

Fiscal Year Comparative Summaries of
Chandler's Revenue Sources
Major Revenue Sources with Analysis and Historical
Trends

CHANDLER



A well-positioned place

Meticulous planning for the future of Chandler's limited resources, like water, has positioned the community well for generations to come. That vision continues as community leaders work to ensure decisions made today will have significant and positive impacts on the city of tomorrow.



Ocotillo Brine Reduction Facility



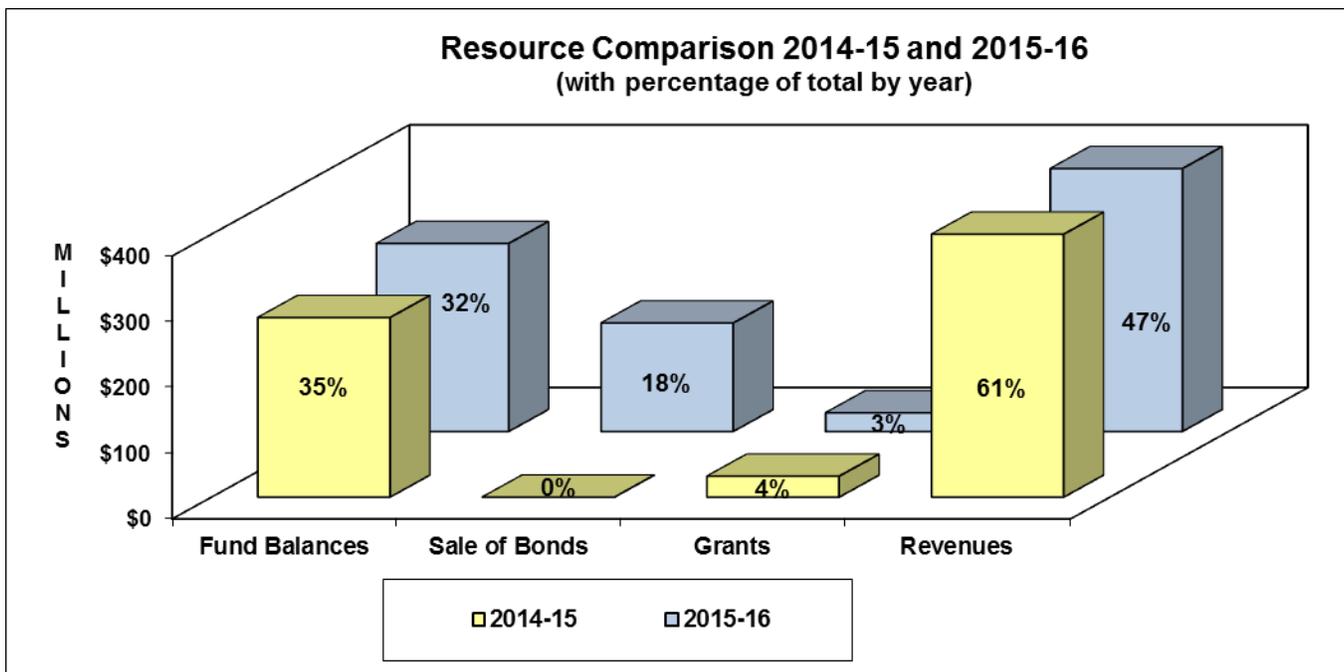
Resources Summary

The Resources section of this document has been prepared to present all sources of revenue in summary form and to offer a more detailed description of major revenue sources. The resources section offers historical reference points and highlights of revenue fluctuations, and serves as the basis for current year estimates.

The next four pages of this section provide summarized data of the comparison of the Fiscal Year (FY) 2014-15 Adopted Budget to the FY 2015-16 Adopted Budget. Subsequent pages in this section give a more detailed description of operating revenues and system development fees, offering a summary of the revenue type, an analysis of past revenue collections, and the assumptions used for the FY 2015-16 revenue projections.

RESOURCES CATEGORICAL COMPARISONS

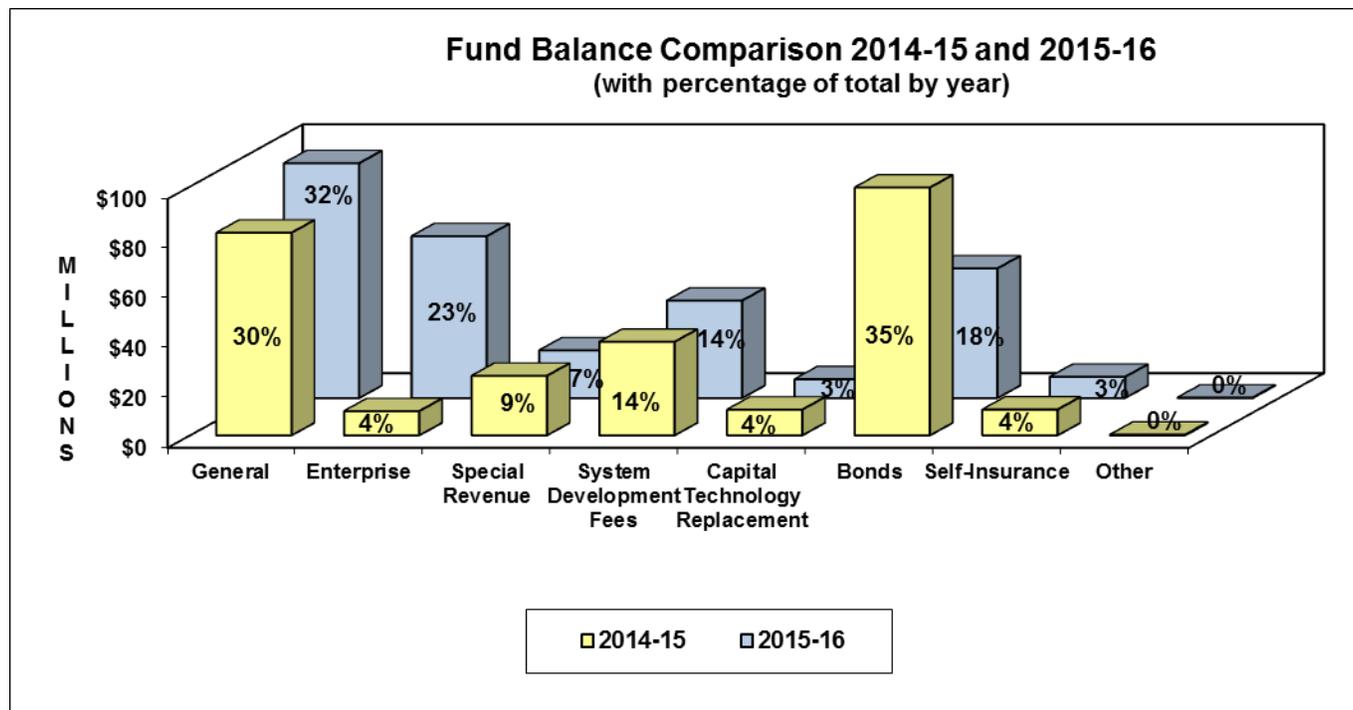
	2013-14 Actual Revenues	2014-15 Adopted Budget	2015-16 Adopted Budget	% Change Adopted to Adopted
Fund Balances	\$ -	\$ 273,253,255	\$ 286,071,768	4.7%
Sale of Bonds	114,029,954	-	165,035,000	N/A
Grants	17,013,373	31,785,923	28,343,722	(10.8%)
Revenues	450,059,011	478,435,469	431,163,527	(9.9%)
Total Resources	\$ 581,102,338	\$ 783,474,647	\$ 910,614,017	16.2%
Encumbrance or Carryforward from Prior Years	-	(195,973,480)	(198,893,714)	
Net Adjusted Budget	\$ 581,102,338	\$ 587,501,167	\$ 711,720,303	21.1%



Appropriated Fund Balances

Fund Balances represent the difference between revenues and expenditures for each fund. Fund Balances are resources that are carried forward from the prior fiscal year and can be used for expenditures within that fund. The significant variation in the use of Bonds Fund Balance is due to the practice of issuing bonds every other year. Fund balance appropriated (available to spend) for the fiscal year is as follows:

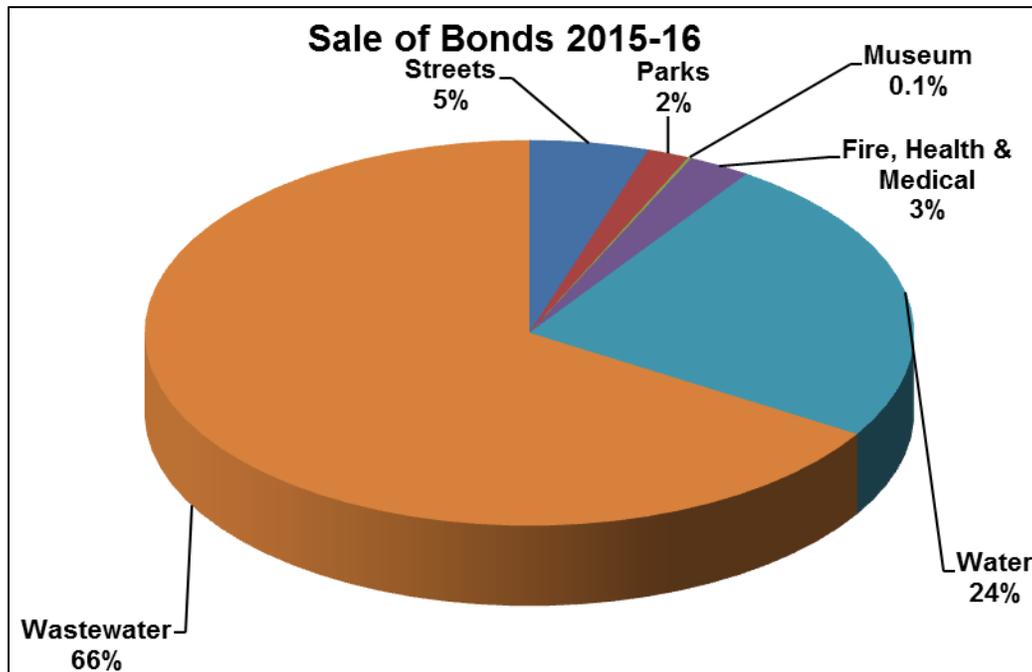
	2014-15 Adopted Budget	2015-16 Adopted Budget	% Change Adopted to Adopted
General	\$ 81,441,571	\$ 94,367,738	15.9%
Enterprise	9,726,221	65,047,166	568.8%
Special Revenue	23,938,083	19,172,518	(19.9%)
System Development Fees	37,586,140	39,138,832	4.1%
Capital/Technology Replacement	10,321,472	7,550,599	(26.8%)
Bonds	99,597,602	52,088,517	(47.7%)
Self-Insurance	10,375,198	8,506,364	(18.0%)
Other	266,968	200,034	(25.1%)
Total	\$ 273,253,255	\$ 286,071,768	4.7%



Sale of Bonds

Bonds are a mechanism used to finance various public infrastructure projects. General Obligation, Highway User Revenue, and Utility Revenue Bonds all require voter approval. The revenue source used for the interest payments and repayment of the bond principal is determined by the type of bond sold. Please refer to the Bonded Debt section of this document for further information regarding outstanding debt. The City's current plan is to only sell bonds to fund capital projects every other year. In addition to new money, the City evaluates refunding opportunities on a continuous basis.

	2014-15 Adopted Budget	2015-16 Adopted Budget	% Change Adopted to Adopted
Streets	\$ -	\$ 8,275,000	N/A
Parks	-	2,920,000	N/A
Museum	-	235,000	N/A
Fire, Health & Medical	-	4,355,000	N/A
Water	-	40,000,000	N/A
Wastewater	-	109,250,000	N/A
Total	\$ -	\$ 165,035,000	N/A



Grants

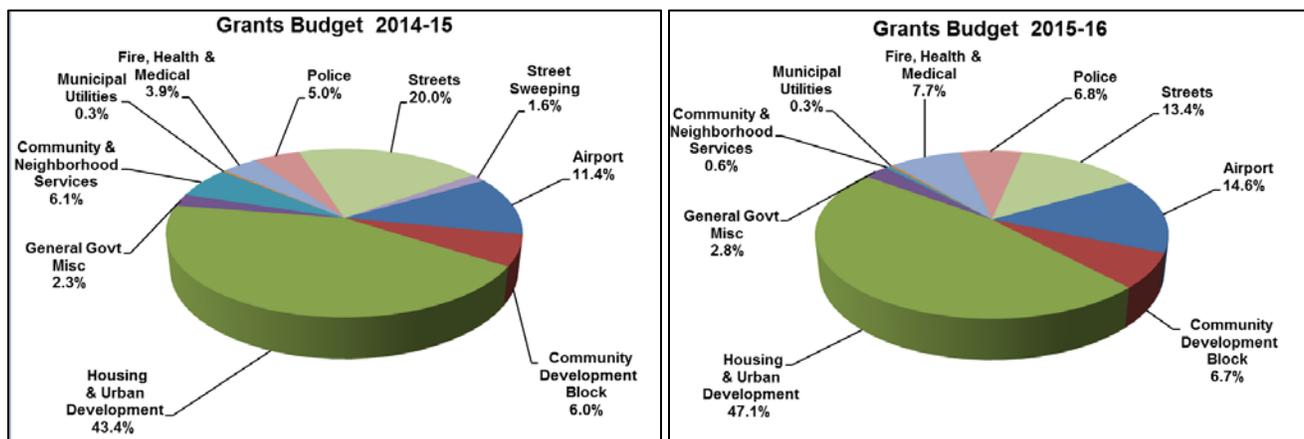
This funding source includes federal, state, and local grants for specific purposes. Grant appropriation will not be expended unless prior authorization of grant award is received from the grant agency.

	2014-15 Adopted Budget	2015-16 Adopted Budget	% Change Adopted to Adopted
General Government			
Airport	\$ 3,630,296	\$ 4,142,197	14.1%
Community Development Block ⁽¹⁾	1,900,000	-	N/A
Housing & Urban Development ⁽¹⁾	13,802,300	-	N/A
Miscellaneous ⁽²⁾	387,660	780,009	101.2%
Community Services ⁽³⁾	2,301,132	-	N/A
Community & Neighborhood Services			
Community Development Block ⁽¹⁾	-	1,900,000	N/A
Housing & Urban Development ⁽¹⁾	-	13,356,554	N/A
Municipal Utilities	100,000	100,000	0.0%
Public Safety			
Fire, Health & Medical	1,225,050	2,181,000	78.0%
Police	1,581,000	1,929,000	22.0%
Transportation & Development			
Streets	6,358,485	3,790,361	(40.4%)
Street Sweeping	500,000	-	N/A
Total	\$ 31,785,923	\$ 28,343,722	(10.8%)

⁽¹⁾ These grants moved from General Government to the newly created Community & Neighborhood Services Department as of July 1, 2015.

⁽²⁾ General Government Miscellaneous includes CAPA, City Manager, Cultural Affairs (Fiscal Year (FY) 2015-16), Economic Development, Law, Magistrate, and Neighborhood Resources (FY 2014-15 only).

⁽³⁾ In FY 2014-15, the grant amount reflects the Community Services Department total, including activities now in the Cultural Affairs Division.





Summary of Revenues

Revenues were projected for the Fiscal Year (FY) 2015-16 budget by taking multiple factors into consideration including direct source information, economic conditions, past trends, anticipated future trends, and FY 2014-15 revised revenue estimates.

