounts		Non-GAAP Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
REVENUES:				
Charges for services	\$ 308,500	\$ 308,500	\$ 837,243	\$ 528,743
Interest income	1,500	1,500	11,328	9,828
Total revenues	<u>310,000</u>	<u>310,000</u>	<u>848,571</u>	<u>538,571</u>
EXPENDITURES:				
Current:				
General government	85,000	547,797	-	547,797
Community services	225,000	302,095	200,323	101,772
Total expenditures	<u>310,000</u>	<u>849,892</u>	<u>200,323</u>	<u>649,569</u>
Change in fund balances	-	(539,892)	648,248	1,188,140
Fund balances (deficits), July 1, 2008	<u>(251,225)</u>	<u>(262,082)</u>	<u>45,719</u>	<u>307,801</u>
Fund balances (deficits), June 30, 2009	<u>\$ (251,225)</u>	<u>\$ (801,974)</u>	<u>\$ 693,967</u>	<u>\$ 1,495,941</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, 2009

	Budgeted Amounts		Non-GAAP Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
REVENUES:				
System development fees	\$ 663,415	\$ 663,415	412,563	\$ (250,852)
Interest income	260,000	260,000	74,530	(185,470)
Total revenues	923,415	923,415	487,093	(436,322)
EXPENDITURES:				
Current:				
General government	17,034,576	3,165,939	139,649	3,026,290
Bond issuance cost	-	-	4,499	(4,499)
Capital improvements	2,890,806	16,759,443	11,515,616	5,243,827
Total expenditures	19,925,382	19,925,382	11,659,764	8,265,618
Excess (deficiency) of revenues over expenditures	(19,001,967)	(19,001,967)	(11,172,671)	7,829,296
Other financing sources (uses):				
Transfers in	16,344,342	16,344,342	-	(16,344,342)
Bond premium (discount)	-	-	10,997	10,997
Face amount of bonds issued	550,000	550,000	564,000	14,000
Total other financing sources (uses)	16,894,342	16,894,342	574,997	(16,319,345)
Change in fund balances	(2,107,625)	(2,107,625)	(10,597,674)	(8,490,049)
Fund balances, July 1, 2008	464,886	336,191	8,905,865	8,569,674
Fund balances, June 30, 2009	\$ (1,642,739)	\$ (1,771,434)	\$ (1,691,809)	\$ 79,625

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, 2009

	Budgeted Amounts		Non-GAAP Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
REVENUES:				
Charges for services	\$ -	\$ -	\$ 694,000	\$ 694,000
System development fees	3,541,398	3,541,398	1,957,010	(1,584,388)
Interest income	1,791,000	1,791,000	737,770	(1,053,230)
Total revenues	5,332,398	5,332,398	3,388,780	(1,943,618)
EXPENDITURES:				
Current:				
Bond issuance costs	-	-	204,971	(204,971)
Capital improvements	75,887,266	75,890,218	38,659,664	37,230,554
Total expenditures	75,887,266	75,890,218	38,864,635	37,025,583
Excess (deficiency) of revenues over expenditures	(70,554,868)	(70,557,820)	(35,475,855)	35,081,965
Other financing sources (uses):				
Proceeds from the issuance of debt	61,685,000	61,189,525	26,300,986	(34,888,539)
Transfers in	9,205,000	9,205,000	-	(9,205,000)
Transfers out	11,205,000	11,205,000	(12,782)	(11,217,782)
Total other financing sources (uses)	82,095,000	81,599,525	26,288,204	(55,311,321)
Change in fund balances	11,540,132	11,041,705	(9,187,651)	(20,229,356)
Fund balances (deficits), July 1, 2008	(147,392,136)	(139,132,869)	(73,930,989)	65,201,880
Fund balances (deficits), June 30, 2009	\$ (135,852,004)	\$ (128,091,164)	\$ (83,118,640)	\$ 44,972,524

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, 2009

	Budgeted Amounts		Non-GAAP Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
REVENUES:				
System development fees	\$ 942,062	\$ 942,062	\$ 719,243	\$ (222,819)
Interest income	820,000	820,000	322,923	(497,077)
Total revenues	<u>1,762,062</u>	<u>1,762,062</u>	<u>1,042,166</u>	<u>(719,896)</u>
EXPENDITURES:				
Current:				
Bond issuance costs	-	-	50,850	(50,850)
Capital improvements	41,863,801	41,866,753	12,950,460	28,916,293
Total expenditures	<u>41,863,801</u>	<u>41,866,753</u>	<u>13,001,310</u>	<u>28,865,443</u>
Excess (deficiency) of revenues over expenditures	<u>(40,101,739)</u>	<u>(40,104,691)</u>	<u>(11,959,144)</u>	<u>28,145,547</u>
Other financing sources (uses):				
Proceeds from the issuance of debt	22,780,000	22,780,000	6,498,286	(16,281,714)
Total other financing sources (uses)	<u>22,780,000</u>	<u>22,780,000</u>	<u>6,498,286</u>	<u>(16,281,714)</u>
Change in fund balances	<u>(17,321,739)</u>	<u>(17,324,691)</u>	<u>(5,460,858)</u>	<u>11,863,833</u>
Fund balances (deficits), July 1, 2008	<u>(38,118,930)</u>	<u>(35,311,458)</u>	<u>(19,542,584)</u>	<u>15,768,874</u>
Fund balances (deficits), June 30, 2009	<u>\$ (55,440,669)</u>	<u>\$ (52,636,149)</u>	<u>\$ (25,003,442)</u>	<u>\$ 27,632,707</u>

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, 2009

	Budgeted Amounts		Non-GAAP Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
REVENUES:				
Interest income	\$ 175,000	\$ 175,000	\$ 150,160	\$ (24,840)
Total revenues	<u>175,000</u>	<u>175,000</u>	<u>150,160</u>	<u>(24,840)</u>
EXPENDITURES:				
Current:				
General government	2,200,000	1,318,132	-	1,318,132
Capital improvements	<u>2,744,439</u>	<u>3,626,307</u>	<u>1,105,808</u>	<u>2,520,499</u>
Total expenditures	<u>4,944,439</u>	<u>4,944,439</u>	<u>1,105,808</u>	<u>3,838,631</u>
Excess (deficiency) of revenues over expenditures	<u>(4,769,439)</u>	<u>(4,769,439)</u>	<u>(955,648)</u>	<u>3,813,791</u>
Other financing sources (uses):				
Proceeds from disposal of capital assets	160,000	160,000	69,295	(90,705)
Transfers in	3,025,863	3,025,863	1,195,463	(1,830,400)
Transfers out	<u>(35,313)</u>	<u>(35,313)</u>	<u>218,590</u>	<u>253,903</u>
Total other financing sources (uses)	<u>3,150,550</u>	<u>3,150,550</u>	<u>1,483,348</u>	<u>(1,667,202)</u>
Change in fund balances	(1,618,889)	(1,618,889)	527,700	2,146,589
Fund balances, July 1, 2008	<u>1,766,362</u>	<u>1,772,182</u>	<u>4,189,097</u>	<u>2,416,915</u>
Fund balances, June 30, 2009	<u>\$ 147,473</u>	<u>\$ 153,293</u>	<u>\$ 4,716,797</u>	<u>\$ 4,563,504</u>

City of Chandler

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

Special Assessments - Capital Projects Fund

For the year ended June 30, 2009

	Budgeted Amounts		Non-GAAP Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
REVENUES:				
Investment income	\$ 180,000	\$ 180,000	\$ 145,047	\$ (34,953)
Miscellaneous income	-	-	1,651	1,651
Total revenues	<u>180,000</u>	<u>180,000</u>	<u>146,698</u>	<u>(33,302)</u>
EXPENDITURES:				
Current:				
General government	<u>180,000</u>	<u>180,000</u>	<u>129,016</u>	<u>50,984</u>
Total expenditures	<u>180,000</u>	<u>180,000</u>	<u>129,016</u>	<u>50,984</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>17,682</u>	<u>17,682</u>
Other financing sources (uses):				
Transfers in	-	-	58,350	58,350
Transfers out	-	-	(2,684,001)	(2,684,001)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(2,625,651)</u>	<u>(2,625,651)</u>
Change in fund balances	<u>-</u>	<u>-</u>	<u>(2,607,969)</u>	<u>(2,607,969)</u>
Fund balances, July 1, 2008	<u>5,502,041</u>	<u>5,500,452</u>	<u>7,475,021</u>	<u>1,974,569</u>
Fund balances, June 30, 2009	<u>\$ 5,502,041</u>	<u>\$ 5,500,452</u>	<u>\$ 4,867,052</u>	<u>\$ (633,400)</u>

