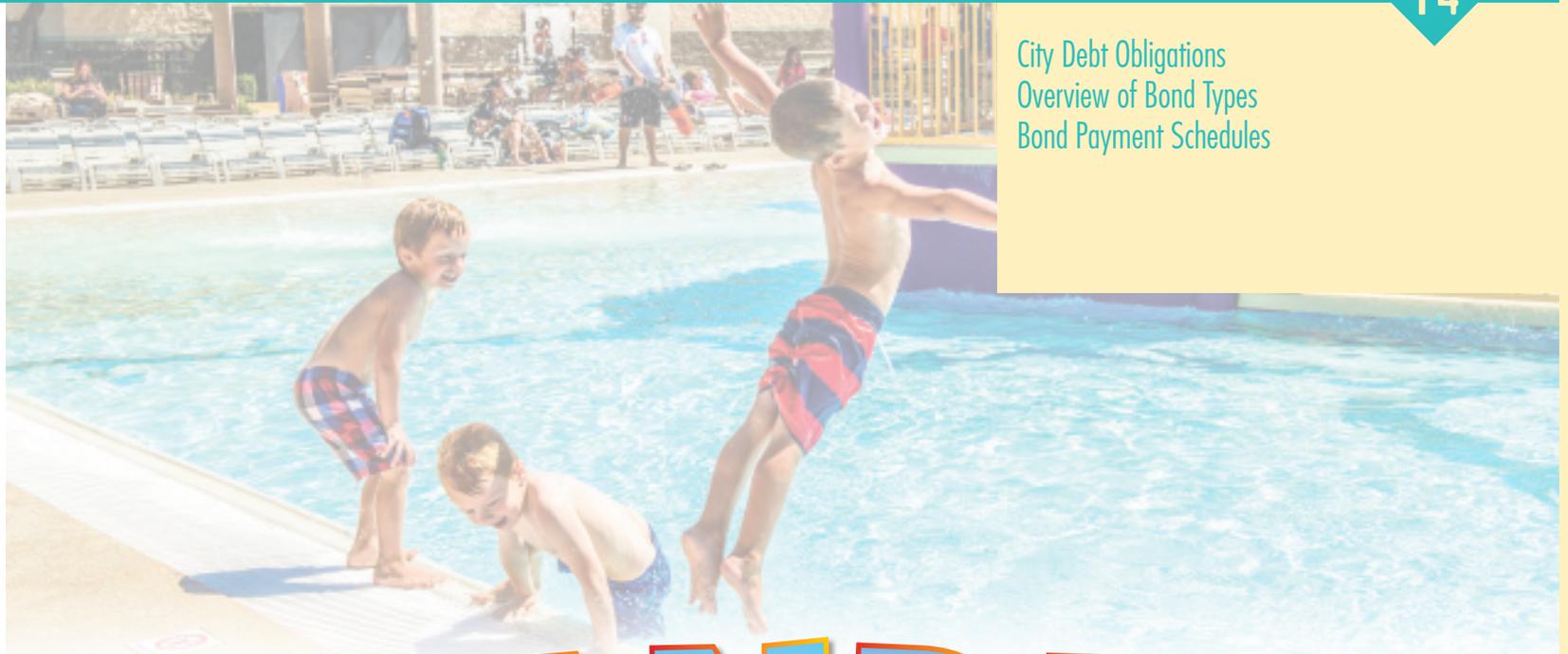


City Debt Obligations
Overview of Bond Types
Bond Payment Schedules



CHANDLER



A prudent place

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



Chandler Celebration Plaza



Bonded Debt Obligations

The City of Chandler has experienced significant growth over the last twenty-five years. The 1985 mid-decade census population was 63,817; the 1990-decade census was 89,862; the 2000 census population was 176,581; the 2010 census population was 236,598; and the June 30, 2015 population is estimated at 247,500.

This growth created demand for infrastructure and capital projects. Citizens needed more amenities such as parks, streets, water, and wastewater facilities. Financing these capital costs was accomplished through various financing sources, referred to as “bonded debt.” This includes instruments such as general obligation bonds, revenue bonds, excise tax revenue obligations, and certificate of participation notes.