	2012-13 Actual Revenue	2013-14 Actual Revenue	2014-15 Adopted Revenue	2014-15 Revised Revenue	2015-16 Adopted Revenue	% Change Adopted to Adopted	% of Total
Local Taxes and License	\$ 103,819,386	\$ 106,122,881	\$ 101,610,700	\$ 107,633,770	\$ 106,733,550	5.0%	24.8%
Franchise Fees	2,925,559	3,134,488	2,979,000	2,929,000	3,175,000	6.6%	0.7%
Transaction Privilege License Tax	99,298,205	101,339,395	97,046,800	103,146,770	102,146,800	5.3%	23.7%
Other Licenses	1,595,622	1,648,998	1,584,900	1,558,000	1,411,750	(10.9%)	0.3%
State/County Shared Revenue	71,266,277	72,717,012	77,117,477	85,230,320	77,236,793	0.2%	17.9%
State Shared Sales Tax	19,327,102	20,604,292	21,000,000	21,483,000	22,506,700	7.2%	5.2%
Vehicle License Tax	7,900,647	8,440,066	8,300,000	8,681,800	9,300,000	12.0%	2.2%
Highway Users Tax	12,929,504	13,352,622	13,000,000	14,000,000	14,000,000	7.7%	3.2%
Regional Transportation Sales Tax ⁽¹⁾	6,295,212	3,243,937	5,516,122	11,761,827	2,279,800	(58.7%)	0.5%
Urban Revenue Sharing	24,119,457	26,379,401	28,607,000	28,607,000	28,453,600	(0.5%)	6.6%
Lottery Entitlement	694,355	696,693	694,355	696,693	696,693	0.3%	0.2%
Charges for Services	17,748,609	17,687,365	16,955,560	17,160,555	21,655,130	27.7%	5.0%
Engineering Fees	1,493,797	1,861,969	1,187,500	1,543,070	1,560,000	31.4%	0.4%
Building Division Fees	5,452,512	5,881,832	3,744,200	3,744,200	4,950,250	32.2%	1.1%
Planning Fees	385,889	449,711	436,500	411,350	342,000	(21.6%)	0.1%
Public Safety Miscellaneous	6,518,974	5,680,675	7,907,500	8,159,705	11,378,300	43.9%	2.6%
Library Revenues	511,377	481,209	424,000	427,090	420,480	(0.8%)	0.1%
Parks and Recreation Fees	3,386,060	3,331,968	3,255,860	2,875,140	3,004,100	(7.7%)	0.7%
Miscellaneous Receipts	84,437,446	70,052,997	92,227,635	28,278,730	26,255,495	(71.5%)	6.1%
Sale of Fixed Assets ⁽²⁾	217,074	207,357	8,742,335	8,955,685	230,000	(97.4%)	0.1%
Other Receipts ⁽³⁾	74,845,798	62,987,183	76,503,740	12,454,905	17,043,622	(77.7%)	4.0%
Interest on Investments	4,909,109	2,144,102	2,096,300	2,134,700	4,203,200	100.5%	1.0%
Leases	1,140,527	1,306,888	1,688,460	1,335,740	1,378,973	(18.3%)	0.3%
Court Fines	3,324,938	3,407,467	3,196,800	3,397,700	3,399,700	6.3%	0.8%
Enterprise Revenue	100,096,052	104,422,414	118,354,783	119,109,569	121,302,249	2.5%	28.1%
Water Sales	47,235,982	48,490,198	50,000,000	50,000,000	50,250,000	0.5%	11.7%
Wastewater Service	36,981,114	39,844,923	52,373,588	45,516,791	54,389,389	3.8%	12.6%
Solid Waste Service	13,706,077	13,916,489	13,805,985	13,829,318	14,569,190	5.5%	3.4%
Solid Waste Container Fees ⁽⁴⁾	54,060	47,838	73,440	61,200	-	(100.0%)	0.0%
Other Utility Charges	1,776,031	1,802,618	1,753,730	9,359,170	1,732,120	(1.2%)	0.4%
Airport Fuel Sales	342,788	320,347	348,040	343,090	361,550	3.9%	0.1%
System Development Fees	19,564,646	24,130,903	17,001,170	26,570,200	25,638,500	50.8%	5.9%
Water	5,060,415	5,566,915	4,292,485	7,983,100	8,475,200	97.4%	2.0%
Wastewater	6,723,149	6,717,713	5,009,505	8,781,500	8,845,500	76.6%	2.1%
General Government Impact Fees	7,781,082	11,846,275	7,699,180	9,805,600	8,317,800	8.0%	1.9%
Interfund Charges	24,222,988	26,194,407	26,946,244	26,093,801	23,921,810	(11.2%)	5.5%
Property Tax	29,806,821	28,731,032	28,221,900	28,114,900	28,420,000	0.7%	6.6%
Total Revenue	\$ 450,962,226	\$ 450,059,011	\$ 478,435,469	\$ 438,191,845	\$ 431,163,527	(9.9%)	100.0%

⁽¹⁾ The Regional Transportation Sales Tax reported under the State/County Shared Revenue category varies from year to year based upon the Maricopa Association of Governments Arterial Life Cycle Program.

⁽²⁾ The FY 2014-15 Adopted and Revised amounts include over \$8 million for the sale of a parcel of land owned by the City's water and wastewater utilities.

⁽³⁾ This category includes reimbursement revenue for a utility plant expansion in which Intel Corporation will reimburse the City for a portion of these costs. Amounts reported include reimbursements of \$68,399,545 in FY 2012-13 Actual Revenue, \$57,234,102 in FY 2013-14 Actual Revenue, \$70,092,518 in FY 2014-15 Adopted Revenue (including carryforward appropriation), \$7,001,887 in FY 2014-15 Revised Revenue, and \$9,071,921 in FY 2015-16 Adopted Revenue (including carryforward appropriation).

⁽⁴⁾ Starting with FY 2015-16 Adopted Revenue, this revenue will be reported as part of Other Utility Charges.

Significant Revenues

Local Taxes and Licenses

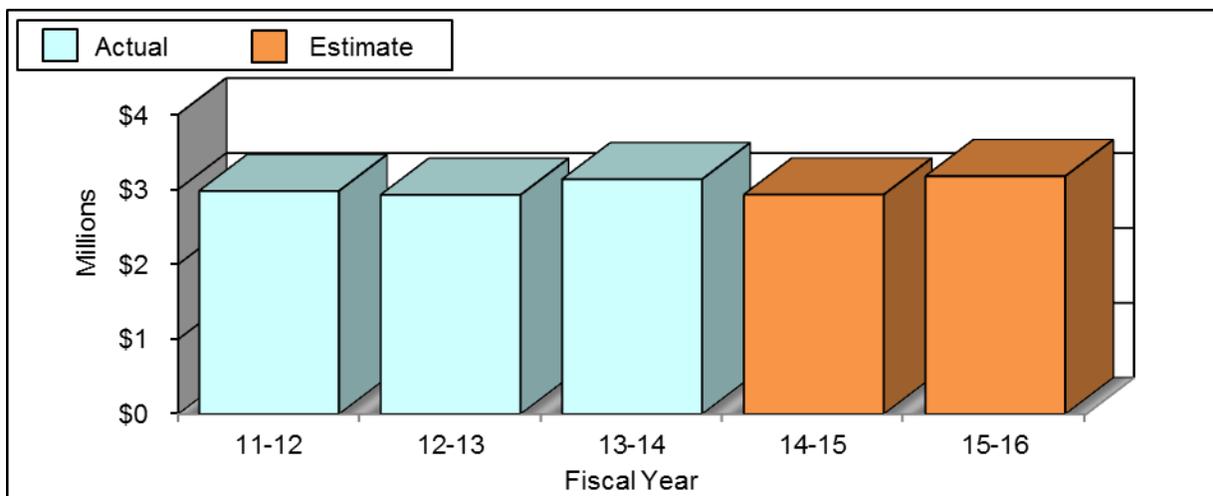
SOURCE: Franchise Fees

Summary: Franchise fees paid by Arizona Public Service, Air Products, Southwest Gas Corporation, Cox Communications, CenturyLink, and Western Broadband are based upon agreements entered into between City Council and the individual corporations. Arizona Public Service pays two percent of gross receipts from the sale of electric energy at retail for residential and commercial purposes. Air Products pays two percent of gross annual sales of nitrogen gas. Southwest Gas pays two percent of gross receipts from the sale of gas at retail for residential, industrial, and commercial purposes. Cox Communications, CenturyLink (resuming in Fiscal Year (FY) 2013-14; previous agreement was with Qwest Broadband through FY 2009-10), and Western Broadband pay five percent of gross revenue. This revenue may be expended for any municipal public purpose.

Analysis: The data below reflects recent years of actual revenue with the percent of increase or decrease. The FY 2011-12 increase reflects increased collections from all agreements. The FY 2013-14 increase reflects the reentry of CenturyLink and the addition of Western Broadband into the cable television market. The FY 2014-15 estimate is an eight month actual and four month projection and reflects anticipated collections under the agreements.

Projection: The FY 2015-16 estimate is based upon specific industry projections and normal receipt of franchise payments.

Fiscal Year	Amount	% Inc/(Dec)
2011-12	\$ 2,977,482	6.5
2012-13	2,925,559	(1.7)
2013-14	3,134,488	7.1
2014-15 (Estimate)	2,929,000	(6.6)
2015-16 (Estimate)	3,175,000	8.4



Source: Transaction Privilege (Sales) and Use Tax

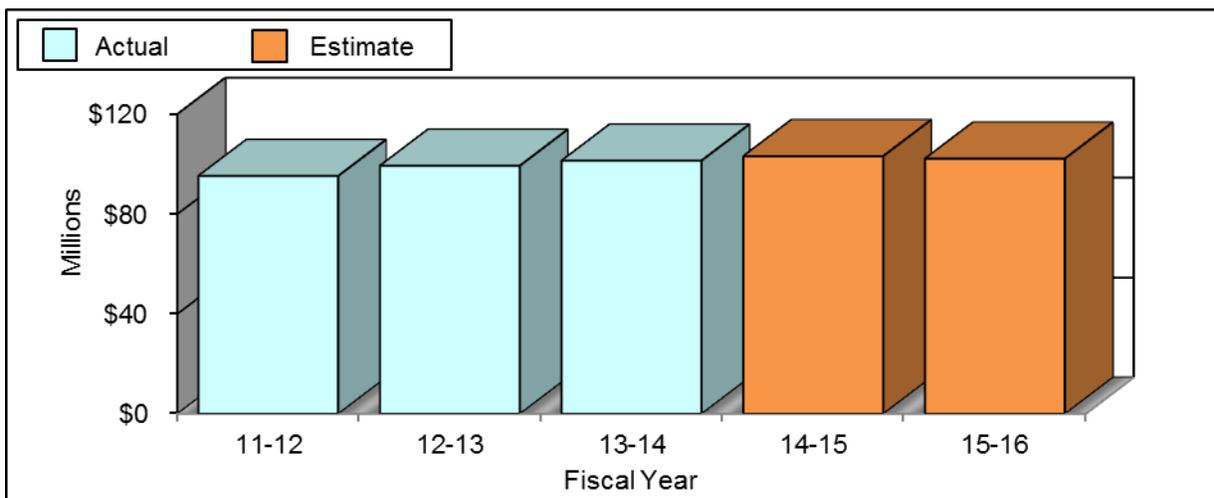
Summary: The Transaction Privilege (Sales) and Use Tax is obtained from a City-administered tax on the sale of goods and various business activities or the purchase price of any tangible personal property subject to use tax. It is calculated based on varying percentages of gross receipts from engaging in any of the defined privilege tax classifications, less allowed deductions, exemptions, and exclusions. This is the largest ongoing revenue source for the City of Chandler’s General Fund. Economic activity, especially in the area of construction and retail sales, has a direct effect on collections. As a result, those areas are closely monitored for any major fluctuations. The majority of this revenue is received in the General Fund and may be expended for any municipal public purpose. Revenues received in the Airport Operating Fund may be expended only for the operation of the airport enterprise.

Analysis: The data below reflects recent years of actual revenue with the percent of increase or decrease. The years shown reflect continued improvement since the economic downturn. The Fiscal Year (FY) 2011-12 and FY 2012-13 increases reflect the impact of an Intel Corporation expansion. The FY 2014-15 estimate is an eight month actual and four month projection reflecting a strong economy.

Projection: The FY 2015-16 estimate reflects a slight decline to collections due to fewer large scale development projects anticipated in the new year and maintaining a stable economic spending trend.

It should be noted that state legislation regarding the shift of sales tax administration from the City to the Arizona Department of Revenue has been delayed to January 2016. Although there could be an impact to total collections from the new process and a possible lag in the receipt of revenues during the transition, FY 2015-16 does not reflect any financial impact. Instead, the Budget Stabilization Reserve has been continued for FY 2015-16 as explained in the Executive Summary section of this document.

Fiscal Year	Amount	% Inc/(Dec)
2011-12	\$ 95,180,394	13.3
2012-13	99,298,205	4.3
2013-14	101,339,395	2.1
2014-15 (Estimate)	103,146,770	1.8
2015-16 (Estimate)	102,146,800	(1.0)





Transaction Privilege (Sales) and Use Tax

The following detail is presented to show by category the amount of Transaction Privilege (Sales) and Use Tax that has been collected in recent fiscal years, the adopted budget and revised estimate for the current year, and the adopted budget for the upcoming fiscal year. The Fiscal Year 2014-15 estimate is an eight month actual and four month projection. The subtotal on the following table agrees to the amounts reported on the prior page. All amounts shown are General Fund revenues, with the exception of the General Retail amounts generated by Aviation fuel sales and recorded as revenue to the Airport Operating Fund. The Grand Total incorporates other General Fund revenues associated with Transaction Privilege (Sales) and Use Taxes that are reported within other revenue categories (Other Licenses and Other Receipts).

Category	2011-12 Actual	2012-13 Actual	2013-14 Actual	2014-15 Adopted	2014-15 Estimate	2015-16 Adopted	% chg Est 2014-15 to 2015-16
Contracting ⁽¹⁾	\$ 10,869,566	\$ 10,408,519	\$ 9,780,645	\$ 9,450,000	\$ 8,900,000	\$ 8,900,000	0.0%
General Retail ⁽²⁾	42,844,871	45,331,307	47,384,617	46,500,000	49,000,000	48,200,000	(1.6%)
General Retail - To Airport ⁽³⁾	-	-	70,065	10,800	10,770	10,800	0.3%
Restaurant/Bar	8,670,199	9,069,109	9,542,714	9,000,000	10,000,000	9,800,000	(2.0%)
Utilities	12,128,475	12,363,565	12,421,526	12,500,000	13,000,000	13,000,000	0.0%
Telecommunications	3,628,006	3,731,350	3,533,636	3,500,000	3,500,000	3,500,000	0.0%
Rentals - Real	10,025,726	10,817,611	11,058,203	10,000,000	11,200,000	11,200,000	0.0%
Rentals - Personal	2,606,371	2,884,618	2,949,421	2,100,000	3,200,000	3,200,000	0.0%
Hotel/Motel	2,255,786	2,288,989	2,472,754	2,000,000	2,500,000	2,500,000	0.0%
Publishing/Other	352,550	334,981	258,547	250,000	250,000	250,000	0.0%
Amusements	714,641	717,442	728,110	700,000	730,000	730,000	0.0%
Use Tax	1,054,968	1,315,599	1,090,428	1,000,000	820,000	820,000	0.0%
Privilege Tax Interest	18,261	24,141	37,768	25,000	25,000	25,000	0.0%
Excise Tax Refunds	10,974	10,974	10,961	11,000	11,000	11,000	0.0%
Subtotal	\$ 95,180,394	\$ 99,298,205	\$ 101,339,395	\$ 97,046,800	\$ 103,146,770	\$ 102,146,800	(1.0%)
Privilege License Fees ⁽⁴⁾	\$ 1,034,335	\$ 1,032,818	\$ 1,024,394	\$ 1,000,000	\$ 1,000,000	\$ 828,750	(17.1%)
Audit Assessments ⁽⁴⁾	1,055,202	1,611,902	1,306,392	1,000,000	1,000,000	1,000,000	0.0%
Privilege License Penalties ⁽⁴⁾	226,430	268,566	291,647	225,000	225,000	225,000	0.0%
Grand Total	\$ 97,496,361	\$ 102,211,491	\$ 103,961,828	\$ 99,271,800	\$ 105,371,770	\$ 104,200,550	(1.1%)

⁽¹⁾ Contracting includes sales tax collections on all construction activity.

⁽²⁾ General Retail includes Car and Truck, Grocery Stores, Drug, and Liquor Stores.