City of Chandler

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

Computer Purchase - Capital Projects Fund

For the year ended June 30, 2009

	Budgeted Amounts		Non-GAAP Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
REVENUES:				
Interest income	\$ 125,000	\$ 125,000	\$ 67,832	\$ (57,168)
Total revenues	<u>125,000</u>	<u>125,000</u>	<u>67,832</u>	<u>(57,168)</u>
EXPENDITURES:				
Current:				
General government	2,263,014	1,773,203	43,629	1,729,574
Capital improvements	2,590,613	3,080,424	2,247,484	832,940
Total expenditures	<u>4,853,627</u>	<u>4,853,627</u>	<u>2,291,113</u>	<u>2,562,514</u>
Excess (deficiency) of revenues over expenditures	<u>(4,728,627)</u>	<u>(4,728,627)</u>	<u>(2,223,281)</u>	<u>(2,619,682)</u>
Other financing sources (uses):				
Transfers in	2,728,627	2,728,627	2,284,760	(443,867)
Transfers out	(1,996,629)	(1,996,629)	(1,996,629)	-
Total other financing sources (uses)	<u>731,998</u>	<u>731,998</u>	<u>288,131</u>	<u>(443,867)</u>
Change in fund balances	<u>(3,996,629)</u>	<u>(3,996,629)</u>	<u>(1,935,150)</u>	<u>(3,063,549)</u>
Fund balances, July 1, 2008	<u>(163,715)</u>	<u>(154,394)</u>	<u>3,615,295</u>	<u>3,769,689</u>
Fund balances, June 30, 2009	<u>\$ (4,160,344)</u>	<u>\$ (4,151,023)</u>	<u>\$ 1,680,145</u>	<u>\$ 706,140</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, 2009

	Budgeted Amounts		Non-GAAP Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
REVENUES:				
Interest income	\$ 10,000	\$ 10,000	\$ 14,232	\$ 4,232
Total revenues	<u>10,000</u>	<u>10,000</u>	<u>14,232</u>	<u>4,232</u>
EXPENDITURES:				
Current:				
General government	100,000	100,000	-	100,000
Total expenditures	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>100,000</u>
Excess (deficiency) of revenues over expenditures	<u>(90,000)</u>	<u>(90,000)</u>	<u>14,232</u>	<u>104,232</u>
Other financing sources (uses):				
Proceeds from disposal of capital assets	-	-	1,278	1,278
Transfers in	60,245	60,245	60,245	-
Total other financing sources (uses)	<u>60,245</u>	<u>60,245</u>	<u>61,523</u>	<u>1,278</u>
Change in fund balances	<u>(29,755)</u>	<u>(29,755)</u>	<u>75,755</u>	<u>105,510</u>
Fund balances, July 1, 2008	<u>4,603</u>	<u>4,603</u>	<u>334,025</u>	<u>329,422</u>
Fund balances, June 30, 2009	<u>\$ (25,152)</u>	<u>\$ (25,152)</u>	<u>\$ 409,780</u>	<u>\$ 434,932</u>



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Where Values Make The Difference

City of Chandler

Non-Major Proprietary Funds

Solid Waste

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

Airport

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

Chandler Housing Authority

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

City of Chandler
Combining Statement of Net Assets
Non-Major Proprietary Funds
June 30, 2009

	Solid Waste	Airport	Chandler Housing Authority	Total Other Proprietary Funds
ASSETS				
Current assets:				
Cash and investments	\$ 10,483,317	\$ 377,269	\$ 2,818,818	\$ 13,679,404
Accounts receivable	1,698,273	16	23,893	1,722,182
Due from other governments	-	-	24,629	24,629
Inventory	-	12,613	-	12,613
Prepaid Invoices	-	-	347,584	347,584
Total current assets	<u>12,181,590</u>	<u>389,898</u>	<u>3,214,924</u>	<u>15,786,412</u>
Noncurrent assets:				
Other assets	-	1,533	-	1,533
Long-term notes receivables	-	-	394,450	394,450
Capital assets:				
Non-depreciable	7,088,918	19,482,854	1,597,897	28,169,669
Depreciable, net	10,955,003	11,227,407	7,410,014	29,592,424
Total capital assets	<u>18,043,921</u>	<u>30,710,261</u>	<u>9,007,911</u>	<u>57,762,093</u>
Total noncurrent assets	<u>18,043,921</u>	<u>30,711,794</u>	<u>9,402,361</u>	<u>58,158,076</u>
Total assets	<u>30,225,511</u>	<u>31,101,692</u>	<u>12,617,285</u>	<u>73,944,488</u>
LIABILITIES				
Current liabilities:				
Accounts payable	728,599	21,804	63,491	813,894
Accrued payroll	37,866	14,282	45,032	97,180
Trust liabilities and deposits	16,512	44,368	156,405	217,285
Accrued interest	-	2,526	-	2,526
Unearned revenue	67,479	-	-	67,479
Compensated absences	2,757	1,533	4,036	8,326
Other payables	330,600	196	-	330,796
Total current liabilities	<u>1,183,813</u>	<u>84,709</u>	<u>268,964</u>	<u>1,537,486</u>
Noncurrent liabilities:				
Compensated absences	46,582	25,902	68,208	140,692
Advances from other funds	50,723	-	-	50,723
Bonds payable	-	201,000	-	201,000
Other payables	6,660	7,637	-	14,297
Arbitrage liability	-	8	-	8
Landfill closure and postclosure costs	2,455,591	-	-	2,455,591
Total noncurrent liabilities	<u>2,559,556</u>	<u>234,547</u>	<u>68,208</u>	<u>2,862,311</u>
Total liabilities	<u>3,743,369</u>	<u>319,256</u>	<u>337,172</u>	<u>4,399,797</u>
NET ASSETS				
Invested in capital assets, net of related debt	18,043,921	30,509,261	9,007,911	57,561,093
Unrestricted	8,438,221	273,175	3,272,202	11,983,598
Total net assets	<u>\$ 26,482,142</u>	<u>\$ 30,782,436</u>	<u>\$ 12,280,113</u>	<u>\$ 69,544,691</u>

City of Chandler
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Non-Major Proprietary Funds
For the year ended June 30, 2009

	Solid Waste	Airport	Chandler Housing Authority	Total Other Proprietary Funds
OPERATING REVENUES:				
Service fees	\$ 12,762,120	\$ 740,242	\$ -	\$ 13,502,362
Grants and entitlements	-	-	6,225,928	6,225,928
Rentals	-	1,314	595,420	596,734
Other revenue	-	5,116	188,362	193,478
Total operating revenues	12,762,120	746,672	7,009,710	20,518,502
OPERATING EXPENSES:				
General and administrative	1,416,778	863,446	-	2,280,224
Personal services	1,383,555	445,688	1,671,592	3,500,835
Contractual services	8,088,913	62,030	208,574	8,359,517
Commodities	475,404	150,333	549,864	1,175,601
Housing assistance payments	-	-	4,281,150	4,281,150
Landfill closure and postclosure	56,054	-	-	56,054
Depreciation and amortization	645,286	745,493	528,005	1,918,784
Total operating expenses	12,065,990	2,266,990	7,239,185	21,572,165
OPERATING INCOME (LOSS)	696,130	(1,520,318)	(229,475)	(1,053,663)
NONOPERATING REVENUES (EXPENSES):				
Interest revenue	249,817	6,926	71,273	328,016
Interest expense	-	(2,527)	-	(2,527)
Accretion of bond premium	-	196	-	196
Amortization of bond costs	-	(69)	-	(69)
Gain (loss) on the disposal of capital assets	(11,008)	(105)	-	(11,113)
Total nonoperating revenues (expenses)	238,809	4,421	71,273	314,503
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	934,939	(1,515,897)	(158,202)	(739,160)
CAPITAL CONTRIBUTION AND TRANSFERS:				
Capital contributions	37,332	324,891	153,048	515,271
Transfers in	43,188	1,321,659	561,111	1,925,958
Transfers out	(34,405)	(652,795)	-	(687,200)
Total transfers	46,115	993,755	714,159	1,754,029
Net income (loss)	981,054	(522,142)	555,957	1,014,869
NET ASSETS				
Beginning of year	25,501,088	31,304,578	11,724,156	68,529,822
End of year	<u>\$ 26,482,142</u>	<u>\$ 30,782,436</u>	<u>\$ 12,280,113</u>	<u>\$ 69,544,691</u>