Bond Ratings

When new bonds are issued, the three major bond rating agencies typically assign a bond rating that is a reflection of the City’s ability to repay the debt. Each agency has a slightly different rating scale but, in general, top ratings are referred to as “AAA” (triple A) with lower ratings such as “A” (single A) or “B.” In some cases, distinctions are made with upper and lower case letters and “+” or “-” to further elaborate on the rating. After the initial review, the rating agencies periodically review the City’s financial position and either reaffirm the prior rating, raise the rating, or lower the rating. The City’s most recent bond ratings are as shown below:

	Fitch Ratings	Moody’s Investments	Standard and Poor’s
General Obligation	AAA*	Aaa*	AAA*
Excise Tax Revenue Obligations	AAA*	Aa1	AAA*
Water/Sewer Revenue Bonds	AA+	Aa1	AA
Highway User Fund Revenue Bonds	AA	Aa3	AA

*Highest rating level from this agency.

These high bond ratings are a positive reflection of Chandler’s strong financial management and its ability to repay outstanding debt. The higher bond ratings also represent a lower investment risk for potential bond buyers and lower debt costs for the City and its citizens.

Debt Management

Chandler’s primary debt management objectives are to minimize the cost of borrowing to taxpayers while assuring that total indebtedness does not exceed available resources and conforms to Arizona legal requirements. The necessity to incur debt in order to finance the capital program carries with it the obligation to manage the debt program effectively. As a result, the level of outstanding debt and the City’s capacity to incur and repay additional debt require careful examination.

The City’s last bond election was in May 2007 and resulted in voters approving over \$450 million in new bond authorization spread across ten program areas (Water/Sewer, Reclaimed (Reuse) Water, Parks and Recreation, Museum, Center for the Arts, Library, Public Buildings, Streets, Fire, and Police). Bond sales in January 2009 and January 2011 have reduced the available voter authorized amounts to \$245,345,000 as shown in the table on the next page.

The City most recently sold bonds requiring voter authorization during Fiscal Year (FY) 2010-11. During FY 2011-12, there was a reallocation of voter authorization among Parks and Recreation, Museum, Public Building, Center for the Arts, and Streets bonds. During FY 2014-15, the City had a refunding which ultimately saved the City over \$11 million. The City anticipates Excise Tax Revenue Obligation sales along with General Obligation Bond sales in FY 2015-16.

Voter Authorization Summary

Voter Authorized Bonds	2013-14 Ending Authorization	2014-15 Bond Sales	2014-15 Ending Authorization	2015-16 Anticipated Bond Sales	Remaining Authorization
Parks and Recreation	\$ 58,250,000	\$ -	\$ 58,250,000	\$ 2,920,000	\$ 55,330,000
Center for the Arts	500,000	-	500,000	235,000	265,000
Museum	12,730,000	-	12,730,000	-	12,730,000
Library	5,245,000	-	5,245,000	-	5,245,000
Public Building	9,960,000	-	9,960,000	-	9,960,000
Streets General Obligation	125,926,000	-	125,926,000	8,275,000	117,651,000
Storm Water Revenue/GOB	4,204,000	-	4,204,000	-	4,204,000
Public Safety/Fire	10,371,000	-	10,371,000	4,355,000	6,016,000
Public Safety/Police	12,730,000	-	12,730,000	-	12,730,000
Airport	494,000	-	494,000	-	494,000
Recycling & Solid Waste	4,935,000	-	4,935,000	-	4,935,000
TOTAL	\$ 245,345,000	\$ -	\$ 245,345,000	\$ 15,785,000	\$ 229,560,000
Non-Voter Authorized Bonds*					
Water	N/A	\$ -	N/A	\$ 40,000,000	N/A
Wastewater	N/A	-	N/A	109,250,000	N/A
TOTAL	N/A	\$ -	N/A	\$ 149,250,000	N/A

* Non-voter approved debt as allowed by the City Debt Management Policy in the Budget Policies, Process, and Decisions section. The Debt Service is paid by dedicated water and wastewater user fees.