⁽³⁾ Revenue generated from taxes on Airport Fuel sales. The 2013-14 Actual amount includes revenues from six prior years to adjust for taxes to be posted directly to the Airport Operating Fund. The 2014-15 Adopted, 2014-15 Estimate, and 2015-16 Adopted reflects anticipated revenues for a single year.

⁽⁴⁾ Also associated with Transaction Privilege (Sales) and Use Tax, but Privilege License Fees are reported in the Other Licenses portion of the Resources section, and Audit Assessments and Privilege License Penalties are reported in the Other Receipts portion of the Resources section.

Source: Other Licenses

Summary: Revenue from Other Licenses is comprised of the nine categories of licenses detailed below, accompanied by the Fiscal Year (FY) 2015-16 estimate for each category:

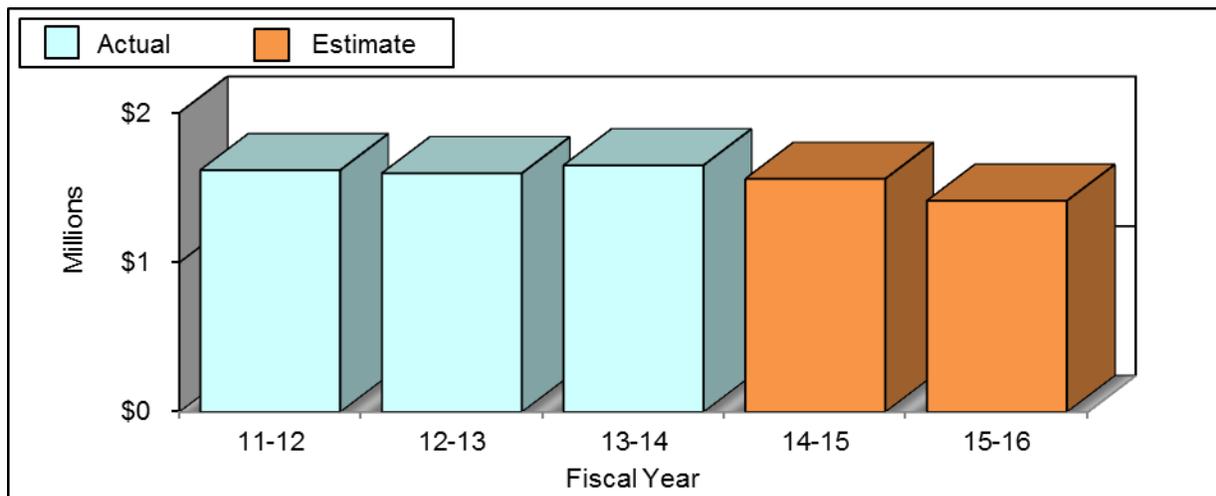
1. Privilege License Fees	\$828,750	6. Peddlers and Vendors Licenses	\$8,000
2. Alcoholic Beverage Licenses	300,000	7. Second Hand and Junk Licenses	8,000
3. Wireless Communication Leases	132,000	8. Cable License Applications	6,000
4. Alarm Permits	109,000	9. Professional & Occupation Licenses	5,000
5. Amusement Licenses	15,000		

This revenue may be expended for any municipal public purpose.

Analysis: The data below reflects recent years of actual revenue with the percent of increase or decrease, and has been stable since FY 2011-12. The FY 2014-15 estimate is an eight month actual and four month projection based on historical trends.

Projection: The FY 2015-16 estimate anticipates increases in Wireless Communications Leases that are offset by decreased collections in Amusement Licenses and lower Privilege License Fees due to slight modifications to fees charged in this category as noted on the last page of the Resources section.

Fiscal Year	Amount	% Inc/(Dec)
2011-12	\$ 1,616,186	4.1
2012-13	1,595,622	(1.3)
2013-14	1,648,998	3.3
2014-15 (Estimate)	1,558,000	(5.5)
2015-16 (Estimate)	1,411,750	(9.4)



State/County Shared Revenues

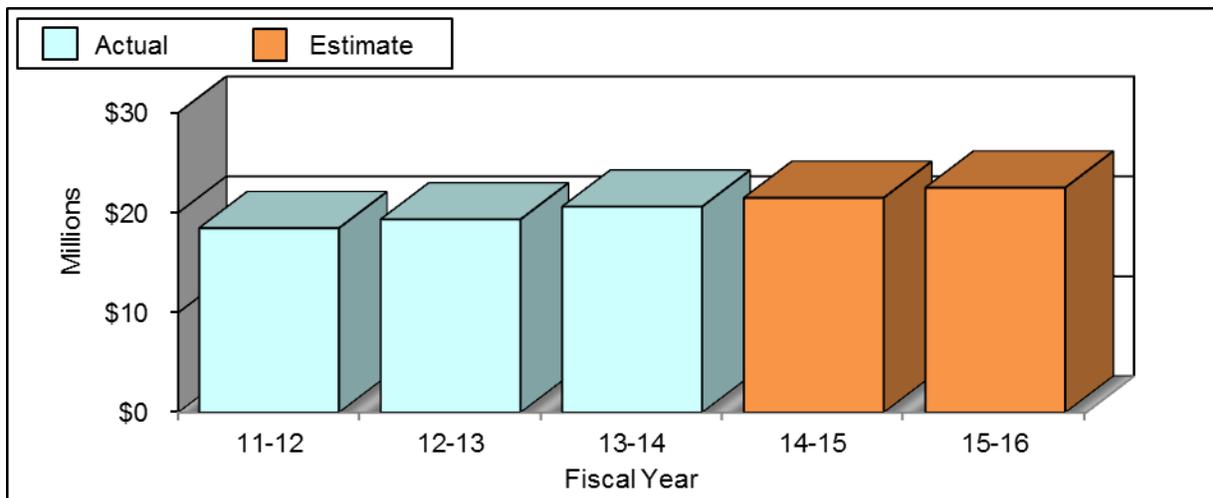
Source: State Shared Sales Tax

Summary: The state sales tax rate is currently 5.6%, of which a portion of the various categories of sales tax are distributed to cities and towns based on population on a monthly basis. This revenue may be expended for any municipal public purpose.

Analysis: The data below reflects recent years of actual revenue with the percent of increase or decrease. The years shown reflect the slow recovery from the economic downturn. The Fiscal Year (FY) 2014-15 estimate is an eight month actual and four month projection based on historical trends.

Projection: The FY 2015-16 estimate is based on information from the League of Arizona Cities and Towns and the Arizona Department of Revenue. The State of Arizona has shown positive growth in the last two years and this is resulting in higher anticipated revenues for State Shared Sales Tax.

Fiscal Year	Amount	% Inc/(Dec)
2011-12	\$ 18,450,722	4.3
2012-13	19,327,102	4.7
2013-14	20,604,292	6.6
2014-15 (Estimate)	21,483,000	4.3
2015-16 (Estimate)	22,506,700	4.8



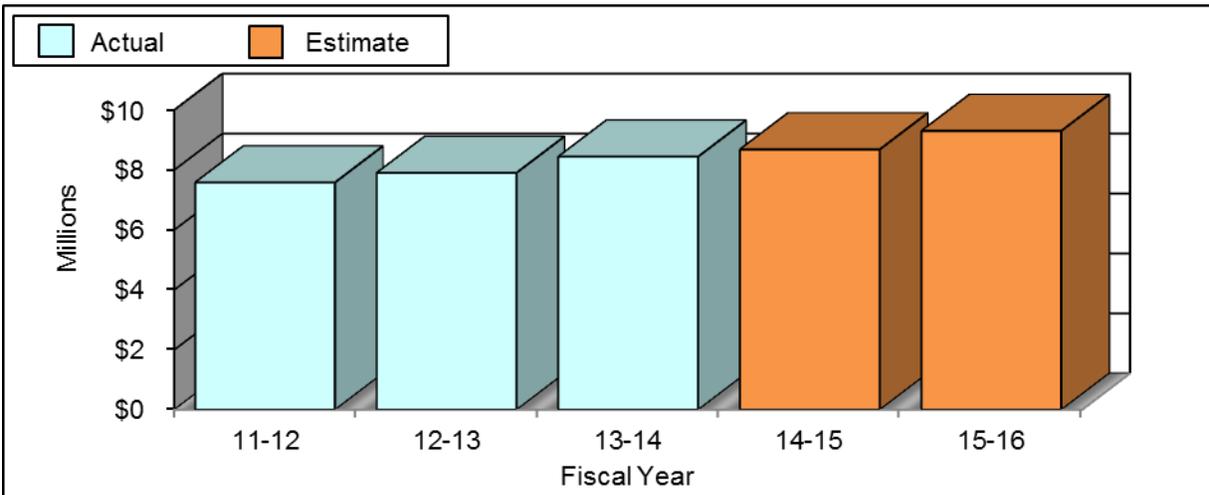
Source: Vehicle License Tax

Summary: This state shared tax is distributed through the County Treasurer's Office on a bi-monthly basis. Cities and towns receive 24.6% of the net revenues collected for vehicle licensing on most vehicles registered within their county and a portion of rental vehicle surcharges. The respective shares are determined by the proportion of their population to total incorporated population of the County. This revenue may be expended for any municipal public purpose.

Analysis: The data below reflects recent years of actual revenue with the percent of increase or decrease. Results since Fiscal Year (FY) 2011-12 reflect the recovery from the economic downturn. The FY 2014-15 estimate is an eight month actual and four month projection based on historical trends.

Projection: The FY 2015-16 estimate is based on information from the League of Arizona Cities and Towns and the Arizona Department of Revenue.

Fiscal Year	Amount	% Inc/(Dec)
2011-12	\$ 7,578,949	0.1
2012-13	7,900,647	4.2
2013-14	8,440,066	6.8
2014-15 (Estimate)	8,681,800	2.9
2015-16 (Estimate)	9,300,000	7.1



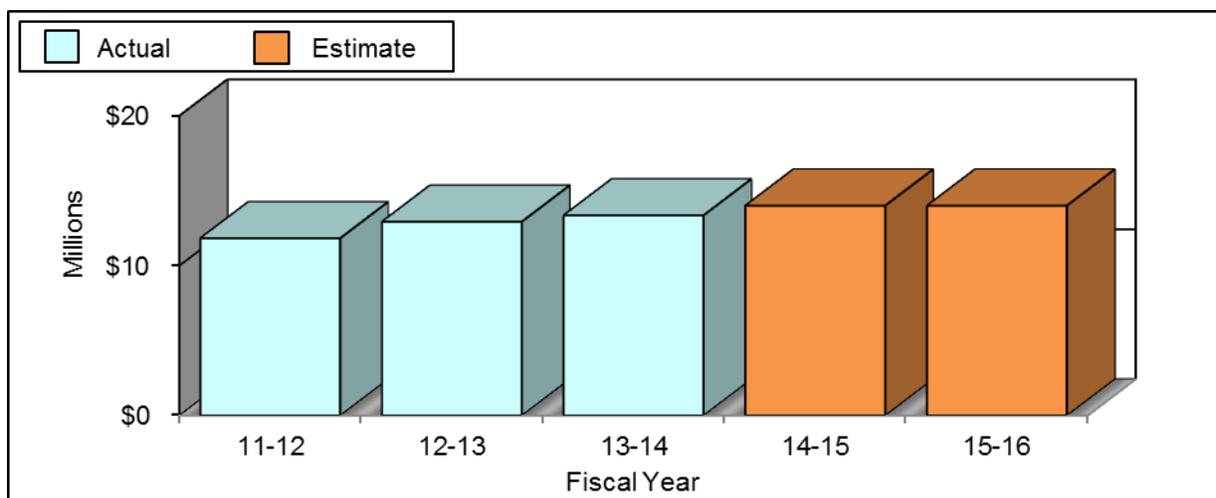
Source: Highway Users Tax

Summary: The state gas tax is currently levied at a rate of \$0.18 per gallon and is distributed to cities and towns using two formulas. Of the \$0.18 per gallon, \$0.13 is placed in the Highway User Revenue Fund (HURF). Cities and towns receive 27.5% of these revenues. One-half of this allocation is distributed on the basis of the municipality's population in relation to the population of all incorporated cities and towns in the State. The remaining half is allocated on the basis of "county of origin" of gasoline sales and the proportion of the municipality's population to the population of all incorporated cities and towns in the county. In addition to this revenue, cities and towns receive a share of a \$0.03 per gallon tax that is distributed as part of the monthly highway user revenue monies. This revenue must be expended solely on street and highway maintenance and construction projects within the City.

Analysis: The data below reflects recent years of actual revenue with the percent of increase or decrease. Fiscal Year (FY) 2011-12 was reduced \$1.6 million from the City's regular distribution due to legislative action changing the distribution formula to provide additional funding for state agencies. Distributions returned to the previous formula in FY 2012-13. The FY 2014-15 estimate is an eight month actual and four month projection based on historical trends.

Projection: The FY 2015-16 estimate is based on projections provided by the League of Arizona Cities and Towns and Arizona Department of Revenue. The State did not attempt to further divert additional HURF monies to other state agencies in this legislative session and left distribution formulas the same as the previous year.

Fiscal Year	Amount	% Inc/(Dec)
2011-12	\$ 11,823,280	(11.0)
2012-13	12,929,504	9.4
2013-14	13,352,622	3.3
2014-15 (Estimate)	14,000,000	4.8
2015-16 (Estimate)	14,000,000	-



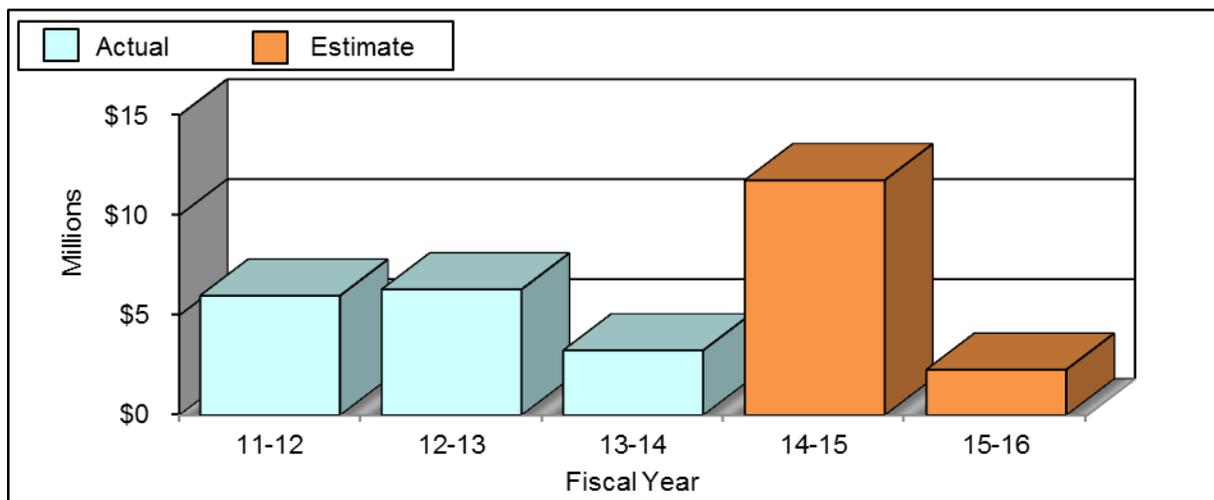
Source: Regional Transportation (Sales) Tax

Summary: On November 2, 2004, Maricopa County's voters approved Proposition 400, which extends the one-half cent sales tax for another 20 years through December 31, 2025. Funds from the sales tax extension will be used for construction of new freeways, widening of existing freeways and highways, improvements to the arterial street system, regional bus service and other special transportation services, and high capacity transit services such as light rail, bus rapid transit, and express buses. The Arizona Department of Transportation (ADOT) administers the freeway monies, the Maricopa Association of Governments administers the arterial streets monies, and Valley Metro and Valley Metro Rail administer the public transportation fund monies. This revenue is dedicated for construction of or reimbursement for street and highway projects within the City.

Analysis: The amounts received in any given year reflect the contributions as programmed by the Maricopa Association of Governments Arterial Life Cycle Program (ALCP) and are not fixed amounts per year. The Fiscal Year (FY) 2014-15 estimate is an eight month actual and four month projection based on the published ALCP schedule.