City of Chandler
Combining Statement of Cash Flows
Non-Major Proprietary Funds
For the year ended June 30, 2009

	Solid Waste	Airport	Chandler Housing Authority	Total Other Proprietary Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 12,757,471	\$ 740,904	\$ 1,054,973	\$ 14,553,348
Cash received from grantors	-	-	6,338,167	6,338,167
Cash payments to suppliers	(9,894,530)	(1,074,188)	(5,356,224)	(16,324,942)
Cash payments to employees for services	(1,375,635)	(438,136)	(1,659,576)	(3,473,347)
Net cash provided (used) by operating activities	1,487,306	(771,420)	377,340	1,093,226
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers in	43,188	1,321,659	561,111	1,925,958
Transfers out	(34,405)	(652,795)	-	(687,200)
Net cash provided (used) by noncapital financing activities	8,783	668,864	561,111	1,238,758
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and construction of capital assets	(84,835)	(404,562)	(478,188)	(967,585)
Proceeds from sales of capital assets	993	-	-	993
Proceeds from debt issuance	-	201,000	-	201,000
Interest paid on bonds	-	3,856	-	3,856
Principal received on mortgage notes	-	-	136,424	136,424
Cash payments to other funds	(17,498)	-	-	(17,498)
Capital contributions	37,332	324,891	153,048	515,271
Net cash provided (used) by capital and related financing activities	(64,008)	125,185	(188,716)	(127,539)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment income	249,817	6,926	71,273	328,016
Net cash provided (used) by investing activities	249,817	6,926	71,273	328,016
Net increase (decrease) in cash and cash equivalents	1,681,898	29,555	821,008	2,532,461
CASH AND CASH EQUIVALENTS:				
Beginning of year	8,801,419	347,714	1,997,810	11,146,943
End of year	\$ 10,483,317	\$ 377,269	\$ 2,818,818	\$ 13,679,404
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ 696,130	\$ (1,520,318)	\$ (229,475)	\$ (1,053,663)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	645,286	745,493	528,005	1,918,784
Landfill closure and postclosure costs	56,054	-	-	56,054
Changes in assets and liabilities:				
(Increase) decrease in receivables	(17,263)	(16)	110,953	93,674
(Increase) decrease in inventories	-	13,106	-	13,106
(Increase) decrease in other assets	-	(1,533)	(15,135)	(16,668)
Increase (decrease) in payables	86,565	(11,485)	(19,413)	55,667
Increase (decrease) in accrued payroll and compensated absences	5,002	5,751	-	10,753
Increase (decrease) in deposits	-	(4,219)	2,405	(1,814)
Increase (decrease) in unearned revenue	12,614	-	-	12,614
Increase (decrease) in other liabilities	2,918	1,801	-	4,719
Total adjustments	791,176	748,898	606,815	2,146,889
Net cash provided (used) by operating activities	\$ 1,487,306	\$ (771,420)	\$ 377,340	\$ 1,093,226

City of Chandler

Statement of Changes in Assets and Liabilities - Agency Fund

Fiduciary Funds

For the year ended June 30, 2009

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
<u>Miscellaneous Deposit Fund</u>				
Assets:				
Equity in pooled cash and investments	\$ 10,977	\$ 138,381	\$ (131,344)	\$ 18,014
Total assets	\$ 10,977	\$ 138,381	\$ (131,344)	\$ 18,014
Liabilities:				
Due to others	\$ 10,977	\$ 145,229	\$ (138,192)	\$ 18,014
Total liabilities	\$ 10,977	\$ 145,229	\$ (138,192)	\$ 18,014



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Where Values Make The Difference

City of Chandler
Financial Data Schedule
Housing and Redevelopment
For the year ended June 30, 2009

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, 2009

COMBINING STATEMENT OF NET ASSETS - ALL HUD PROGRAMS

		Low Rent Public Housing		
		AMP 1	AMP 2	All AMPs
		14.850a	14.850a	14.850a
FDS Line #	Account Description			
ASSETS				
111	Cash - Unrestricted	\$ 408,885	\$ 197,162	\$ 606,047
113	Cash - Restricted for FSS Escrow Accounts	13,800	-	13,800
114	Cash - Security Deposits	53,103	52,752	105,855
122	Accounts Receivable - HUD Other Projects	13,249	11,380	24,629
124	Accounts Receivable - Other Governments	-	-	-
125	Accounts Receivable - Miscellaneous	-	-	-
126	Accounts Receivable - Tenants - Dwelling Rents	14,576	11,406	25,982
126.1	Allowance for Doubtful Accounts - Dwelling Rents	(7,718)	(1,899)	(9,617)
127	Notes and Mortgages Receivable - current	-	-	-
142	Prepaid Expenses and Other Assets	5,060	3,731	8,791
161	Land	1,883,351	1,572,093	3,455,444
162	Buildings	4,376,703	8,335,338	12,712,041
164	Furniture, Equipment, Machinery - Admin	175,545	71,601	247,146
166	Accumulated Depreciation	(4,632,817)	(3,616,984)	(8,249,801)
167	Construction in Progress	-	-	-
171	Notes and Mortgages Receivable - non-current	-	335,950	335,950
	TOTAL ASSETS	<u>\$ 2,303,737</u>	<u>\$ 6,972,530</u>	<u>\$ 9,276,267</u>
LIABILITIES				
312	Accounts Payable	28,222	17,972	46,194
321	Accrued Wage/Payroll Taxes Payable	13,614	8,436	22,050
322	Accrued Compensated Absences - Current	869	302	1,171
341	Tenant Security Deposits	53,103	52,752	105,855
342	Deferred Revenues	-	-	-
345	Other Current Liabilities	3,260	7,081	10,341
353	Noncurrent Liabilities - Other	13,800	-	13,800
354	Accrued Compensated Absences - Noncurrent	14,687	5,112	19,799
	TOTAL LIABILITIES	<u>127,555</u>	<u>91,655</u>	<u>219,210</u>
NET ASSETS				
508.1	Invested in Capital Assets, net of related debt	1,802,782	6,362,048	8,164,830
511.1	Restricted Net Assets	13,800	-	13,800
512.1	Unrestricted Net Assets	359,600	518,827	878,427
	TOTAL NET ASSETS	<u>2,176,182</u>	<u>6,880,875</u>	<u>9,057,057</u>
	TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,303,737</u>	<u>\$ 6,972,530</u>	<u>\$ 9,276,267</u>

(Continued)