Debt Coverage

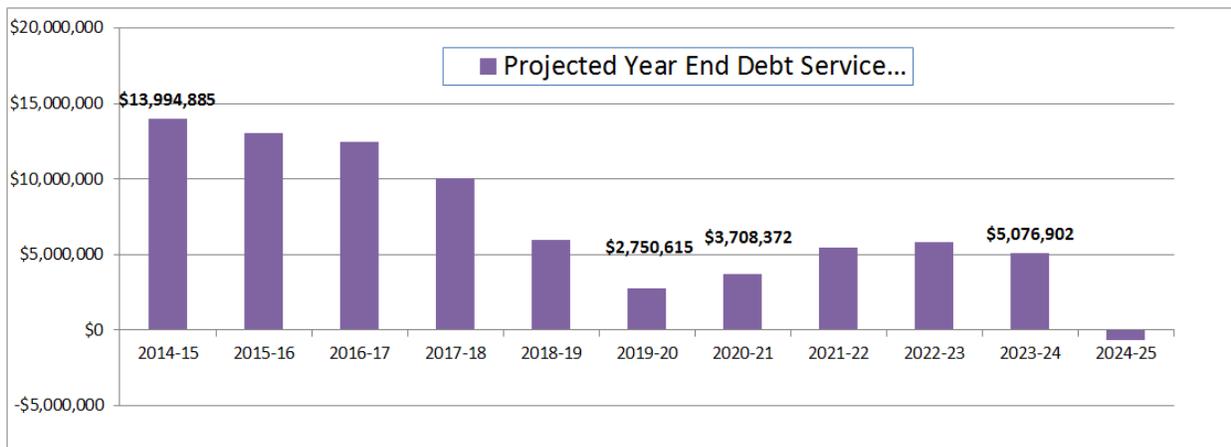
Certain debt issues include debt covenants whereby the City is required to maintain sufficient operating revenue to meet debt service requirements. In other cases the City has debt coverage goals or objectives that are not bound by policy, but establish a good operating practice for adequate debt coverage. Projected debt coverage at the end of Fiscal Year(FY) 2015-16 is as shown:

Type of Debt	Coverage Required (Mandated or Goal)	Projected end of 2015-16	Coverage Met?
Water/Wastewater Utility Revenue Bonds	Mandated by debt covenants: 1.2 Goal: 1.5 - 2.0	5.63	Yes
Water/Wastewater General Obligation Bonds	1.00 (Goal)	3.38	Yes
Water/Wastewater Excise Tax Revenue Obligations	1.20 (Goal)	1.65	Yes

Debt Service Funds

General Obligation Debt Service Fund: The General Obligation Debt Service Fund is supported by the collection of secondary property taxes. Principal and interest payments for general obligation bonds are made from this fund. Fund balance is projected based upon best estimates of future assessed values, existing debt service schedules, and projected General Obligation Bond sales.

Current fund balance projections assume modest growth in assessed values and show that debt service expenses will exceed secondary property tax revenues for the next five years, causing a drawdown in the fund balance. Starting in Fiscal Year (FY) 2017-18, it is anticipated that improved property valuations and lower scheduled debt service will allow the fund balance to stabilize and eventually increase as well as create capacity to fund future capital needs. The fund balance projection is updated each year based upon new assessed value projections and any changes to general obligation debt projections as a result of new capital funding requirements. The most recent projection is shown below.



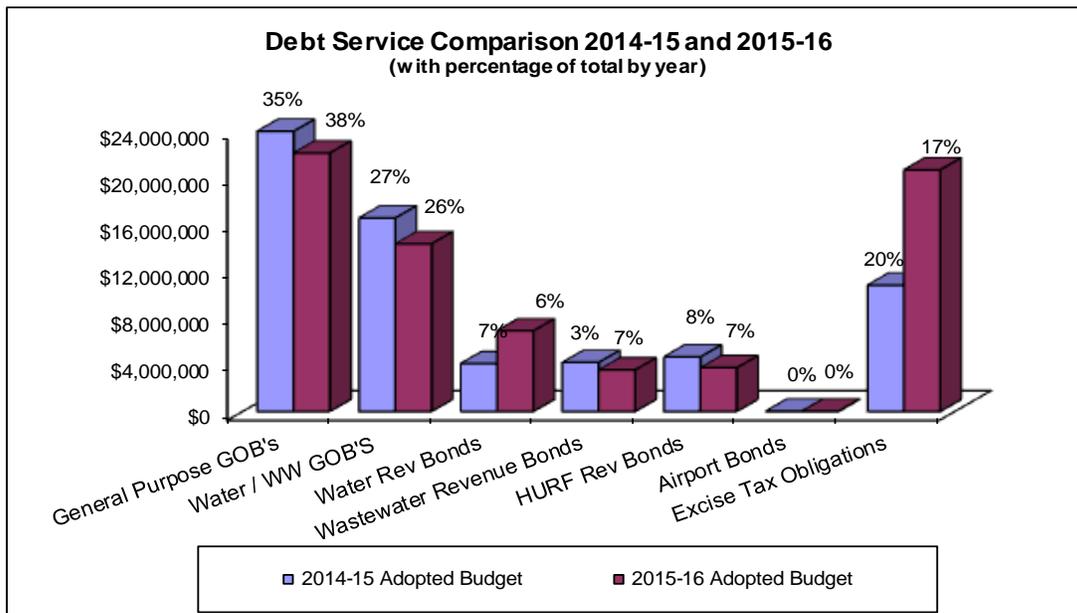
Highway User Revenue Fund (HURF) Debt Service Fund: The HURF Debt Service Fund is managed on a year-to-year basis whereby a transfer is made from the HURF Operating Fund to the HURF Debt Service Fund on an annual basis for the exact amount of principal and interest due for the year. The fund balance returns to \$0 at the end of each fiscal year.