Projection: The FY 2015-16 estimate is based on planned construction of arterial street and intersection projects scheduled for reimbursement in the ALCP this year.

Fiscal Year	Amount	% Inc/(Dec)
2011-12	\$ 5,979,715	6,652.1
2012-13	6,295,212	5.3
2013-14	3,243,937	(48.5)
2014-15 (Estimate)	11,761,827	262.6
2015-16 (Estimate)	2,279,800	(80.6)



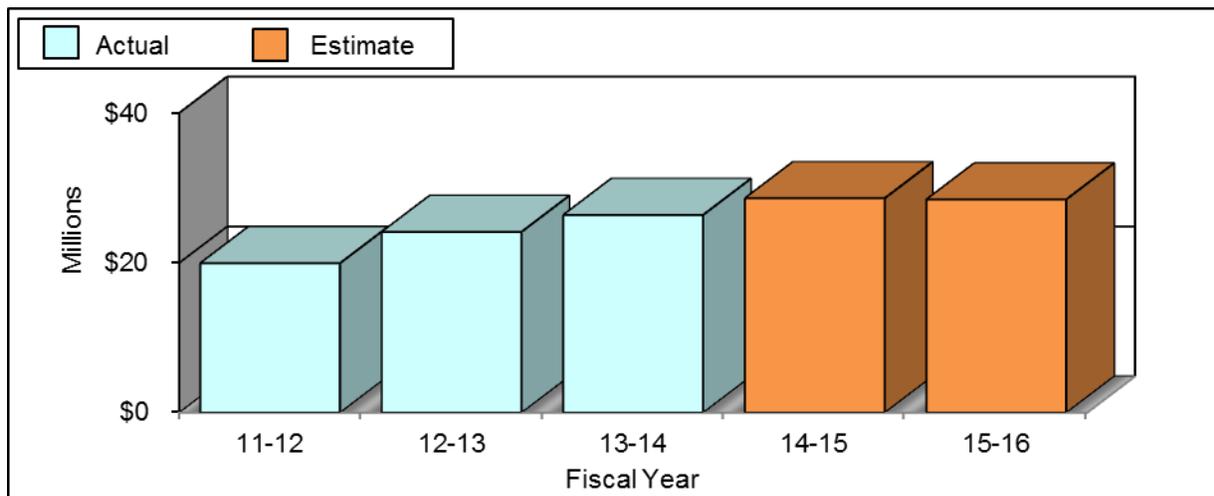
Source: Urban Revenue Sharing

Summary: This state shared revenue is the City's share of state income tax receipts. An amount equivalent to 15% of the net proceeds of state income taxes for the fiscal year two years prior to the current fiscal year is paid to the various incorporated municipalities in proportion to their population. This revenue may be expended for any municipal public purpose.

Analysis: The data below reflects recent years of actual revenue with the percent of increase or decrease. Because of the timing of income earned by corporations and individuals, payment of taxes on that income in the following years, and time needed for the State to complete the distribution of the Urban Revenue Sharing, it takes about two years for changes in the economy to be reflected in City revenues. Fiscal Year (FY) 2011-12 receipts showed the lower state income tax collections during the economic downturn. The FY 2012-13 increase reflects the improved economy and related tax collections at the state level for tax year 2010. The FY 2013-14 increase reflects improved collections from tax year 2011. The FY 2014-15 estimate is an eight month actual and four month projection reflecting the annual distribution amount determined by the State, and is based on income tax the State has already collected for tax year 2012, with the increase primarily attributed to economic growth.

Projection: The FY 2015-16 estimate is based on the distribution of income tax already reported to the State as provided by the League of Arizona Cities and Towns and Arizona Department of Revenue for tax year 2013.

Fiscal Year	Amount	% Inc/(Dec)
2011-12	\$ 19,928,955	(11.3)
2012-13	24,119,457	21.0
2013-14	26,379,401	9.4
2014-15 (Estimate)	28,607,000	8.4
2015-16 (Estimate)	28,453,600	(0.5)



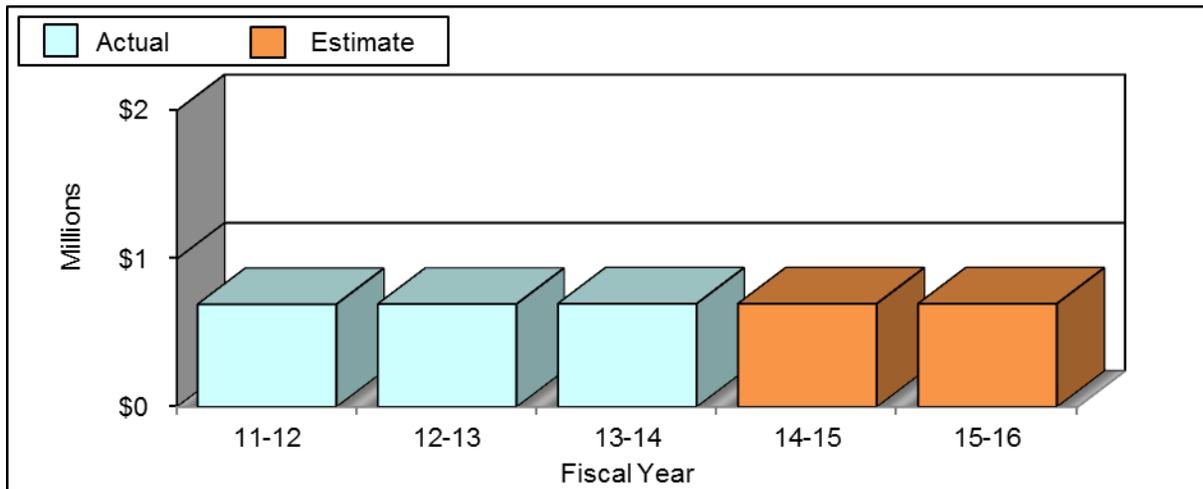
Source: Lottery Entitlement

Summary: Distribution of state lottery monies to the City began in January 1982 as the Local Transportation Assistance Fund (LTAF), but monthly distributions were discontinued by the State during Fiscal Year (FY) 2009-10. Amounts remaining in fund balance may be expended for construction or reconstruction of streets and highway projects in the public right-of-way. In FY 2010-11, the State reimplemented annual one-time Arizona Lottery Fund (ALF) distributions to cities and towns based upon an annual application from the City. This revenue may be expended for any municipal transit purpose, including fixed route operations.

Analysis: The data below reflects recent years of actual revenue with the percent of increase or decrease. FY 2011-12 reflects the first full year of funding since funding was reimplemented mid-year in FY 2010-11.

Projection: The FY 2015-16 estimate is based on projections provided by the Regional Public Transportation Authority.

Fiscal Year	Amount	% Inc/(Dec)
2011-12	\$ 692,821	252.1
2012-13	694,355	0.2
2013-14	696,693	0.3
2014-15 (Estimate)	696,693	-
2015-16 (Estimate)	696,693	-



Charges for Services

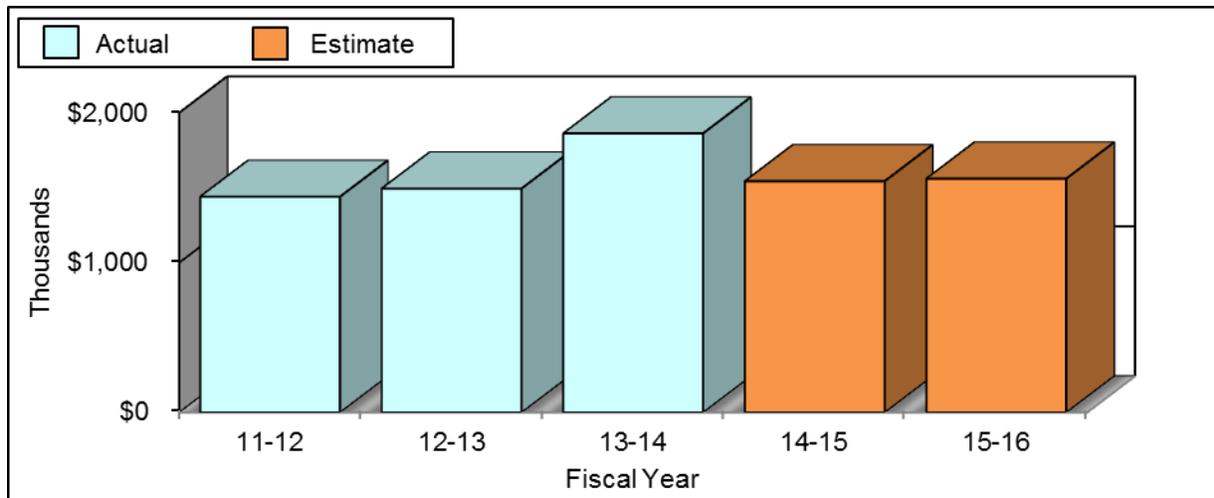
Source: Engineering Fees

Summary: Engineering Fees are derived from plan review fees, off-site inspection fees, encroachment permits, and fiber optic permits. Most of these revenues are a function of development, and offset the cost of inspection and staff for oversight of private development offsite construction. Fees are also imposed to offset the City's cost for plan reviews. This revenue may be expended for any municipal public purpose.

Analysis: The data below reflects recent years of actual revenue with the percent of increase or decrease. The Fiscal Year (FY) 2011-12 increase reflects increased collections from encroachment permits, some of which is attributed to an Intel Corporation construction project. FY 2013-14 increases were in all types of fees except weekend off-site inspection fees. The FY 2014-15 estimate is an eight month actual and four month projection reflecting decreases in encroachment permits and civil engineering plan review.

Projection: The FY 2015-16 estimate anticipates a slight increase in encroachment permits and civil engineering plan review.

Fiscal Year	Amount	% Inc/(Dec)
2011-12	\$ 1,439,043	64.2
2012-13	1,493,797	3.8
2013-14	1,861,969	24.6
2014-15 (Estimate)	1,543,070	(17.1)
2015-16 (Estimate)	1,560,000	1.1



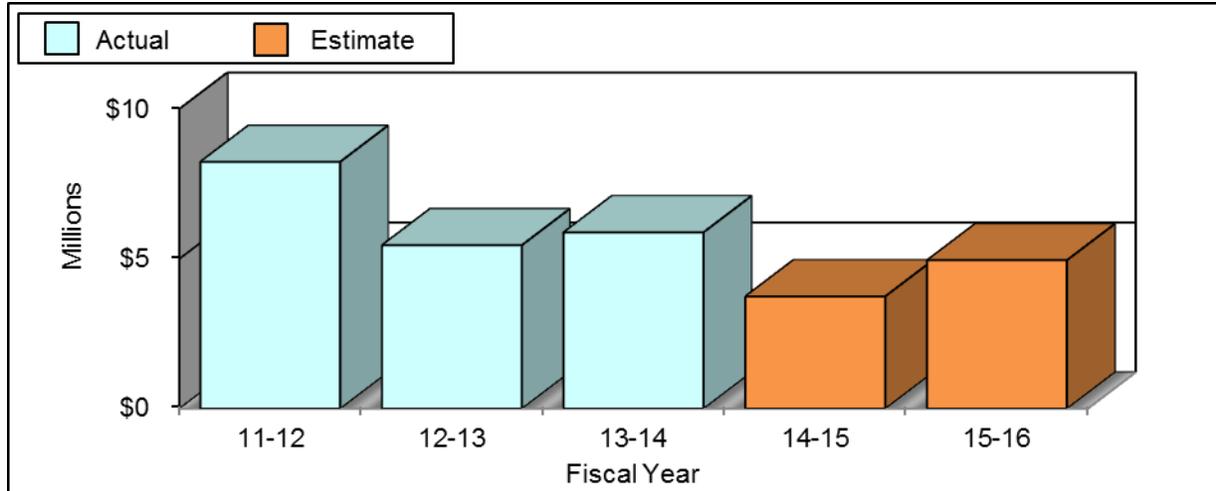
Source: Building Division Fees

Summary: Building Division Fees are calculated based on a formula using construction costs and square footage, and include building permits, building inspection fees, and plan check fees. Fees imposed are used to offset the City's cost for review and inspections. This revenue may be expended for any municipal public purpose.

Analysis: The data below reflects recent years of actual revenue with the percent of increase or decrease. The fluctuations result from both economic activity and the type of construction. The Fiscal Year (FY) 2011-12 increase reflects the impact of an Intel Corporation construction project. FY 2012-13 reflects a return to a normal level of building permit fees. FY 2013-14 reflects slight increases in sign fees, building permits, and building plan review fees. The FY 2014-15 estimate is an eight month actual and four month projection based on anticipated development activity.

Projection: The FY 2015-16 estimate anticipates increased building permits and building plan review fees, and reflects increased square foot construction costs as noted on the last page of the Resources section.

Fiscal Year	Amount	% Inc/(Dec)
2011-12	\$ 8,232,277	141.1
2012-13	5,452,512	(33.8)
2013-14	5,881,832	7.9
2014-15 (Estimate)	3,744,200	(36.3)
2015-16 (Estimate)	4,950,250	32.2



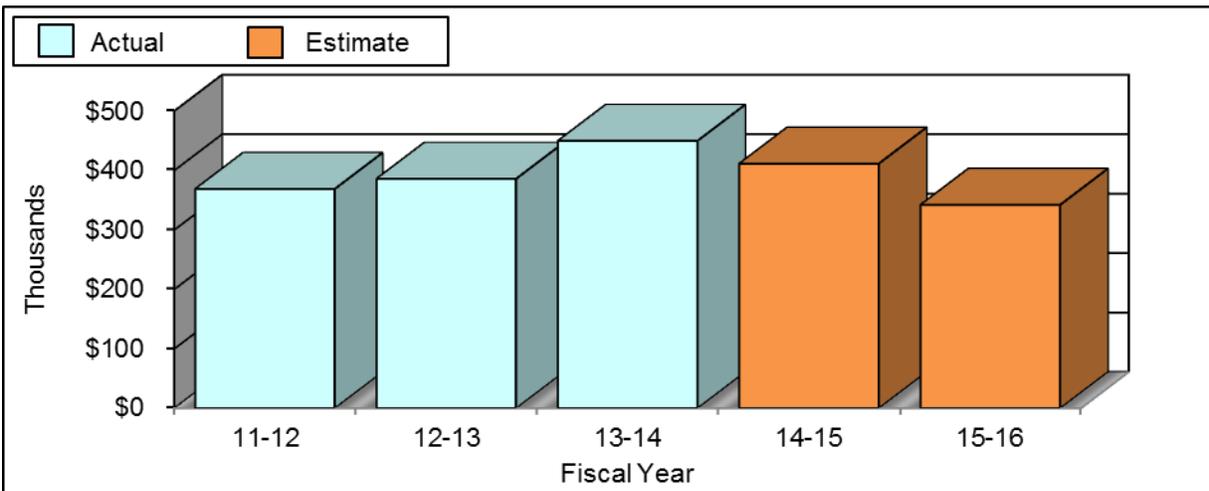
Source: Planning Fees

Summary: Planning Fees are derived from zoning and subdivision application fees, along with the sale of maps and codes. Fees imposed are used to offset the costs of legal notices, property-owner notification, printing, and other incurred City costs. This revenue may be expended for any municipal public purpose.

Analysis: The data below reflects recent years of actual revenue with the percent of increase or decrease. Revenues generated from this source fluctuate due to rezoning applications in the community. The Fiscal Year (FY) 2011-12 and FY 2012-13 increases reflect higher zoning and subdivision fees. FY 2013-14 reflects higher subdivision and site development plan review fees. The FY 2014-15 estimate is an eight month actual and four month projection based on anticipated development projects.

Projection: The FY 2015-16 estimate reflects decreased revenue from site development plan review fees.