	Business Activities			Housing Choice Vouchers 14.871	Total
	Central Office 14.850a	Other Business	Total Business Activities		
\$	394,959	\$ 1,388,346	\$ 1,783,305	\$ 284,903	\$ 2,674,255
	-	-	-	22,909	36,709
	-	2,000	2,000	-	107,855
	-	-	-	-	24,629
	-	-	-	-	-
	-	-	-	7,528	7,528
	-	-	-	-	25,982
	-	-	-	-	(9,617)
	-	-	-	-	-
	-	-	-	338,793	347,584
	-	200,000	200,000	-	3,655,444
	-	520,613	520,613	-	13,232,654
	32,718	129,670	162,388	35,470	445,004
	(8,982)	(38,947)	(47,929)	(27,461)	(8,325,191)
	-	-	-	-	-
	-	58,500	58,500	-	394,450
<u>\$</u>	<u>418,695</u>	<u>\$ 2,260,182</u>	<u>\$ 2,678,877</u>	<u>\$ 662,142</u>	<u>\$ 12,617,286</u>
	5,433	1,193	6,626	10,671	63,491
	13,372	-	13,372	9,610	45,032
	2,126	-	2,126	739	4,036
	-	2,000	2,000	-	107,855
	-	-	-	-	-
	-	1,500	1,500	-	11,841
	-	-	-	-	-
	-	-	-	22,909	36,709
	35,928	-	35,928	12,481	68,208
	<u>56,859</u>	<u>4,693</u>	<u>61,552</u>	<u>56,410</u>	<u>337,172</u>
	23,736	811,336	835,072	8,009	9,007,911
	-	-	-	545,732	559,532
	338,100	1,444,153	1,782,253	51,991	2,712,671
	<u>361,836</u>	<u>2,255,489</u>	<u>2,617,325</u>	<u>605,732</u>	<u>12,280,114</u>
<u>\$</u>	<u>418,695</u>	<u>\$ 2,260,182</u>	<u>\$ 2,678,877</u>	<u>\$ 662,142</u>	<u>\$ 12,617,286</u>

(Concluded)

City of Chandler
Financial Data Schedule
Housing and Redevelopment
For the year ended June 30, 2009

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				
70300	Net Tenant Rental Revenue	258,421	333,574	591,995
70400	Tenant Revenue - Other	7,648	45	7,693
70600	HUD Operating Grants	940,362	451,882	1,392,244
70610	HUD Capital Grants	129,189	23,859	153,048
70710	Management Fees Earned	-	-	-
70720	Asst Management Fees Earned	-	-	-
70730	Bookkeeping Fees Earned	-	-	-
71100	Investment Income - Unrestricted	4,903	15,306	20,209
713	Proceeds from disposition of assets held for sale	-	-	-
713.1	Cost of Sale of Assets	-	-	-
71400	Fraud Recovery	-	-	-
71500	Other Revenue	37,874	34,333	72,207
72000	Investment Income - Restricted	-	-	-
	TOTAL REVENUES	1,378,397	858,999	2,237,396
EXPENSES				
91100	Administrative Salaries	159,168	108,775	267,943
91200	Auditing Fees	1,500	1,500	3,000
91300	Management Fees	111,133	95,620	206,753
91301	Bookkeeping Fees	14,392	12,390	26,782
914	Compensated Absences	-	-	-
91500	Employee Benefit Contributions - Administrative	53,223	32,681	85,904
91600	Office Expenses	4,154	1,875	6,029
91900	Other Operating - Administrative	15,535	12,389	27,924
92000	Asset Management Fees	19,560	16,800	36,360
92100	Tenant Services - Salaries	45,798	-	45,798
92300	Employee Benefit Contributions - Tenant Services	12,604	-	12,604
92400	Tenant Services - Other	762	-	762
93100	Water	33,622	2,037	35,659
93200	Electricity	44,915	6,588	51,503
93300	Gas	1,442	171	1,613
93800	Other Utility Expenditures	35,659	2,813	38,472
94100	Ordinary Maintenance and Operations - Labor	168,695	173,109	341,804
94200	Ordinary Maintenance and Operations - Materials	147,139	110,208	257,347
94300	Ordinary Maintenance and Operations - Contract Costs	92,715	85,113	177,828
94500	Ordinary Maintenance and Operations - Ordinary Maintenance	54,130	51,778	105,908
96100	Insurance	9,970	16,956	26,926
96200	Other General Expenditures	10,375	1,959	12,334
96210	Compensated Absences	4,363	-	4,363
96300	Payments in Lieu of Taxes	-	-	-
96400	Bad Debt - Tenant rents	11,181	16,308	27,489
	Total Operating Expenditures	1,052,035	749,070	1,801,105
	Other Expenditures:			
97300	Housing assistance Payments	-	-	-
97400	Depreciation	226,792	261,667	488,459
	TOTAL EXPENDITURES	1,278,827	1,010,737	2,289,564
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE OTHER FINANCING SOURCES (USES)		99,570	(151,738)	(52,168)
OTHER FINANCING SOURCES (USES)				
10010	Operating Transfers In	15,000	15,000	30,000
10020	Operating Transfers Out	(15,000)	(15,000)	(30,000)
10030	Operating Transfers In from Primary Government	241,455	34,656	276,111
	TOTAL OTHER FINANCING SOURCES (USES)	241,455	34,656	276,111
CHANGE IN NET ASSETS		341,025	(117,082)	223,943
TOTAL NET ASSETS, BEGINNING OF YEAR		1,835,157	6,997,957	8,833,114
NET ASSETS, END OF YEAR		2,176,182	6,880,875	9,057,057
OTHER MEMORANDUM AMOUNTS				
70600	Maximum Annual Contributions Commitment	-	-	-
11190	Unit Months Available	1,956	1,680	3,636
11210	Number of Unit Months Leased	1,901	1,634	3,535

(Continued)

Central Office 14.850a	Business Activities		Housing Choice Vouchers 14.871	Eliminations	Total
	Other Business	Total Business Activities			
-	3,425	3,425	-	-	595,420
-	-	-	-	-	7,693
-	-	-	4,833,684	-	6,225,928
-	-	-	-	-	153,048
275,656	-	275,656	-	(275,656)	-
43,336	-	43,336	-	(43,336)	-
69,765	-	69,765	-	(69,765)	-
3,477	33,436	36,913	2,763	-	59,885
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	8,918	-	8,918
-	-	-	99,544	-	171,751
-	-	-	11,389	-	11,389
<u>392,234</u>	<u>36,861</u>	<u>429,095</u>	<u>4,956,298</u>	<u>(388,757)</u>	<u>7,234,032</u>
230,741	1,888	232,629	212,734	-	713,306
-	-	-	3,000	-	6,000
-	7,155	7,155	68,724	(282,632)	-
-	30	30	42,953	(69,765)	-
-	-	-	-	-	-
81,105	-	81,105	87,242	-	254,251
-	-	-	2,796	-	8,825
12,709	2,890	15,599	32,758	-	76,281
-	-	-	-	(36,360)	-
-	-	-	42,865	-	88,663
-	-	-	18,620	-	31,224
-	-	-	-	-	762
-	865	865	-	-	36,524
-	1,381	1,381	-	-	52,884
-	955	955	-	-	2,568
-	1,457	1,457	-	-	39,929
92,717	735	93,452	-	-	435,256
1,114	3,700	4,814	-	-	262,161
-	17,625	17,625	-	-	195,453
31,774	-	31,774	-	-	137,682
-	-	-	-	-	26,926
-	-	-	9,263	-	21,597
5,925	-	5,925	921	-	11,209
-	1,040	1,040	-	-	1,040
-	-	-	-	-	27,489
<u>456,085</u>	<u>39,721</u>	<u>495,806</u>	<u>521,876</u>	<u>(388,757)</u>	<u>2,430,030</u>
-	-	-	4,281,150	-	4,281,150
3,674	34,949	38,623	923	-	528,005
<u>459,759</u>	<u>74,670</u>	<u>534,429</u>	<u>4,803,949</u>	<u>(388,757)</u>	<u>7,239,185</u>
<u>(67,525)</u>	<u>(37,809)</u>	<u>(105,334)</u>	<u>152,349</u>	<u>-</u>	<u>(5,153)</u>
-	-	-	-	-	30,000
-	-	-	-	-	(30,000)
135,000	-	135,000	150,000	-	561,111
<u>135,000</u>	<u>-</u>	<u>135,000</u>	<u>150,000</u>	<u>-</u>	<u>561,111</u>
67,475	(37,809)	29,666	302,349	-	555,958
294,361	2,293,298	2,587,659	303,383	-	11,724,156
<u>361,836</u>	<u>2,255,489</u>	<u>2,617,325</u>	<u>605,732</u>	<u>-</u>	<u>12,280,114</u>
-	-	-	4,833,684	-	-
-	-	-	5,760	-	-
-	-	-	5,750	-	-