<u>Fiscal Year</u>	<u>Amount</u>	<u>% Inc/(Dec)</u>
2011-12	\$ 368,771	18.4
2012-13	385,889	4.6
2013-14	449,711	16.5
2014-15 (Estimate)	411,350	(8.5)
2015-16 (Estimate)	342,000	(16.9)



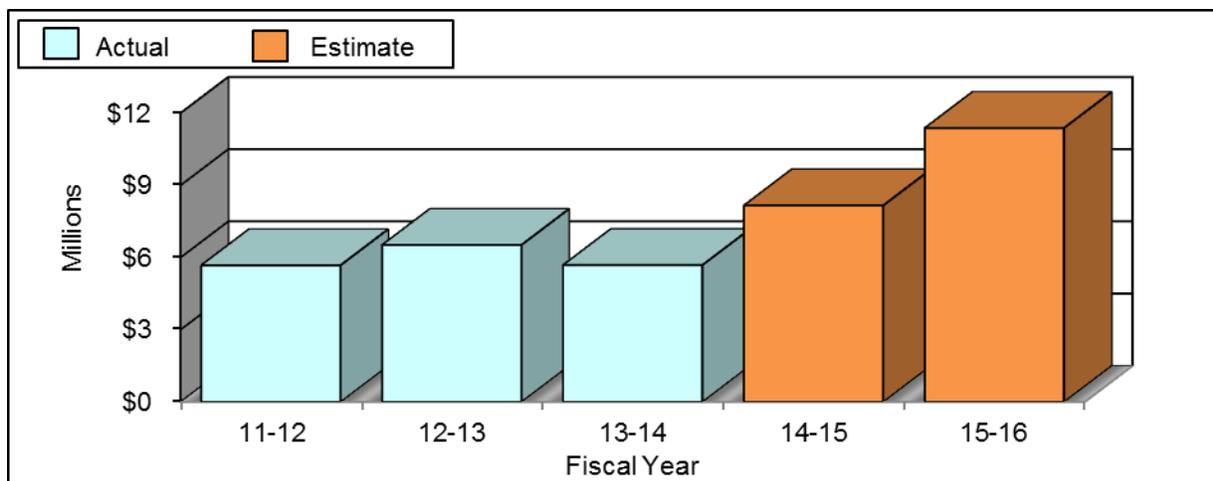
Source: Public Safety Miscellaneous

Summary: This source of revenue is derived from fees charged for copies of accident and police reports, vehicle registration fines, fingerprinting fees, reimbursement from other agencies for outside services, extra-duty services rendered, hazardous materials permit fees, alarm penalties for exceeding the number of false alarm response calls allowed, weapons proceeds (restricted for public safety community outreach), and for the school resource officers for Chandler, Kyrene, and Mesa (starting in Fiscal Year (FY) 2014-15) public schools located within City limits. Also included in this category are fire contractual services, reimbursement of costs for Wildland Firefighter participation, and fees for advanced life support and ambulance services. Police forfeiture funds are included in this category but are passed through the State or County Attorney General's Office on a reimbursement basis. Due to the nature of the forfeiture revenue, the amount received can fluctuate dramatically depending on illegal activities occurring in and around the community. Forfeiture fund usage is restricted for law enforcement purposes subject to laws, rules, and regulations established at state and federal levels. Unless otherwise restricted, these revenues may be expended for any municipal purpose.

Analysis: The data below reflects recent years of actual revenue with the percent of increase or decrease. The FY 2012-13 increase resulted from a large amount of asset forfeiture revenue reimbursement, with a return to a more normal level of asset forfeiture revenue reimbursement in FY 2013-14. The FY 2014-15 estimate is an eight month actual and four month projection and reflects planned spending of adjudicated asset forfeiture revenues.

Projection: The FY 2015-16 estimate anticipates a large increase in spending of adjudicated asset forfeiture revenues.

Fiscal Year	Amount	% Inc/(Dec)
2011-12	\$ 5,676,344	1.9
2012-13	6,518,974	14.8
2013-14	5,680,675	(12.9)
2014-15 (Estimate)	8,159,705	43.6
2015-16 (Estimate)	11,378,300	39.4



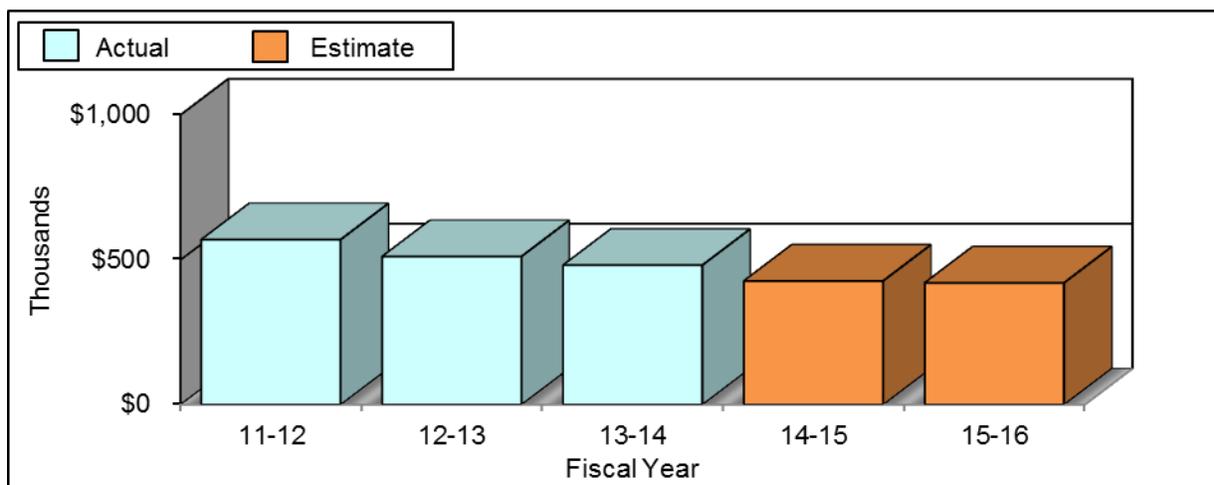
Source: Library Revenues

Summary: Library Revenues are derived from fines of 20¢ per day per book, non-fiction video, and compact disc; fines of \$1.00 per day per feature film and popular picks (discontinued during Fiscal Year (FY) 2014-15); replacement charges for lost materials; membership fees from the Maricopa County Library District (discontinued at end of FY 2012-13); and annual charges to cardholders who live outside Maricopa County and do not work or attend school in Chandler. Also included in this category are revenues received under an Intergovernmental Agreement (IGA) with Chandler Unified School District for their share of operating costs for the Basha and Hamilton Branch Libraries. This revenue may be expended for any municipal public purpose.

Analysis: The data below reflects recent years of actual revenue with the percent of increase or decrease. The FY 2011-12 and FY 2012-13 decreases reflect reduced county membership fees. FY 2013-14 reflects reduced collections for fines as cardholders increase their use of e-books (which do not incur fines since they expire at the due date) and the discontinuation of county membership fees. The FY 2014-15 estimate is an eight month actual and four month projection based on a reduced level of annual charges from cardholders who live outside Maricopa County.

Projection: The FY 2015-16 estimate anticipates a slight reduction in library fines and lost book fees.

Fiscal Year	Amount	% Inc/(Dec)
2011-12	\$ 569,574	(4.3)
2012-13	511,377	(10.2)
2013-14	481,209	(5.9)
2014-15 (Estimate)	427,090	(11.2)
2015-16 (Estimate)	420,480	(1.5)



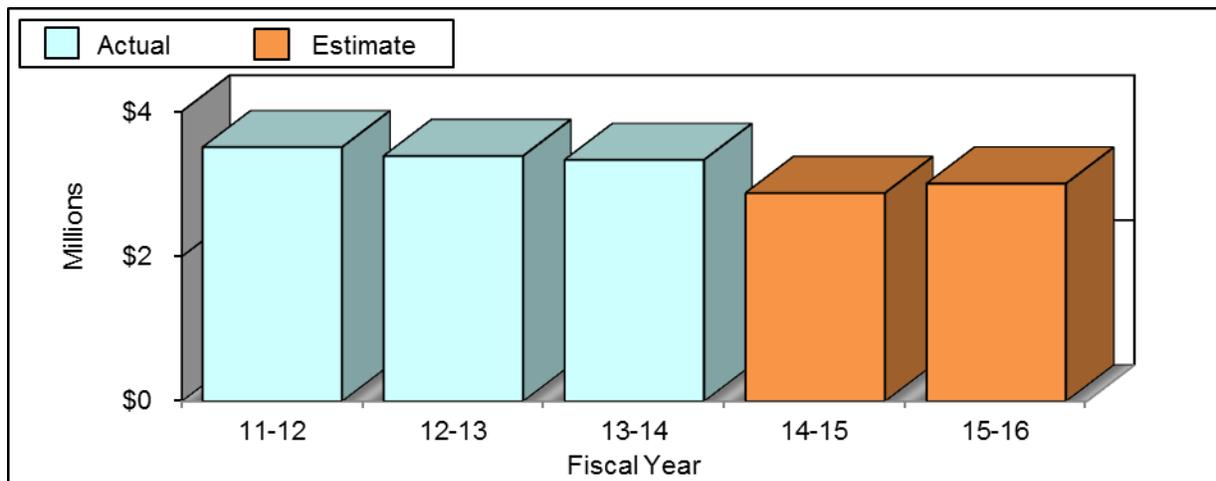
Source: Parks and Recreation Fees

Summary: Parks and Recreation Fees are comprised of swimming pool fees, concession sales, fitness passes, facility rentals, recreational program classes, adult sports leagues, pavilion rentals, ball field lights, and operation of the Bear Creek Golf Course, the Tumbleweed Recreation Center, and the Tumbleweed Tennis Center. This revenue may be expended for any municipal public purpose.

Analysis: The data below reflects recent years of actual revenue with the percent of increase or decrease. The Fiscal Year (FY) 2011-12 increase reflects the opening and increased activity levels at the Tumbleweed Recreation Center before falling slightly in FY 2012-13 and projected to decrease again in FY 2014-15. The FY 2014-15 estimate is an eight month actual and four month projection based on historical trends and reflects a slight decline in most recreation and aquatic revenues.

Projection: The FY 2015-16 estimate is mainly based on increased aquatic revenues but also reflects fee increases from citywide special event rentals as detailed in the last page of the Resources section.

Fiscal Year	Amount	% Inc/(Dec)
2011-12	\$ 3,507,344	5.1
2012-13	3,386,060	(3.5)
2013-14	3,331,968	(1.6)
2014-15 (Estimate)	2,875,140	(13.7)
2015-16 (Estimate)	3,004,100	4.5



Miscellaneous Receipts

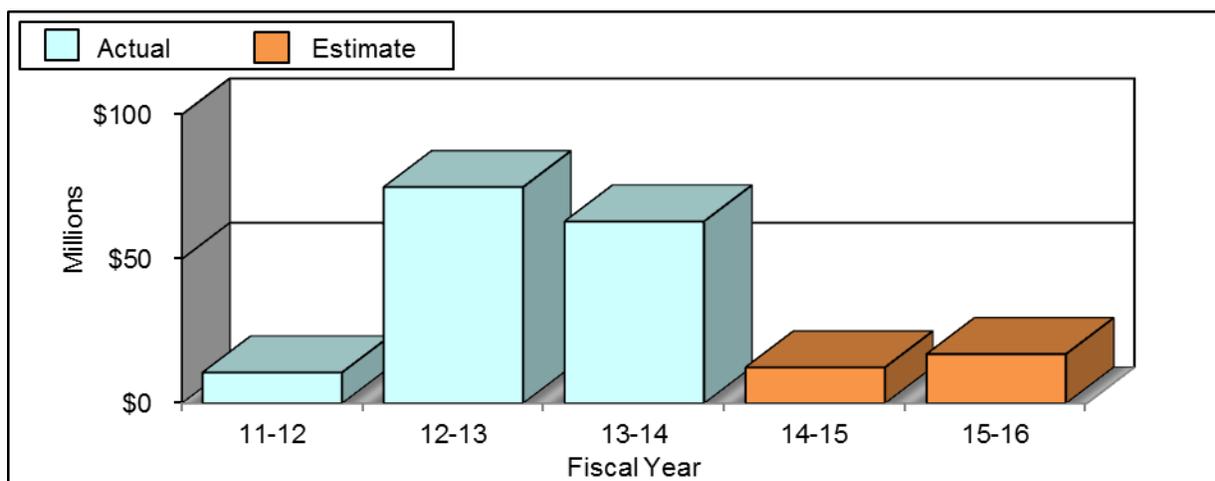
Source: Other Receipts

Summary: This revenue consists of audit assessments, worker's compensation premiums, Cox Communication Cable donations, bus service and shelter revenue, trust and agency funds, and miscellaneous revenue, including reimbursements for prior year expenses and lump sum agreements for capital projects. Also included in this category is ticket sale revenue received from events held at the Center for the Arts, labor charges for these events, and revenue received under an Intergovernmental Agreement (IGA) with the Chandler Unified School District for their share of operating costs for the Center for the Arts. General Fund revenues comprise the majority of funds received, and may be expended for any municipal public purpose. Revenues received in funds other than the General Fund (i.e., worker's compensation premiums received in Worker's Compensation Self-Insurance Fund) are restricted in use.

Analysis: The data below reflects recent years of actual revenue with the percent of increase or decrease. The Fiscal Year (FY) 2011-12 increase reflects the first year of utility infrastructure expansions in which the City will pay to construct or expand utility infrastructure with Intel Corporation reimbursing the City for a portion of these costs. FY 2012-13 and FY 2013-14 reflects continued reimbursements received from Intel Corporation for the utility infrastructure expansions. The FY 2014-15 estimate is an eight month actual and four month projection based on historical trends and includes remaining reimbursements from Intel Corporation for the utility infrastructure expansions.

Projection: The FY 2015-16 estimate includes a return to a normal level of activity for Other Receipts, with larger amounts consisting of an anticipated airport loan, increased workers compensation premiums, and the final reimbursement from Intel Corporation for the utility infrastructure expansions.

Fiscal Year	Amount	% Inc/(Dec)
2011-12	\$ 10,703,646	26.4
2012-13	74,845,798	599.3
2013-14	62,987,183	(15.8)
2014-15 (Estimate)	12,454,905	(80.2)
2015-16 (Estimate)	17,043,622	36.8



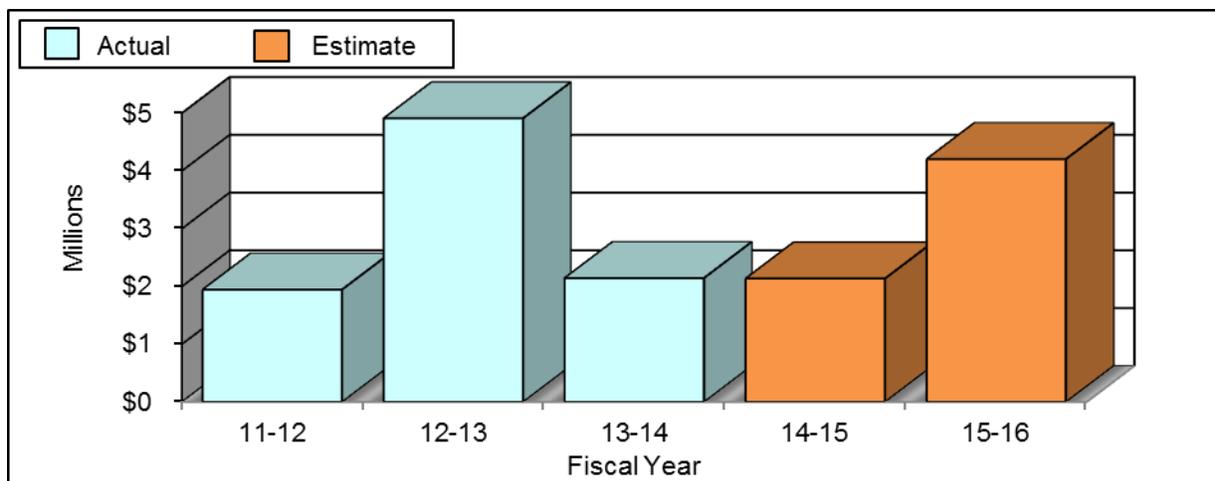
Source: Interest on Investments

Summary: Interest on investments is earned based on continuous investments of idle funds. Investments are restricted to federal treasury or agency securities, repurchase agreements, certain public offerings, and fully collateralized time certificates of deposit which the City may invest in with local banks from time to time. The City is under contract with two investment managers, Wells Capital and PFM Asset Management, who in turn invest City funds in accordance with state statute and the City's Investment Policy. The majority of this revenue is received in the General Fund and may be expended for any municipal public purpose. Revenues received in funds other than the General Fund from interest earned on investing their idle funds are restricted in use as required by that fund.

Analysis: The data below reflects recent years of actual revenue with the percent of increase or decrease. Significant increases or decreases are often attributable to the sale of bonds or completion of capital projects, which affect the balance of funds on which interest accrues. In recent years, interest rates have been significantly lower than historical averages, resulting in lower rates of return. Fiscal Year (FY) 2012-13 includes a recovery of FY 2002-03 investment losses of \$3.4 million from when the City was a participant in the State's Local Government Investment Pool (LGIP). The FY 2014-15 estimate is an eight month actual and four month projection based on current rates of return.

Projection: The FY 2015-16 estimate is based on market projections from our investment advisors used in conjunction with the estimated amount of idle funds, as well as the City's entry into additional short-term investments in the Certificate of Deposit Account Registry Service (CDARS).

Fiscal Year	Amount	% Inc/(Dec)
2011-12	\$ 1,944,015	(43.6)
2012-13	4,909,109	152.5
2013-14	2,144,102	(56.3)
2014-15 (Estimate)	2,134,700	(0.4)
2015-16 (Estimate)	4,203,200	96.9



Source: Leases

Summary: This revenue is comprised of leases at the Chandler Municipal Airport and other miscellaneous properties. A listing of the various leases is accompanied by the Fiscal Year (FY) 2015-16 estimate for each category:

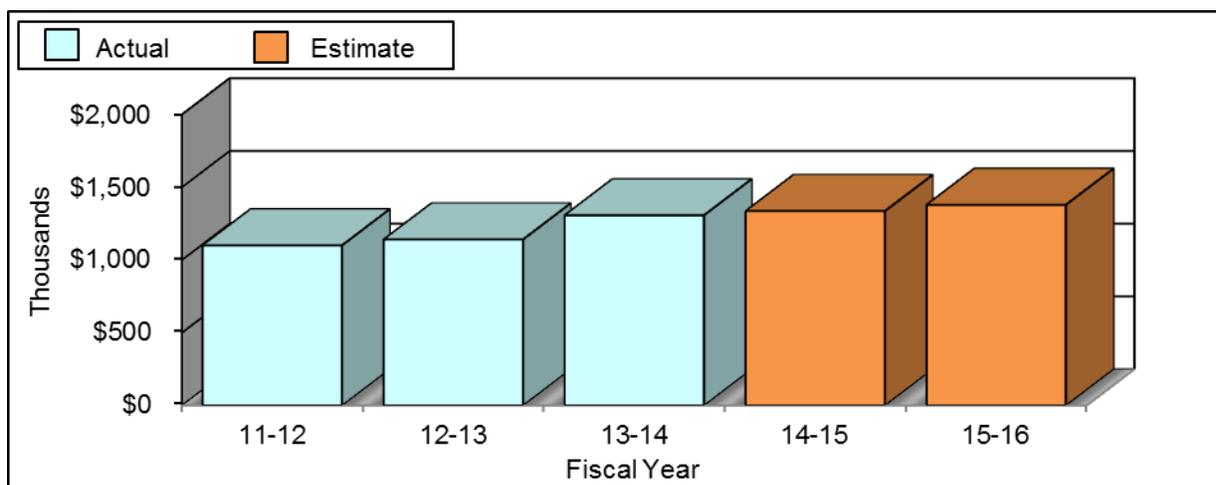
1. Innovations (Incubator leases)	\$643,500
2. Airport T-Hangars, Tie-Downs, T-Shades and Other Charges	523,833
3. Airport Leases	189,640
4. City Hall Property Rental	22,000

The revenue related to airport lease activity may only be expended on operations of the Airport Enterprise. The lease revenues collected in the General Fund may be expended for any municipal public purpose.

Analysis: The data below reflects recent years of actual revenue with the percent of increase or decrease. The Fiscal Year (FY) 2011-12 through FY 2013-14 increases are mainly the result of lease revenue from the Innovations facility. The FY 2014-15 estimate is an eight month actual and four month projection based upon historical trends.

Projection: The FY 2015-16 estimate anticipates increases to airport tie-down fees as noted on the last page of the Resources section, and assumes a fully-leased Innovations facility.

Fiscal Year	Amount	% Inc/(Dec)
2011-12	\$ 1,100,080	9.5
2012-13	1,140,527	3.7
2013-14	1,306,888	14.6
2014-15 (Estimate)	1,335,740	2.2
2015-16 (Estimate)	1,378,973	3.2



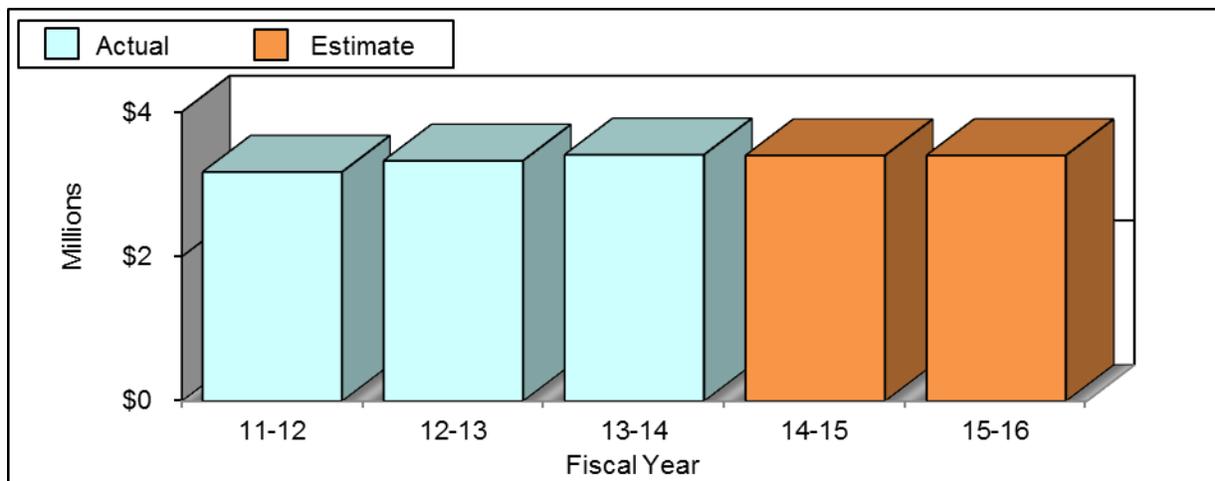
Source: Court Fines

Summary: This revenue is derived from fines and fees levied by the City Magistrate from traffic violations (including photo enforcement), traffic school administrative charges, warrants and jail recovery, juvenile-related offenses, probation monitoring fees, home detention fees, and public defender fees. State statute requires the assessment of an 83% surcharge, a \$20 probation surcharge, and a \$15 assessment on all court fines (increased from \$13 during Fiscal Year (FY) 2014-15), which is transferred to the State Treasurer, the County Treasurer, and the City or County Treasurer, respectively. A City court enhancement fee of \$25 is added to all fines, sanctions, penalties, and assessments imposed by the court; this revenue is used to enhance City court security and automation. The fee for traffic school includes \$25 for the City court enhancement fee and \$100 for the City's General Fund (increased from \$90 during FY 2014-15). Unless otherwise restricted, these revenues may be expended for any municipal purpose.

Analysis: The data below reflects recent years of actual revenue with the percent of increase or decrease. The FY 2014-15 estimate is an eight month actual and four month projection based on historical trend.

Projection: The FY 2015-16 estimate assumes a steady level of court fines.

Fiscal Year	Amount	% Inc/(Dec)
2011-12	\$ 3,169,338	(0.9)
2012-13	3,324,938	4.9
2013-14	3,407,467	2.5
2014-15 (Estimate)	3,397,700	(0.3)
2015-16 (Estimate)	3,399,700	0.1



Enterprise Revenues

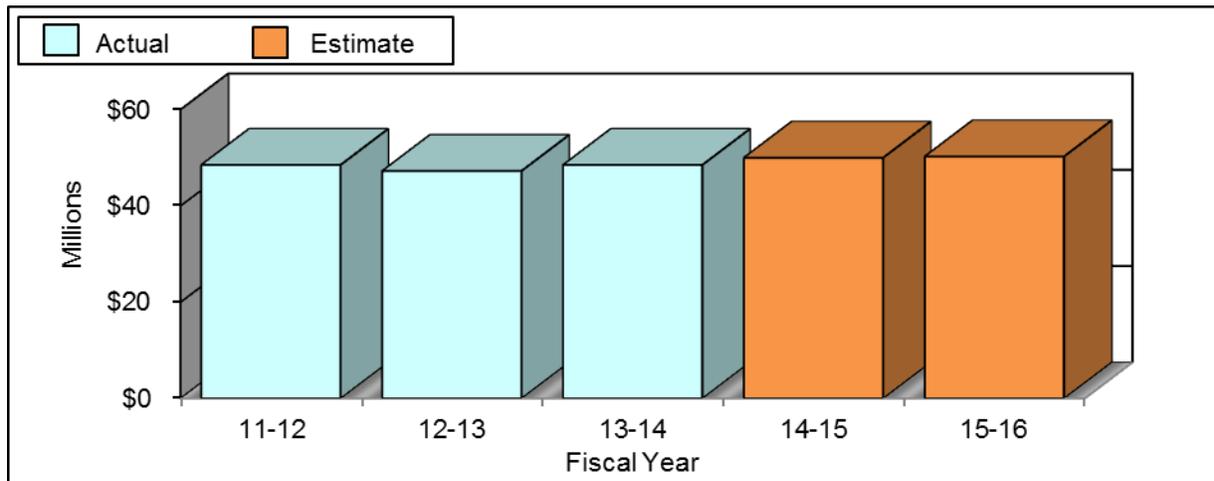
Source: Water Sales

Summary: This revenue source is derived from the sale of water to City residents, as well as Maricopa County residents located within City limits (who pay higher Outside City rates). Monthly water billings consist of a base charge according to meter size and a consumption charge, which varies by customer class. Consumption charges vary by season, with five months of summer rates and seven months of winter rates to promote conservation. This revenue may be expended only for the operation of the Water Enterprise.

Analysis: The data below reflects recent years of actual revenue with the percent of increase or decrease. Rates are reviewed annually to ensure that adequate user fees are charged to cover operating and capital costs. A water conservation program is in place to encourage citizens to use less water. By using less water, customers can partially offset rate increases in their water bill. The Fiscal Year (FY) 2011-12 increase reflects a rate increase implemented in April 2011 and an increase in demand from an Intel Corporation plant expansion. The FY 2014-15 estimate is an eight month actual and four month projection.

Projection: The FY 2015-16 estimate anticipates a continued small increase in both residential and industrial consumption resulting in increased revenue and no proposed rate increase.

Fiscal Year	Amount	% Inc/(Dec)
2011-12	\$ 48,503,319	13.7
2012-13	47,235,982	(2.6)
2013-14	48,490,198	2.7
2014-15 (Estimate)	50,000,000	3.1
2015-16 (Estimate)	50,250,000	0.5



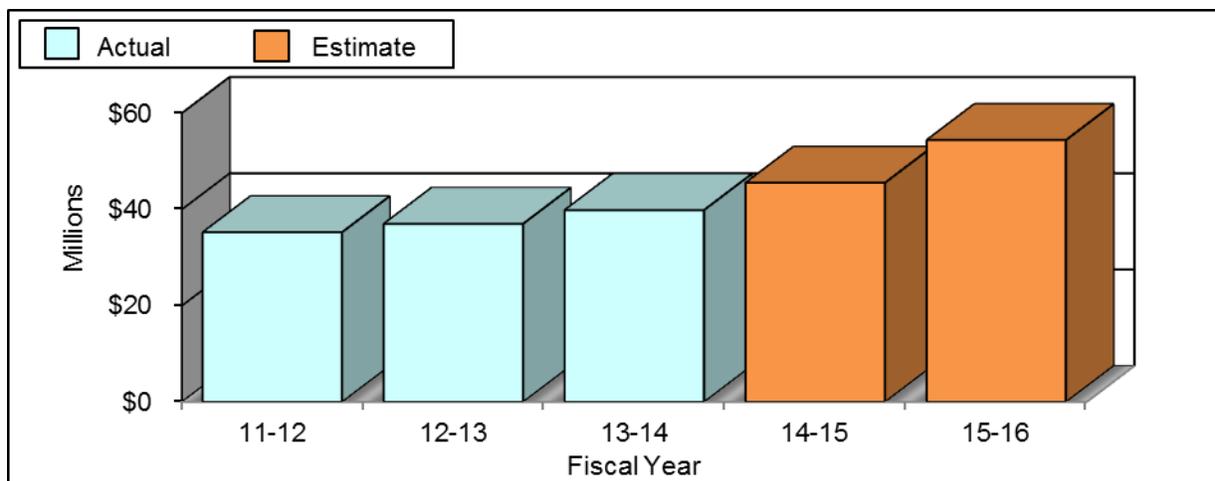
Source: Wastewater Service

Summary: This revenue source is obtained from the fees charged for wastewater service to City residents, as well as Maricopa County residents located within City limits (who pay higher Outside City rates). Residential customers are charged a flat rate per month, while non-residential customers are charged a monthly base charge and a volume charge based on water consumption. This revenue may be expended only for the operation of the Wastewater Enterprise. This category also includes Intel Corporation’s reimbursement to the City for operation of the Ocotillo Brine Reduction Facility. This revenue is restricted for the Ocotillo Brine Reduction Facility.

Analysis: The data below reflects recent years of actual revenue with the percent of increase or decrease. Rates are reviewed annually to ensure that adequate user fees are charged to cover operating and capital costs. The Fiscal Year (FY) 2011-12 increase includes a rate increase implemented in April 2011 and increased flows from an Intel Corporation plant expansion. FY 2013-14 reflects an October 2013 rate increase of 9% for wastewater and 18% for reclaimed water, as well as an increase in the Ocotillo Brine Reduction Facility surcharge fee due to expansion and higher facility operating costs. The FY 2014-15 estimate is an eight month actual and four month projection and reflects increased Ocotillo Brine Reduction Facility surcharges due from Intel Corporation.

Projection: The FY 2015-16 estimate includes an increase in the reimbursement due from Intel Corporation to operate the Ocotillo Brine Reduction Facility. The estimate also incorporates proposed rate increases for wastewater (+9%) and reclaimed water (+18%) that will be considered by Council in August 2015 and are anticipated to become effective in October 2015 if approved.

Fiscal Year	Amount	% Inc/(Dec)
2011-12	\$ 35,238,592	13.2
2012-13	36,981,114	4.9
2013-14	39,844,923	7.7
2014-15 (Estimate)	45,516,791	14.2
2015-16 (Estimate)	54,389,389	19.5



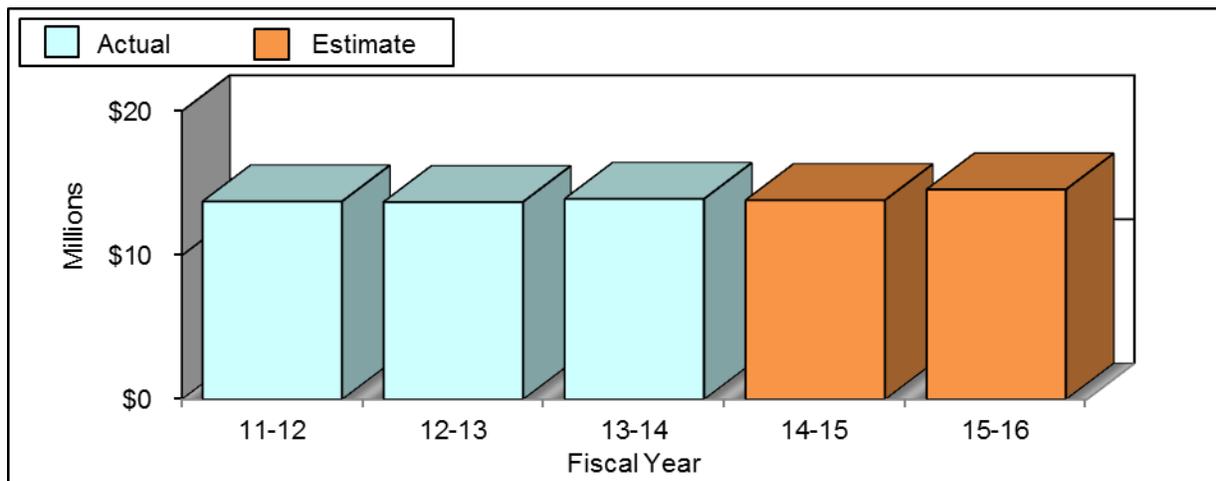
Source: Solid Waste Service

Summary: Solid Waste Service revenue is comprised of commercial refuse hauling permit fees, recycling revenue, solid waste service charges, and residential refuse collection charges. This revenue may be expended only for the operation of the Solid Waste Enterprise.