(Concluded)



Chandler + Arizona
Where Values Make The Difference

Statistical Section

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



Staring Into the Sun by Kevin Berry

Located in the foyer of the Downtown Chandler Public Library

Mixed media sculpture, steel, stone and gold leaf



Chandler • Arizona
Where Values Make The Difference

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	122
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	138
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	142
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	144
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	152
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 EIGHT 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	2009
\$ 260,653,345 (1)	\$ 288,893,354	\$ 353,996,843	\$ 433,851,899
106,396,966	115,343,816	56,979,639	117,712,539
208,727,675	265,645,323	341,971,306	271,690,158
<u>575,777,986</u>	<u>669,882,493</u>	<u>752,947,788</u>	<u>823,254,596</u>
325,992,618	347,306,362	427,130,654	387,401,986
52,511,899	57,835,328	24,319,427	-
76,090,729	78,718,941	45,300,009	98,413,928
<u>454,595,246</u>	<u>483,860,631</u>	<u>496,750,090</u>	<u>485,815,914</u>
586,645,963	636,199,716	781,127,497	821,253,885
158,908,865	173,179,144	81,299,066	117,712,539
284,818,404	344,364,264	387,271,315	370,104,086
<u>\$ 1,030,373,232</u>	<u>\$ 1,153,743,124</u>	<u>\$ 1,249,697,878</u>	<u>\$ 1,309,070,510</u>

CITY OF CHANDLER, ARIZONA
CHANGES IN NET ASSETS
LAST EIGHT 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	2009
\$ 36,669,140	\$ 42,317,392	\$ 54,459,719	\$ 52,293,004
63,840,179	76,200,082	80,860,917	87,609,165
8,706,473	9,154,407	11,692,559	10,429,826
31,940,075	32,402,242	39,241,652	47,180,197
24,087,695	29,464,039	33,086,565	34,278,998
11,658,090	11,479,112	14,880,604	12,938,524
<u>176,901,652</u>	<u>201,017,274</u>	<u>234,222,016</u>	<u>244,729,714</u>
38,582,431	40,687,283	53,554,653	53,201,379
25,294,189	27,230,862	30,657,939	36,079,767
8,154,317	9,843,824	6,845,979	12,076,998
1,765,772	1,757,279	1,602,268	2,269,691
6,713,829	9,133,427	7,593,242	7,239,185
<u>80,510,538</u>	<u>88,652,675</u>	<u>100,254,081</u>	<u>110,867,020</u>
<u>257,412,190</u>	<u>\$ 289,669,949</u>	<u>\$ 334,476,097</u>	<u>\$ 355,596,734</u>

CITY OF CHANDLER, ARIZONA
CHANGES IN NET ASSETS
LAST EIGHT 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	2009
\$ 12,359,183	\$ 12,793,179.00	\$ 12,629,779	\$ 14,349,483
3,303,895	4,178,941	4,317,843	4,802,272
8,338,156	10,405,425	5,488,535	3,581,458
24,529,838 (1)	13,145,192	15,831,165	5,226,726
2,272,309	2,272,826	2,699,469	5,235,864
2,167,327	3,707,115	1,897,300	2,337,910
12,751,519	26,428,112	36,104,151	23,902,360
<u>65,722,227</u>	<u>72,930,790</u>	<u>78,968,242</u>	<u>59,436,073</u>
38,112,680	39,054,531	40,613,727	39,707,910
20,499,458	21,083,587	25,145,258	25,922,530
12,218,720	12,769,423	12,979,695	12,762,120
1,005,728	974,190	773,449	741,556
648,766	661,509	1,061,658	595,420
6,634,435	6,312,438	6,114,138	6,225,928
23,547,210	28,014,518	19,782,193	9,110,319
<u>102,666,997</u>	<u>108,870,196</u>	<u>106,470,118</u>	<u>95,065,783</u>
<u>\$ 168,389,224</u>	<u>\$ 181,800,986</u>	<u>\$ 185,438,360</u>	<u>\$ 154,501,856</u>
\$ (111,179,425)	\$ (128,086,484)	\$ (155,253,774)	\$ (185,293,641)
22,156,459	20,217,521	6,216,037	(15,801,237)
<u>\$ (89,022,966)</u>	<u>\$ (107,868,963)</u>	<u>\$ (149,037,737)</u>	<u>\$ (201,094,878)</u>

CITY OF CHANDLER, ARIZONA
CHANGES IN NET ASSETS
LAST EIGHT 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	2009
\$ 22,743,537	\$ 25,016,760	\$ 26,921,292	\$ 34,063,123	\$ 38,957,986
75,702,332	82,327,461	95,410,460	97,226,841	85,897,334
3,032,260	2,198,738	3,230,429	3,937,952	3,264,093
-	-	16,490,129	15,856,863	13,849,284
-	-	3,481,086	3,786,677	7,921,275
40,050,636	45,853,506	57,716,644	62,970,459	61,211,289
13,878,663	- (2)	-	-	-
7,862,804	12,286,630	17,868,181	20,823,059	10,045,274
362,343	10,736	1,822,070	767,221	995,606
-	34,500,000	-	-	-
924,227	478,441	469,201	534,086	(1,542,346)
<u>164,556,802</u>	<u>202,672,272</u>	<u>223,409,492</u>	<u>239,966,281</u>	<u>220,599,795</u>
4,069,440	6,424,600	6,876,399	5,906,545	2,536,237
232,589	532,354	1,043,407	1,792,816	788,478
<u>(924,227)</u>	<u>(478,441)</u>	<u>(469,200)</u>	<u>(534,086)</u>	<u>1,542,346</u>
<u>3,377,802</u>	<u>6,478,513</u>	<u>7,450,606</u>	<u>7,165,275</u>	<u>4,867,061</u>
<u>\$ 167,934,604</u>	<u>\$ 209,150,785</u>	<u>\$ 230,860,098</u>	<u>\$ 247,131,556</u>	<u>\$ 225,466,856</u>
\$ 72,364,914	\$ 22,796,183	\$ 95,323,008	\$ 84,712,507	\$ 35,306,154
<u>28,316,793</u>	<u>28,634,972</u>	<u>27,668,127</u>	<u>13,381,312</u>	<u>(10,934,176)</u>
<u>\$ 100,681,707</u>	<u>\$ 51,431,155</u>	<u>\$ 122,991,135</u>	<u>\$ 98,093,819</u>	<u>\$ 24,371,978</u>

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

	Fiscal Year			
	2000	2001	2002	2003
General fund				
Reserved	\$ 54,443,256	\$ 20,504,156	\$ 27,158,273	\$ 34,328,283
Unreserved	<u>82,988,035</u>	<u>146,099,948</u>	<u>149,678,534</u>	<u>135,307,858</u>
Total general fund	<u>\$ 137,431,291</u>	<u>\$ 166,604,104</u>	<u>\$ 176,836,807</u>	<u>\$ 169,636,141</u>
All other governmental funds				
Reserved	\$ 6,233,287	\$ 12,041,889	\$ 74,230,663	\$ 91,320,181
Unreserved, reported in:				
Special revenue funds	6,443,322	6,187,316	7,022,854	5,677,614
Capital projects funds	<u>49,174,492</u>	<u>56,774,094</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>\$ 61,851,101</u>	<u>\$ 75,003,299</u>	<u>\$ 81,253,517</u>	<u>\$ 96,997,795</u>