Analysis: The data below reflects recent years of actual revenue with the percent of increase or decrease. Rates are reviewed annually to ensure that adequate user fees are charged to cover operating and capital costs. Rates have remained unchanged over the period below, except for minor miscellaneous fee adjustments. The Fiscal Year (FY) 2014-15 estimate is an eight month actual and four month projection.

Projection: The FY 2015-16 estimate reflects a steady level of solid waste revenues and a proposed 6% rate increase that will be considered by Council in August 2015 and is anticipated to become effective in October 2015 if approved.

Fiscal Year	Amount	% Inc/(Dec)
2011-12	\$ 13,742,758	4.2
2012-13	13,706,077	(0.3)
2013-14	13,916,489	1.5
2014-15 (Estimate)	13,829,318	(0.6)
2015-16 (Estimate)	14,569,190	5.4



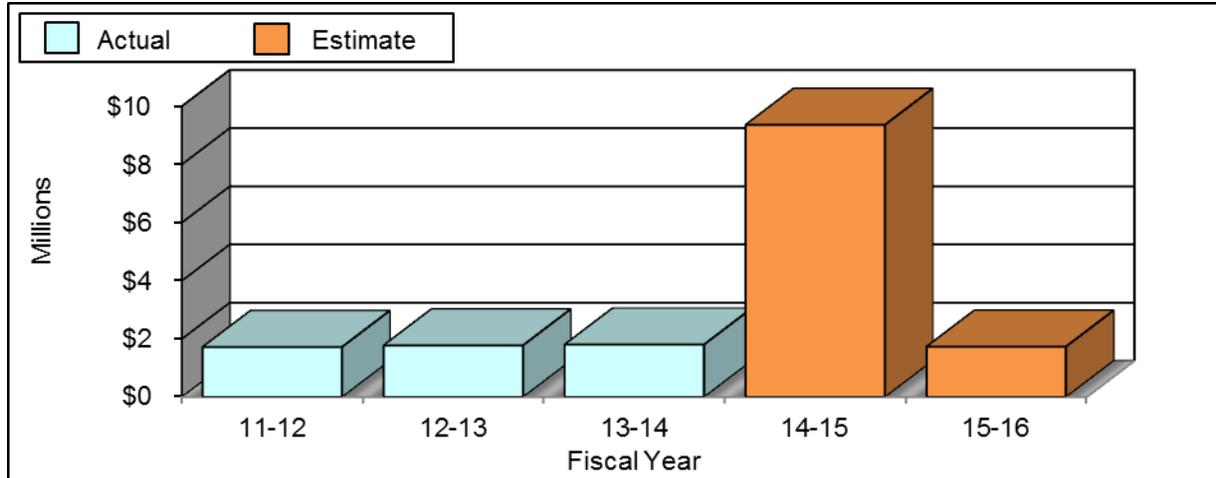
Source: Other Utility Charges

Summary: This revenue category consists of utility fund charges for water meters and meter installations, service connect fees, late fees, miscellaneous service charges, and solid waste container fees (reported in this revenue category starting in Fiscal Year (FY) 2015-16 rather than in a stand-alone revenue category as in prior years due to the combination of various solid waste accounting operations). This revenue may be expended only for the operation of the Water, Wastewater, and Solid Waste Enterprises based on the fund in which the revenue is received.

Analysis: The data below reflects recent years of actual revenue with the percent of increase or decrease. The largest revenue source in this category is water meter installations that fluctuate based on construction growth. The FY 2011-12 increase reflects increased water meter and miscellaneous wastewater charges. The FY 2014-15 estimate is an eight month actual and four month projection, and reflects an anticipated \$8 million reimbursement from Intel Corporation for water rights purchases as well as a reduction in utility late fees.

Projection: The FY 2015-16 estimate reflects a return to a normal level of Other Utility Charges.

Fiscal Year	Amount	% Inc/(Dec)
2011-12	\$ 1,722,005	14.3
2012-13	1,776,031	3.1
2013-14	1,802,618	1.5
2014-15 (Estimate)	9,359,170	419.2
2015-16 (Estimate)	1,732,120	(81.5)



System Development Fees

Source: Water System Development Fees

Summary: Ordinance No. 908 was adopted on December 22, 1980 to establish fees with which to fund a Water Development Reserve Fund. In January 1997, City Council updated the development impact fee rates for the water system, and a water resource fee was added which only applied to certain sections of the City. These fees are reviewed and revised periodically based on current and future water capital expenditures and growth projections. Per unit fees are based on meter size. Fees for water distribution system connection are also included in this category.

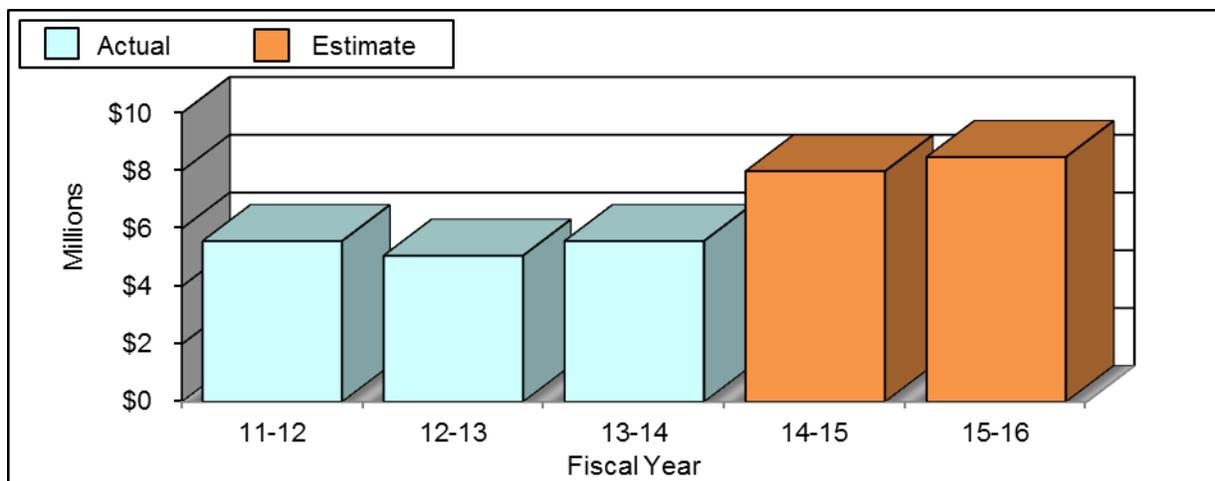
In Fiscal Year (FY) 2009-10, House Bill (HB) 2008 (49th Legislature, Third Special Session) placed a freeze on the imposition of new or increase of existing development fees (later amended by HB 2478 in the 49th Legislature, Second Regular Session). The freeze extended from September 1, 2009 through June 30, 2012. During FY 2013-14, City Council adopted Ordinance No. 4528 that was effective July 2014 to bring the City's system development fee program in compliance with Senate Bill 1525 (passed in FY 2010-11 by 50th Legislature, First Regular Session) resulting in an increase of 13% to the water system development fee (which includes the water resource fee that is now charged citywide).

This revenue may only be expended for growth-related water capital projects.

Analysis: The data below reflects recent years of actual revenue with the percent of increase or decrease. The FY 2011-12 increase reflects the impact of two large multi-family developments, with the FY 2012-13 decrease marking a return to a normal level of collections. FY 2013-14 reflects increased development activity, including a large corporate expansion project. The FY 2014-15 estimate is an eight month actual and four month projection reflecting current market conditions and the rate increase noted above.

Projection: The FY 2015-16 estimate reflects current market conditions under the existing fee structure.

Fiscal Year	Amount	% Inc/(Dec)
2011-12	\$ 5,566,010	70.5
2012-13	5,060,415	(9.1)
2013-14	5,566,915	10.0
2014-15 (Estimate)	7,983,100	43.4
2015-16 (Estimate)	8,475,200	6.2



Source: Wastewater System Development Fees

Summary: Ordinance No. 909 was adopted December 22, 1980 to establish fees with which to fund a Wastewater Development Reserve Fund. In January 1997, a reclaimed water impact fee was imposed in addition to the wastewater system development fee. These fees are reviewed and revised periodically based on current and future wastewater capital expenditures and growth projections. Per unit fees are based on meter size.

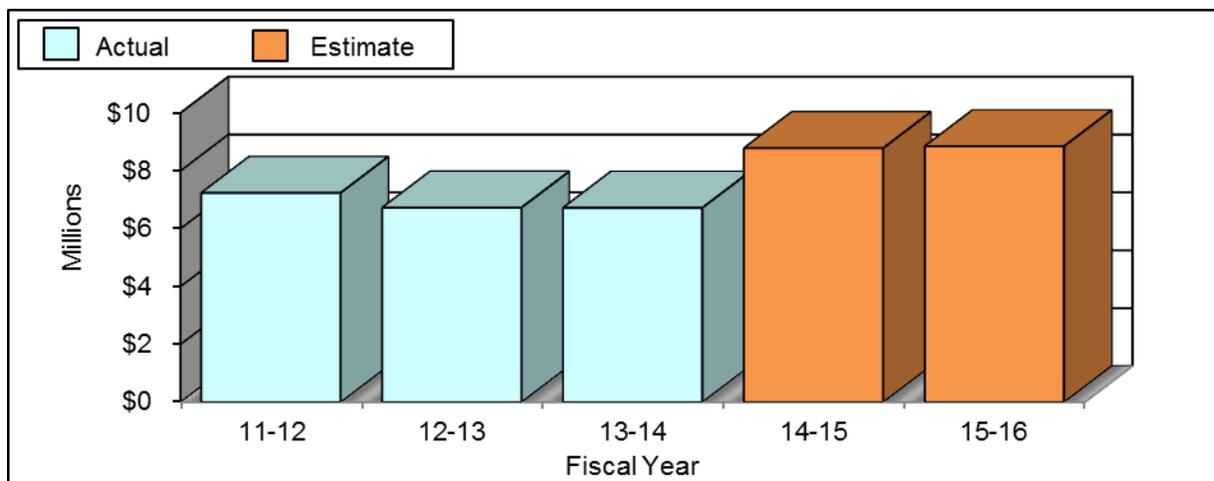
In Fiscal Year (FY) 2009-10, House Bill (HB) 2008 (49th Legislature, Third Special Session) placed a freeze on the imposition of new or increase of existing development fees (later amended by HB 2478 in the 49th Legislature, Second Regular Session). The freeze extended from September 1, 2009 through June 30, 2012. During FY 2013-14, City Council adopted Ordinance No. 4528 that was effective July 2014 to bring the City's system development fee program in compliance with Senate Bill 1525 (passed in FY 2010-11 by 50th Legislature, First Regular Session) resulting in an increase of 7% to the wastewater system development fee and a decrease of 25% to the reclaimed water system development fee.

This revenue may only be expended for growth-related wastewater and reclaimed water capital projects.

Analysis: The data below reflects recent years of actual revenue with the percent of increase or decrease. The FY 2011-12 increase reflects the impact of two large multi-family developments, with the FY 2012-13 decrease marking a slight drop in the level of collections. The FY 2014-15 estimate is an eight month actual and four month projection reflecting current market conditions and the rate changes noted above.

Projection: The FY 2015-16 estimate reflects current market conditions under the existing fee structure.

Fiscal Year	Amount	% Inc/(Dec)
2011-12	\$ 7,234,388	67.3
2012-13	6,723,149	(7.1)
2013-14	6,717,713	(0.1)
2014-15 (Estimate)	8,781,500	30.7
2015-16 (Estimate)	8,845,500	0.7



Source: General Government Impact Fees

Summary: Ordinance No. 2672 was adopted August 22, 1996 to help offset future capital costs related to new development, and included all categories noted with the exception of Neighborhood Parks, which was adopted October 27, 2005 in Ordinance No. 3721. Ordinance No. 4092 was adopted September 25, 2008, combining the Community and Neighborhood Park Impact Fees together into one Parks Impact Fee category. During FY 2013-14, City Council adopted Ordinance No. 4528 that was effective July 2014 to bring the City's system development fee program in compliance with Senate Bill (SB) 1525 resulting in modifications to all fee categories. A listing of the various impact fees is accompanied by the Fiscal Year (FY) 2015-16 estimate for each category:

1. Arterial Streets	\$4,328,500	4. Police	\$662,000
2. Parks	2,022,800	5. Public Buildings	251,500
3. Fire	975,800	6. Library	77,200

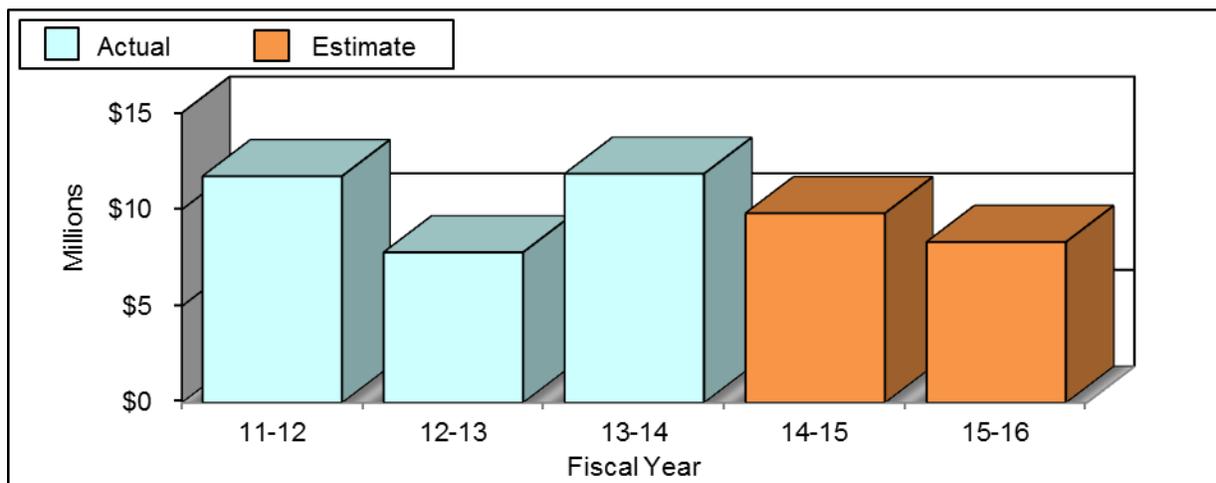
These fees are reviewed and revised periodically based on current and future capacity-expanding capital expenditures, growth projections, and state statutes. Residential fees are charged per dwelling unit, while non-residential fees are charged per building square footage. Library and Park Impact Fees are only charged to residential development, and Park Impact Fees are broken into three different service areas. The Arterial Street Impact Fee is only assessed for properties within the arterial street fee service area. Developers can receive credits for street improvements or right-of-way dedication in the arterial street service area.

This revenue may only be expended for growth-related capital projects within the specific fee category in which they were collected.