Fiscal Year

2004	2005	2006	2007	2008	2009
\$ 50,644,739	\$ 56,325,826	\$ 15,211,490	\$ 12,349,638	\$ 28,237,521	\$ 30,482,311
<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>194,457,561</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>	<u>\$ 224,939,872</u>
\$ 76,703,585	\$ 99,267,829	\$ 100,167,158	\$ 109,777,210	\$ 43,039,742	\$ 97,267,450
5,648,789	9,259,261	8,089,144	14,064,542	17,752,306	18,786,740
<u>-</u>	<u>-</u>	<u>253,903</u>	<u>9,158,971</u>	<u>11,608,190</u>	<u>7,868,412</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>	<u>\$ 123,922,602</u>

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

	Fiscal Year				
	2000	2001	2002	2003	2004
Taxes - local	\$ 59,732,188	\$ 69,079,352	\$ 72,951,061	\$ 82,591,633	\$ 91,492,704
Taxes - intergovernmental	41,594,096	43,772,423	48,797,917	49,850,293	50,173,867
Property taxes	-	-	-	-	-
Sales taxes	-	-	-	-	-
Franchise taxes	-	-	-	-	-
Highway user taxes	-	-	-	-	-
Other taxes	-	-	-	-	-
State shared	-	-	-	-	-
Grants and entitlements	8,572,276	10,377,193	7,748,473	3,983,091	4,217,697
System development fees	7,600,252	9,394,230	8,320,712	8,105,353	15,165,191
Special assessments	221,530	187,819	175,152	513,242	251,608
License and permits	5,572,080	6,627,557	5,651,522	6,386,478	7,500,437
Charges for current services	10,151,578	11,987,802	12,373,053	12,843,147	13,386,852
Fines and forfeitures	1,969,478	2,233,173	2,796,157	3,975,613	3,517,080
Rentals	516,855	608,896	17,625	93,630	18,012
Contributions	-	-	-	-	5,980
Investment income (loss)	11,250,246	13,735,770	6,885,010	(4,330,308) (1)	2,170,414
Miscellaneous	1,169,275	1,526,134	1,151,110	1,538,830	2,204,555
Total revenues	\$ 148,349,854	\$ 169,530,349	\$ 166,867,792	\$ 165,551,002	\$ 190,104,397

(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				
2005	2006	2007	2008	2009
\$ 102,701,196	\$ 109,141,434	\$ -	(2) \$ -	\$ -
51,677,502	60,107,031	-	(2) -	-
-	-	26,909,841	(2) 33,844,181	38,677,156
-	-	95,410,460	(2) 97,226,841	85,897,334
-	-	3,230,429	3,937,952	3,264,093
-	-	16,490,129	15,856,863	13,849,284
-	-	3,481,086	(2) 3,786,677	7,921,275
-	-	57,716,644	62,970,459	61,211,289
14,100,944	9,296,423	7,610,807	10,553,680	18,168,904
13,878,663	10,322,313	11,871,969	8,111,597	4,475,029
439,565	303,336	309,386	426,428	863,747
7,262,403	5,541,215	6,728,309	3,894,368	2,667,720
15,133,670	15,475,362	18,216,653	17,254,859	19,492,740
4,136,342	4,231,306	4,058,090	4,342,621	4,912,159
19,580	8,363	89,875	94,575	138,667
250	500	50,000	50,000	50,000
6,987,824	10,699,944	15,589,318	18,334,581	8,825,695
2,667,611	1,632,785	1,830,328	1,255,681	1,661,772
<u>\$ 219,005,550</u>	<u>\$ 226,760,012</u>	<u>\$ 269,593,324</u>	<u>\$ 281,941,363</u>	<u>\$ 272,076,864</u>

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

	Fiscal Year			
	2000	2001	2002	2003
General government	\$ 18,850,899	\$ 19,919,757	\$ 28,858,549	\$ 29,448,025
Public safety	35,994,889	42,355,666	49,910,766	53,885,322
Community development	11,822,939	15,217,991	6,757,787	7,061,116
Public works	12,237,692	13,593,511	20,314,406	19,096,782
Community services	14,075,303	16,560,173	17,575,610	20,310,994
Capital improvements	17,093,743	21,296,370	32,346,642	33,211,184
Debt service:				
Principal retirement	6,144,000	420,000	3,679,500	6,614,500
Interest and fiscal charges	9,228,823	9,747,597	9,730,214	8,515,445
Bond issuance costs	-	-	-	100,000
Total expenditures	<u>\$ 125,448,288</u>	<u>\$ 139,111,065</u>	<u>\$ 169,173,474</u>	<u>\$ 178,243,368</u>
Debt service as a percentage of noncapital expenditures	14.2%	8.6%	10.1%	11.1%

Fiscal Year

	2004	2005	2006	2007	2008	2009
\$	31,024,154	\$ 41,135,736	\$ 33,729,455	\$ 38,124,478	\$ 51,261,849	\$ 40,503,113
	58,407,246	57,630,321	64,090,649	75,800,634	78,306,604	84,493,816
	7,449,114	7,438,317	8,740,380	8,989,308	11,593,642	10,509,467
	23,028,537	38,421,485	32,555,171	22,987,692	19,306,381	19,283,643
	21,048,659	20,893,626	22,738,420	25,714,032	28,830,926	29,916,002
	36,794,139	33,828,009	49,884,875	75,524,840	104,836,442	124,680,957
	8,689,500	8,329,500	17,122,071	12,374,500	16,659,500	15,275,000
	9,641,321	9,180,338	10,465,983	10,669,877	14,437,346	961,010
	-	174,917	135,437	189,840	179,201	13,059,295
\$	<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>	<u>\$ 338,682,303</u>
	12.4%	11.1%	15.9%	12.1%	14.1%	7.1%

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			
	2000	2001	2002	2003
Other Financing Sources (Uses)				
Bond premium	\$ -	\$ -	\$ 212,486	\$ 1,026,142
Face amount of bonds issued	10,770,000	14,870,000	23,000,000	45,850,000
Proceeds from sale of capital assets	3,000	131,450	159,247	91,245
Payment to escrow agent	-	-	-	(20,488,542)
Westcor contract payment	-	-	-	-
Transfers in	23,840,419	15,790,022	20,152,263	32,480,447
Transfers out	(25,720,821)	(18,885,745)	(23,649,139)	(37,723,314)
 Total other financing sources and (uses)	 <u>8,892,598</u>	 <u>11,905,727</u>	 <u>19,874,857</u>	 <u>21,235,978</u>
 Net change in fund balances	 <u>\$ 27,717,386</u>	 <u>\$ 42,325,011</u>	 <u>\$ 17,569,175</u>	 <u>\$ 8,543,612</u>

Fiscal Year

2004	2005	2006	2007	2008	2009
\$ -	\$ 852,671	\$ 515,129	\$ 1,975,876	\$ 165,431	\$ 2,348,878
-	35,720,000	30,905,000	88,405,000	7,370,000	120,513,000
680,019	264,352	205,936	173,742	280,969	219,793
-	(11,228,422)	-	(24,335,292)	-	-
-	-	34,500,000	-	-	-
26,072,155	33,226,080	37,204,132	31,525,563	38,442,603	40,593,319
(28,318,852)	(35,170,013)	(39,584,767)	(34,246,951)	(41,108,342)	(44,937,903)
(1,566,678)	23,664,668	63,745,430	63,497,938	5,150,661	118,737,087
\$ (7,544,951)	\$ 25,637,969	\$ (17,956,999)	\$ 62,716,055	\$ (38,319,867)	\$ 52,131,648

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

	Fiscal Year			
	2000	2001	2002	2003
Amusements	\$ 338,387	\$ 326,154	\$ 347,405	\$ 410,039
Contracting	9,233,519	11,563,422	11,290,014	11,467,704
General Retail	16,762,997	18,152,267	19,596,953	22,261,109
Hotel/Motel	1,048,010	1,299,873	1,161,330	1,212,328
Miscellaneous Related Revenue ¹	907,662	2,053,581	1,440,490	2,201,668
Publishing	609,677	626,200	586,054	669,702
Rentals - Personal Property	1,247,486	1,573,050	1,760,707	2,008,711
Rentals - Real Property	3,297,849	3,759,161	4,530,384	5,207,175
Restaurant/Bar	2,949,472	3,416,147	3,921,958	4,482,235
Telecommunications	2,500,653	2,931,529	2,869,467	3,124,021
Use Tax	1,019,338	807,287	837,932	634,029
Utilities	5,371,404	6,058,546	6,417,518	6,648,449
Total Sales and Use Taxes	\$ 45,286,454	\$ 52,567,217	\$ 54,760,212	\$ 60,327,170
City Direct Sales Tax Rate ²	1.77%	1.75%	1.76%	1.73%

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%.

Schedule 7

Fiscal Year					
2004	2005	2006	2007	2008	2009
\$ 477,089	\$ 499,388	\$ 611,352	\$ 679,666	\$ 660,985	\$ 623,159
13,008,527	14,966,943	16,580,509	15,665,738	15,519,590	9,352,480
25,638,223	28,835,490	38,501,000	41,719,797	41,253,934	36,851,140
1,309,463	1,508,509	1,716,055	1,938,442	2,103,714	1,672,893
1,583,458	3,156,782	1,898,671	2,765,527	3,329,891	2,774,033
711,215	754,016	699,456	723,532	492,770	389,046
1,994,513	1,807,806	1,743,393	1,935,981	2,177,125	2,474,464
5,454,033	6,074,236	7,141,065	7,883,794	8,449,059	8,520,878
5,015,335	5,618,535	6,994,533	7,655,093	7,908,883	7,267,718
3,006,992	3,336,576	3,603,977	3,709,781	3,978,715	4,057,982
750,291	1,132,268	989,767	1,044,225	950,808	930,636
7,448,823	7,929,178	8,910,538	9,688,886	10,401,302	10,982,905
<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>	<u>\$ 85,897,334</u>
1.74%	1.70%	1.72%	1.72%	1.72%	1.75%

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

Schedule 8

Fiscal Year	City Direct Tax Rate ¹	Overlapping Rates		
		Maricopa County Tax Rate ²	State of Arizona Tax Rate ³	Tourism & Sports Authority Tax Rate ⁴
2000	1.77%	0.67%	4.64%	0.00%
2001	1.75%	0.68%	4.69%	0.00%
2002	1.76%	0.67%	5.12%	0.01%
2003	1.73%	0.68%	5.10%	0.02%
2004	1.74%	0.67%	5.06%	0.00%
2005	1.70%	0.67%	5.13%	0.02%
2006	1.72%	0.68%	5.14%	0.02%
2007	1.72%	0.68%	5.12%	0.02%
2008	1.72%	0.68%	5.09%	0.02%
2009	1.75%	0.67%	5.02%	0.02%

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 2009			Fiscal Year 2000		
		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	\$ 8,081,196	1	9.41%	\$ 3,899,898	1	8.61%
Taxpayer B	Department store	2,486,012	2	2.89%	867,960	7	1.92%
Taxpayer C	Grocery	2,264,854	3	2.64%	1,185,517	2	2.62%
Taxpayer D	Retailer	1,481,953	4	1.73%			
Taxpayer E	Department store	1,343,092	5	1.56%	1,126,167	3	2.49%
Taxpayer F	Grocery	1,342,988	6	1.56%	924,546	5	2.04%
Taxpayer G	Telecommunications	1,251,954	7	1.46%			
Taxpayer H	Department store	1,228,121	8	1.43%			
Taxpayer I	Utility	1,199,128	9	1.40%	771,937	8	1.70%
Taxpayer J	Department store	1,101,592	10	1.28%			
Taxpayer K	Auto dealer				999,725	4	2.21%
Taxpayer L	Telecommunications				900,192	6	1.99%
Taxpayer M	Auto dealer				716,970	9	1.58%
Taxpayer N	Grocery				602,416	10	1.33%
		<u>\$ 21,780,890</u>		<u>25.36%</u>	<u>\$ 11,995,327</u>		<u>26.49%</u>

Source: Tax & License Division

Notes: The identities of the ten largest revenue payers are prohibited from disclosure per State statute. Alternatively, the business type of the top ten taxpayers for each period has been disclosed along with the appropriate data.

CITY OF CHANDLER, ARIZONA
RATIOS OF OUTSTANDING DEBT 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
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
2009	294,588,000	25,369,934,857	1.16%	1,169	34,690,000	7,820,000	-

Business-type Activities								
Fiscal Year	General Obligation Bonds	Revenue Bonds	Certificates of Participation	Excise Tax Revenue Bonds	Intergovernmental Loans	Total Primary Government ²	Percentage of Personal Income ¹	Per Capita ¹
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
2009	188,612,000	76,415,000	-	34,040,000	-	636,165,000	8.59%	2,524

* 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.

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, 2009

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
EastValley 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	337,098,000	100.00	337,098,000
Total direct and overlapping debt			<u>\$ 600,800,755</u>

Source: J.P Morgan Trust Company

Note: The applicable percentage of overlap for each type of debt was computed on the ratio of secondary assessed valuation as calculated for fiscal year 2008/09 for the overlapping jurisdiction to the amount of such valuation which lies within the City of Chandler

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

	Fiscal Year			
	2000	2001	2002	2003
<u>6% General Obligation Bond Limitation</u>				
Debt limit	\$ 55,406,326	\$ 65,967,141	\$ 74,634,001	\$ 98,302,556
Total net debt applicable to limit	<u>23,625,000</u>	<u>23,160,000</u>	<u>34,020,000</u>	<u>45,475,000</u>
Legal debt margin	<u>\$ 31,781,326</u>	<u>\$ 42,807,141</u>	<u>\$ 40,614,001</u>	<u>\$ 52,827,556</u>
Total net debt applicable to the limit as a percentage of the debt limit	43%	35%	46%	46%
<u>20% General Obligation Bond Limitation</u>				
Debt limit	\$ 184,687,754	\$ 219,890,471	\$ 248,780,004	\$ 327,675,186
Total net debt applicable to limit	<u>60,410,000</u>	<u>66,860,000</u>	<u>76,970,000</u>	<u>80,710,000</u>
Legal debt margin	<u>\$ 124,277,754</u>	<u>\$ 153,030,471</u>	<u>\$ 171,810,004</u>	<u>\$ 246,965,186</u>
Total net debt applicable to the limit as a percentage of the debt limit	33%	30%	31%	25%

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 2009

Net secondary assessed valuation as of June 30, 2009	\$ 3,508,071,609
Debt limit (6% of assessed value)	210,484,297
Debt applicable to limit:	
6% general obligation bonds	10,934,000
Legal 6% debt margin	<u>\$ 199,550,297</u>
Debt limit (20% of assessed value)	\$ 701,614,322
Debt applicable to limit:	
20% general obligation bonds	472,266,000
Legal 20% debt margin	<u>\$ 229,348,322</u>

Fiscal Year

<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
\$ 108,344,928	\$ 118,749,422	\$ 116,449,443	\$ 179,351,393	\$ 207,310,517	\$ 210,484,297
<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>10,934,000</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>	<u>\$ 199,550,297</u>
35%	52%	64%	37%	(1) 4%	5%
\$ 361,149,760	\$ 395,831,408	\$ 388,164,810	\$ 597,837,975	\$ 691,035,056	\$ 701,614,322
<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>472,266,000</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>	<u>\$ 229,348,322</u>
20%	20%	22%	32%	(1) 35%	67%

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	
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
2009	13,849,284	10,599,041	3,250,243	3,050,000	1,572,829	0.70

Water Revenue Bonds

Fiscal Year	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
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
2009	39,707,910	31,084,108	8,623,802	4,854,151	2,419,526	1.19

Excise Tax Revenue Obligations

Fiscal Year	Excise Tax Collections	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2000	-	-	-	-	-	0.00
2001	-	-	-	-	-	0.00
2002	-	-	-	-	-	0.00
2003	-	-	-	-	-	0.00
2004	-	-	-	-	-	0.00
2005	-	-	-	-	-	0.00
2006	-	-	-	-	-	0.00
2007	-	-	-	-	-	0.00
2008	-	-	-	-	-	0.00
2009	148,768,677	-	148,768,677	-	462,667	321.55