Analysis: The data below reflects recent years of actual revenue with the percent of increase or decrease. The FY 2011-12 increase reflects the impact of two large multi-family developments. The FY 2012-13 decrease reflects the first full year of SB 1525 reductions in all general government impact fee categories except Arterial Streets. FY 2013-14 reflects increased Arterial Streets fee collections. The FY 2014-15 estimate is an eight month actual and four month projection and reflects reduced Arterial Street fee collections.

Projection: The FY 2015-16 estimate reflects current market conditions under the existing fee structure.

Fiscal Year	Amount	% Inc/(Dec)
2011-12	\$ 11,724,823	74.0
2012-13	7,781,082	(33.6)
2013-14	11,846,275	52.2
2014-15 (Estimate)	9,805,600	(17.2)
2015-16 (Estimate)	8,317,800	(15.2)



Interfund Charges

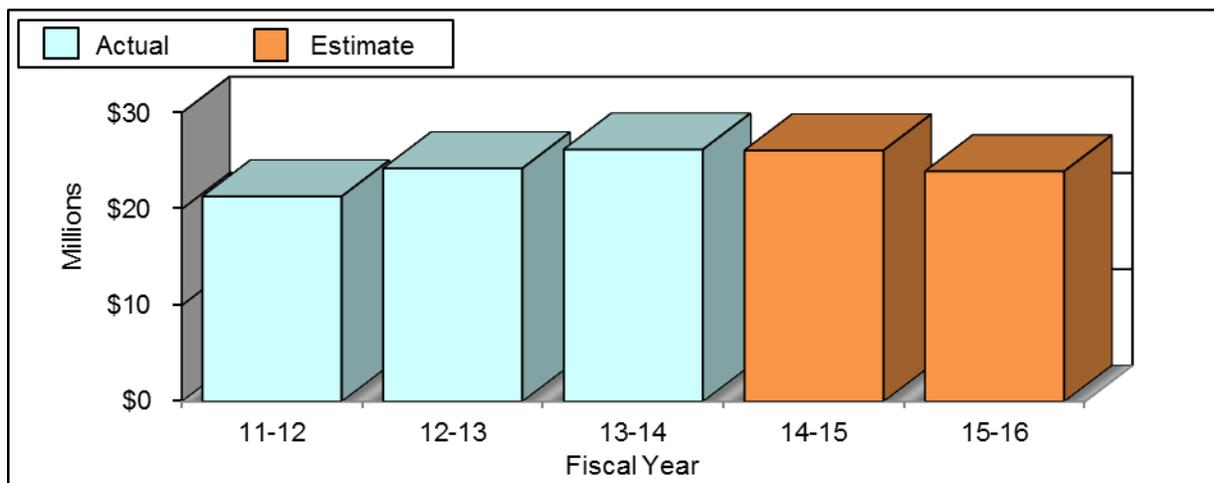
Source: Interfund Charges

Summary: Interfund Charges are payments from various funds and cost centers to a specific fund incurring the cost. For example, capital equipment or vehicles are purchased in the Capital and Vehicle Replacement Funds, but funded through annual contributions from each cost center for their replacement. The payments are expenditures in each of the cost centers and recorded as revenue to the replacement funds. Other interfund charges include payments to the medical, dental, and short-term disability self-insurance funds from department cost centers to fund the cost of these benefits.

Analysis: The data below reflects recent years of actual revenue with the percent of increase or decrease. The Fiscal Year (FY) 2011-12 increase reflects the first full fiscal year of the Health Care Benefit Trust. The FY 2012-13 and FY 2013-14 increases reflect increased premiums paid to the Health Care Benefit Trust. The FY 2014-15 estimate is an eight month actual and four month projection.

Projection: The FY 2015-16 estimate reflects decreased medical premiums due to a larger than expected percentage of employees opting into the City's "no premium" high deductible medical plan for calendar year 2015.

<u>Fiscal Year</u>	<u>Amount</u>	<u>% Inc/(Dec)</u>
2011-12	\$ 21,309,460	64.5
2012-13	24,222,988	13.7
2013-14	26,194,407	8.1
2014-15 (Estimate)	26,093,801	(0.4)
2015-16 (Estimate)	23,921,810	(8.3)



Interfund Transfers

Summary: Interfund transfers move funds from one fund to another. Examples include transfers to the General Fund for charges that are incurred in the General Fund for administrative support to the Enterprise Funds (Airport, Water, Wastewater, and Solid Waste), charges to each fund for contributions to the Technology Replacement Fund to ensure future replacement of technology equipment, and transfers made from one fund to another as a loan. Interfund transfers are not added to the overall budget because the original revenues are already budgeted within each of the funds.

Interfund transfers are slightly increasing in Fiscal Year (FY) 2015-16 due to loan transfers from the Water and Wastewater Bond Funds to System Development Funds to finance Water and Wastewater Capital Projects. Listed below are all interfund transfers by fund that are anticipated in FY 2015-16:

Indirect Cost Allocation:

Water Fund to General Fund	\$ 3,265,610
Wastewater Fund to General Fund	2,410,880
Reverse Osmosis Fund to General Fund	442,960
Solid Waste Fund to General Fund	954,940
Airport Fund to General Fund	100,000
Water Fund to Workers Compensation Self Insurance Fund	22,390
Wastewater Fund to Workers Compensation Self Insurance Fund	15,575
Solid Waste Fund to Workers Compensation Self Insurance Fund	10,708

Contributions to Other Funds:

General Fund to the PHA Management (Housing) Fund	135,000
General Fund to the Housing Authority Section 8 Fund	150,000
General Fund to General Government Capital Projects Fund	50,126,526
General Fund to Insured Liability Self Insurance Fund	500,000
General Fund to Uninsured Liability Self Insurance Fund	450,000
General Fund to Airport Operating Fund (subsidy)	907,738
Highway User Fund to Highway User Debt Service Fund	3,745,650
Solid Waste Container Fund to Solid Waste Fund (fund closure)	586,194
Parks & Recreation Trust Fund to Museum Trust Fund	18,000
Transfers from various funds to Technology Replacement Fund	2,685,474

Reimbursements:

Regional Transportation Sales Tax Fund to Arterial Street Impact Fund	2,286,800
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Loans and Loan Repayments:

Water Bond Fund to Water System Development Fund (loan)	20,000,000
Wastewater Bond Fund to Reclaimed Water System Development Fund (loan)	5,000,000
Wastewater Bond Fund to Wastewater System Development Fund (loan)	92,250,000
Public Building Impact Fund to General Fund (loan repayment)	400,000
Police Impact Fund to General Fund (loan repayment)	500,000

Total Interfund Transfers **\$186,964,445**

Property Tax Summary

Summary: State law prescribes that Arizona municipalities may levy taxes on property for the following purposes with certain limitations and restrictions.

Primary Taxes are those used for general government operations. The total levy for primary taxes is restricted to a 2% annual increase, plus allowances for annexations, new construction, and population increases. The adopted Fiscal Year (FY) 2015-16 primary property tax rate remains unchanged from FY 2014-15 at \$0.2992 per \$100 of assessed valuation.

Secondary Taxes are restricted for general bonded debt obligations and voter approved budget overrides. The adopted FY 2015-16 secondary property tax rate remains unchanged from FY 2014-15 at \$0.88 per \$100 of assessed valuation.

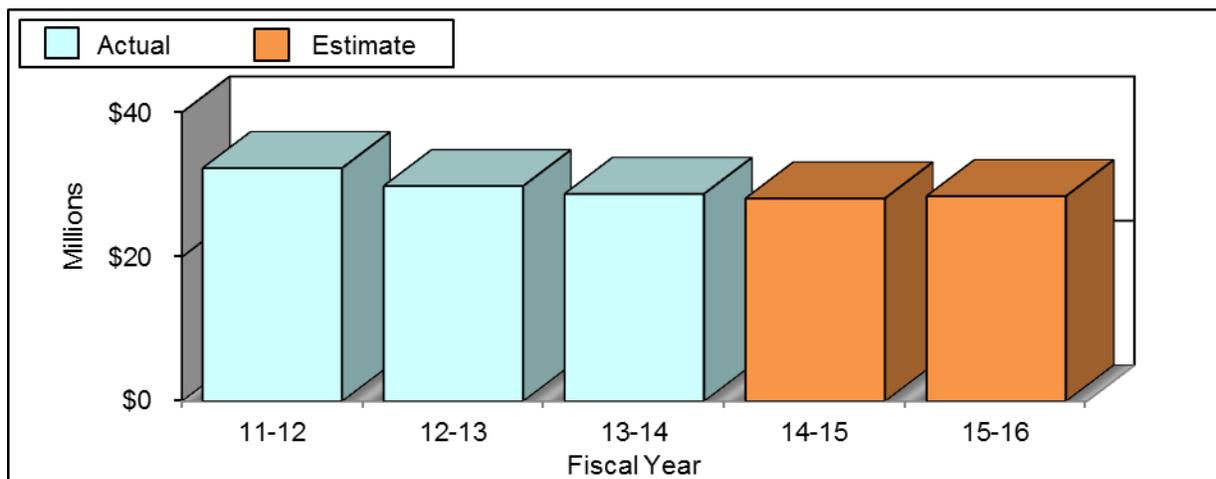
Senate Concurrent Resolution 1025 (50th Legislature, Second Regular Session) was approved by Arizona voters as Proposition 117 on the November 2012 ballot, and resulted in constitutional limits to the annual growth of limited property values beginning in FY 2015-16. Additionally, the primary and secondary tax levies are now both based on limited property value instead of the prior methodology of primary tax levy based on limited property value and secondary tax levy based on full cash value.

A ten year history of Chandler's tax rates and assessed valuation is shown on the next page.

Analysis: The data below reflects recent years of actual revenue, including prior year tax adjustments for both primary and secondary taxes, with the percent of increase or decrease. There is a two-year lag between the market value and the property taxes that are distributed to cities and towns. The FY 2011-12 through FY 2013-14 decreases reflect assessed value declines. The FY 2014-15 estimate is an eight month actual and four month projection reflecting a higher assessed value, offset by a \$0.0922 reduction in tax rates resulting in a 2.1% reduction in total collections.

Projection: The projected tax collections for FY 2015-16 reflect property market values from calendar year 2013, which are then adjusted using the limited property value formula. Higher property values at the same tax rates result in a minimal increase in revenue. The estimates below include the total primary and secondary levy anticipated as well as an estimate for prior year collections.

Fiscal Year	Amount	% Inc/(Dec)
2011-12	\$ 32,299,643	(11.2)
2012-13	29,806,821	(7.7)
2013-14	28,731,032	(3.6)
2014-15 (Estimate)	28,114,900	(2.1)
2015-16 (Estimate)	28,420,000	1.1





SOURCE: Property Tax (continued)

The City of Chandler assessed valuation and property tax rates per \$100 of assessed valuation are as follows:

Year		City Valuation	Overall Rate - Including City, County, School District, and Special Assessment Districts	City Rate	Percent of Total Rate
2005-06	P	\$ 1,878,861,028	\$ 7.00	\$ 0.38	5.4%
	S	\$ 1,979,377,177	<u>3.85</u>	<u>0.90</u>	<u>24.4</u>
			\$ 10.85	\$ 1.28	11.8%
2006-07	P	\$ 2,001,266,813	\$ 6.62	\$ 0.38	5.7%
	S	\$ 2,114,887,174	<u>3.76</u>	<u>0.87</u>	<u>23.2</u>
			\$ 10.38	\$ 1.25	12.0%
2007-08	P	\$ 2,362,911,738	\$ 5.93	\$ 0.36	6.1%
	S	2,989,189,876	<u>2.95</u>	<u>0.84</u>	<u>28.5</u>
			\$ 8.88	\$ 1.20	13.5%
2008-09	P	\$ 2,704,382,646	\$ 5.41	\$ 0.3414	6.3%
	S	\$ 3,455,175,278	<u>2.74</u>	<u>0.8400</u>	<u>30.7</u>
			\$ 8.15	\$ 1.1814	14.5%
2009-10	P	\$ 3,057,167,831	\$ 5.55	\$ 0.3292	5.9%
	S	\$ 3,508,423,522	<u>2.74</u>	<u>0.8522</u>	<u>31.1</u>
			\$ 8.29	\$ 1.1814	14.3%
2010-11	P	\$ 2,944,254,336	\$ 5.70	\$ 0.3292	5.8%
	S	\$ 3,111,346,300	<u>3.15</u>	<u>0.8522</u>	<u>27.0</u>
			\$ 8.85	\$ 1.1814	13.3%
2011-12	P	\$ 2,459,494,796	\$ 6.74	\$ 0.3292	4.9%
	S	\$ 2,468,626,617	<u>3.65</u>	<u>0.9422</u>	<u>25.8</u>
			\$ 10.39	\$ 1.2714	12.2%
2012-13	P	\$ 2,246,527,350	\$ 7.32	\$ 0.3292	4.5%
	S	\$ 2,255,179,301	<u>3.80</u>	<u>0.9422</u>	<u>24.8</u>
			\$ 11.12	\$ 1.2714	11.4%
2013-14	P	\$ 2,157,002,870	\$ 7.81	\$ 0.3292	4.2%
	S	\$ 2,175,376,677	<u>3.83</u>	<u>0.9422</u>	<u>24.6</u>
			\$ 11.64	\$ 1.2714	10.9%
2014-15	P	\$ 2,277,718,171	\$ 8.31	\$ 0.2992	3.6%
	S	\$ 2,381,590,083	<u>4.09</u>	<u>0.8800</u>	<u>21.5</u>
			\$ 12.40	\$ 1.1792	9.5%

	2015-16 City Valuation	% Inc/(Dec)	2015-16 Adopted Rates	2014-15 Levy	2015-16 Levy*	% Inc/(Dec)
Primary	\$ 2,380,457,981	4.51%	\$0.2992	\$ 6,814,933	\$ 7,122,330	4.51%
Secondary	\$ 2,380,457,981	(0.05%)	<u>0.8800</u>	<u>20,957,993</u>	<u>20,948,030</u>	<u>(0.05%)</u>
			\$1.1792	\$27,772,926	\$28,070,360	1.07%

* Reflects maximum levy, but rounded down for revenue estimates to \$7,122,000 primary and \$20,948,000 secondary, for a total of \$28,070,000.



New or Modified Fees in Citywide Fee Schedule

<u>Name of Department/Fee</u>	<u>Current Fee</u>	<u>Approved Fee Effective 7/1/15</u>
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City Manager - Airport

T-Hangar Small Unit Monthly Fee	\$240	\$244
T-Hangar Small Unit with Storage Monthly Fee	\$283	\$288
T-Hangar Large Unit Monthly Fee	\$424	\$430
T-Hangar Small Unit with Storage Monthly Fee	\$543	\$551
Small Storage Unit Monthly Fee	\$43	\$44
Large Storage Unit Monthly Fee	\$119	\$121
T-Shades Monthly Fee	\$128	\$130
Monthly Fee for Tie Down Spaces for Single Engine & Helicopter (less than 2,500 lbs)	\$49	\$50
Monthly Fee for Tie Down Spaces for Multi-Engine & Helicopter (2,500 to 7,000 lbs)	\$66.50	\$68
Monthly Fee for Tie Down Spaces for Turbine Engine & Helicopter (over 7,000 lbs)	\$135.50	\$138

Community & Neighborhood Services

Downtown East Event Area Rentals	New	Resident, \$460/hr Non-Resident, \$621/hr Commercial, \$690/hr
Downtown Library Plaza Rentals	New	Resident, \$280/hr Non-Resident, \$378/hr Commercial, \$420/hr
Paseo Vista Dog Park Rental	New	Resident, \$20/hr Non-Resident, \$27/hr Commercial, \$30/hr
Trash Can Rental	Resident, \$12/can Non-Resident, \$17/can	Resident, \$17/can Non-Resident, \$23/can

Management Services

Auctioneers and Pawnbrokers Permits Change of Location Fee	New	\$50/application
Escort and/or Introductory Service Permit Change of Location Fee	\$15/application	\$50/application
Transaction Privilege Tax License Application Fee	\$15/application	No Charge
Transaction Privilege Tax License Transient Application License Fee	\$25/application	No Charge

Transportation & Development

Square Foot Construction Costs	August 2012 International (Building) Code Council Table	Most Recent International (Building) Code Council Table Approximate increase of 3.8%
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