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

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

See Note 6 for breakdown of revenue pledged for Excise Tax Revenue Obligations first pledged February 4, 2009

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

Schedule 13b

Wastewater Revenue Bonds

Fiscal Year	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
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
2009	25,922,530	17,663,644	8,258,886	3,915,849	1,341,752	1.57

Solid Waste Revenue Bonds

Fiscal Year	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
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
2009	-	-	-	-	-	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**

Schedule 13c

Municipal Property Corporation Certificates of Participation

Fiscal Year	Water & Sewer Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
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	-	-	-	-	-	-
2009	-	-	-	-	-	-

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)
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
2009	252,056	7,409,186,120	32.8	6.2%	29,395

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	2009		
	Employees	Rank	Percentage of Total City Employment
Intel Corporation	10,000	1	8.34%
Bank of America	3,500	2	2.92%
Chandler Unified School District	3,000	3	2.50%
Wells Fargo Ocotillo Corp. Campus	2,243	4	1.87%
City of Chandler	1,652	5	1.38%
Chandler Regional Hospital	1,600	6	1.34%
Microchip Technology	1,538	7	1.28%
Verizon Wireless	1,500	8	1.25%
Freescale Semiconductor	1,450	9	1.21%
Orbital Sciences	1,425	10	1.19%
MCI Worldcom			
Motorola			
Ryobi Outdoor Products, Inc.			
Innovex			
Speedfam/IPEC			
Amkor			
Bank First			
Total	27,908		23.28%

Source: City's Economic Development Division and City of Chandler Human Resources

2000		
Employees	Rank	Percentage of Total City Employment
9,600	1	18.46%
690	6	1.33%
480	10	0.92%
700	4	1.35%
2,330	2	4.48%
1,000	3	1.92%
680	7	1.31%
700	5	1.35%
240	8	0.46%
250	9	0.48%
<hr/> 16,670		<hr/> 32.06%

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

	Fiscal Year				
	2000	2001	2002	2003	2004
Full Time Equivalent Personnel					
Mayor and council	4	4	4	4	4
City clerk	5	6	6	6	6
City manager	23	26	30	69	(1) 71
Communications/public affairs	8	10	11	17	17
City magistrate	37	39	40	41	41
Law	21	21	23	25	23
Management services	113	127	124	97	(1) 99
Total General Government	211	233	238	259	261
Total Planning and Development	116	124	115	117	117
Total Community Services	154	162	170	178	183
Public works administration	6	7	5	2	3
Streets	53	57	53	53	53
Airport	6	6	6	5	6
Engineering, development and Real estate	77	85	75	72	78
Total Public Works	142	155	139	132	140
Police	378	420	423	440	438
Fire	142	160	174	181	179
Total Public Safety	520	580	597	621	617
Municipal utilities administration	5	6	4	5	5
Water	76	81	81	90	85
Wastewater	32	27	38	39	29
Solid waste	20	22	24	24	20
Total Municipal Utilities	133	136	147	158	139
Total Primary Government	1,276	1,390	1,406	1,465	1,457

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				
2005	2006	2007	2008	2009
5	5	5	5	5
6	5	6	6	6
70	74	79	104	(2) 103
18	18	17	18	18
40	39	44	48	43
24	25	27	29	28
96	95	101	106	105
259	261	279	316	308
111	108	111	114	103
178	182	219	243	207
3	3	3	3	3
48	55	59	64	57
6	6	6	6	6
74	71	76	85	80
131	135	144	158	146
436	460	487	496	483
195	207	219	228	223
631	667	706	724	706
5	5	5	5	5
85	85	85	88	86
41	41	42	43	41
18	21	21	20	18
149	152	153	156	150
1,459	1,505	1,612	1,711	1,620

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

Function/Program	Fiscal Year				
	2000	2001	2002	2003	2004
General Government					
Privilege tax licenses issued	3,042	2,749	13,437	14,843	15,713
Meeting notices posted	*	*	450	501	504
City council actions and agenda items prepared	*	*	1,109	947	996
Grant awards received	*	*	43	46	47
Inventory turnover ratio	*	*	2.95	3.72	3.77
Planning & Development					
Building permits issued	4,929	8,779	8,737	9,723	11,688
Community Services					
Library circulation	804,530	1,257,387	1,501,217	1,700,786	1,817,536
Center for the arts events & exhibits	*	*	523	535	1,010
Public Safety					
Crime rate (per 1,000 population)	*	*	51.8	54.1	48.1
Total calls for police services (estimated)	100,808	107,999	125,817	126,710	113,501
Total calls for fire services	395	355	13,646	13,614	14,560
Fire inspections	2,568	3,155	2,386	3,705	2,236
Fire investigations	112	43	86	49	33
Municipal Utilities					
Water connections	54,955	58,114	58,962	64,862	66,105
Operating wells	*	*	23	21	21
Daily pumping capacity - wells (gallons)	45,000,000	67,110,000	62,090,000	55,800,000	55,800,000
Daily pumping capacity - plants (gallons)	58,310,000	58,310,000	45,000,000	45,000,000	45,000,000
Sewer connections	*		56,313	61,911	62,107
Sanitary sewer (miles)	657	708	712	755	780
Solid waste customers served	42,217	49,670	52,615	55,526	59,107
Solid waste refuse collected (tons)	92,068	106,259	110,495	125,158	134,571
Solid waste refuse recycled (tons)	19,050	19,664	19,490	20,417	21,678

Source: City of Chandler Departments

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

Fiscal Year				
2005	2006	2007	2008	2009
16,663	20,464	20,652	22,980	23,460
534	505	721	470	479
1,542	1,292	1,292	1,188	1,055
49	57	57	61	66
3.46	2.78	3.32	3.94	2.5
8,951	7,909	6,474	5,750	3,800
1,967,446	2,004,000	2,082,000	2,349,232	2,506,602
1,027	1,024	1,024	989	977
40.7	40	38	35	35
136,942	151,941	160,355	159,535	157,039
15,310	16,662	16,682	16,709	16,537
3,767	4,375	4,878	3,585	3,891
58	73	74	57	49
70,375	73,822	74,406	74,841	77,596
23	23	23	26	29
57,400,000	59,900,000	58,400,000	65,100,000	66,020,000
45,000,000	45,000,000	45,000,000	60,000,000	60,000,000
66,750	68,515	70,169	70,863	71,880
796	814	828	837	857
62,591	65,173	66,451	67,433	67,902
117,813	99,547	97,646	94,633	89,408
23,379	25,017	25,877	25,555	24,596

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

Function/Program	Fiscal Year				
	2000	2001	2002	2003	2004
Community Services					
Developed parks	41	45	48	49	51
Developed acres	459	702	752	796	870
Undeveloped acres	*	*	432	405	333
Swimming pools	4	5	5	5	5
Other recreational facilities (lighted fields)	32	36	32	32	32
Library bookstock	316,125	356,678	373,527	405,986	422,841
Public Works					
Total miles streets (center line)	613	710	743	762	768
Street lights	18,160	18,890	20,400	22,154	23,140
Signalized intersections	97	101	118	136	153
Based aircraft	*	*	415	411	433
Public Safety					
Police stations	*	*	1	1	1
Fire stations	5	5	5	7	8
Municipal Utilities					
Water mains (miles)	*	*	985	1,000	1,021
Fire hydrants	*	*	8,617	9,393	10,368
Average daily treatment (mgd)	*	*	19	19	21

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, some information presented on this schedule was unavailable before that year.

Fiscal Year				
2005	2006	2007	2008	2009
51	53	54	58	59
874	889	959	1,099	1,133
349	535 (1)	468	455	407
5	5	5	5	6
32	33	34	34	34
450,068	469,000	483,128	469,023	472,266
775	785	812	822	832
24,218	25,100	25,307	26,326	26,500
166	189	192	200	205
434	457	499	442	449
1	2	2	3	3
9	9	10	10	10
1,051	1,063	1,080	1,117	1,189
10,799	10,952	12,291	13,033	13,750
21	22	24	24	24



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