Enterprise Fund Debt Service: Water, Wastewater, and Airport debt service is paid from their respective Enterprise operating funds and directly supported by each Enterprise's user fees. Some older debt issues also have debt service costs paid by water, wastewater, and reclaimed water system development funds. Separate Debt Service Funds are not maintained to pay Debt Service in Enterprise Funds, but managed within each of their Enterprise operating funds.

FUNCTION:	Debt Service	COST CENTER:	7500
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Description	2013-14 Actual	2014-15 Adopted Budget	2014-15 Adjusted Budget	2014-15 Estimated	2015-16 Adopted Budget	% Change Adopted to Adopted
General Purpose GOBs	\$21,496,931	\$24,514,169	\$24,514,169	\$25,511,923	\$22,140,176	-9.68%
Water GOBs	11,490,231	10,958,188	10,958,188	9,939,385	8,864,118	-19.11%
Wastewater GOBs	5,970,169	5,612,138	5,612,138	5,060,028	5,498,043	-2.03%
Water Revenue Bonds	4,702,757	4,089,689	4,089,689	3,935,856	6,905,180	68.84%
Wastewater Revenue Bonds	1,887,241	4,197,868	4,197,868	4,103,548	3,559,970	-15.20%
HURF Revenue Bonds	5,037,945	4,677,025	4,677,025	4,432,047	3,745,650	-19.91%
Airport GOB's	23,388	27,938	27,938	27,938	27,313	-2.24%
Excise Tax Revenue Obligations	10,663,663	10,814,175	10,814,175	10,814,175	20,689,993	91.32%
Total Cost Center - 7500	\$61,272,324	\$64,891,190	\$64,891,190	\$63,824,900	\$71,430,443	10.08%
General Debt Service Fund	\$21,496,931	\$24,514,169	\$24,514,169	\$25,511,923	\$22,140,176	
Highway User Revenue Debt Svc	5,037,945	4,677,025	4,677,025	4,432,047	3,745,650	
Water System Dev Fees	87,164	89,656	89,656	89,657	72,138	
Water Operating	20,215,344	18,674,175	18,674,175	17,501,539	21,296,860	
Reclaimed Water SDF	244,670	292,174	292,174	273,372	183,974	
Wastewater System Dev Fees	467,971	543,759	543,759	543,760	365,942	
Wastewater Operating	13,698,913	16,072,294	16,072,294	15,444,664	23,598,390	
Airport Operating	23,388	27,938	27,938	27,938	27,313	
Grand Total	\$61,272,324	\$64,891,190	\$64,891,190	\$63,824,900	\$71,430,443	

The Fiscal Year 2015-16 budget provides \$71,430,443 for principal and interest on existing debt as shown in the chart above for each bond type and funding source. The following graph provides summarized data of the debt service comparison of adopted budgets of two fiscal years and the category percentage of total debt.



General Obligation Bond Capacity Available

General obligation bonds are used to finance a variety of public projects and require voter approval. These bonds are backed by the full faith and credit of the City and are secured by the ad valorem taxing power of the City. Limitations for bonding capacity are set by state statute.

Under Arizona Constitution Article IX, section 8 (amended by Proposition 104 in 2006), cities may issue General Obligation Bonds for streets and transportation facilities, public safety, law enforcement, fire and emergency services facilities, water, wastewater, artificial light, acquisition and development of land for open space preserves, parks, playgrounds, and recreation facilities up to an amount not exceeding 20% of secondary assessed value. Cities may also issue General Obligation Bonds for all other general purposes (e.g., airport, center for the arts, library, and museum) not included in the 20% debt margin category up to an amount not exceeding 6% of the secondary assessed value.

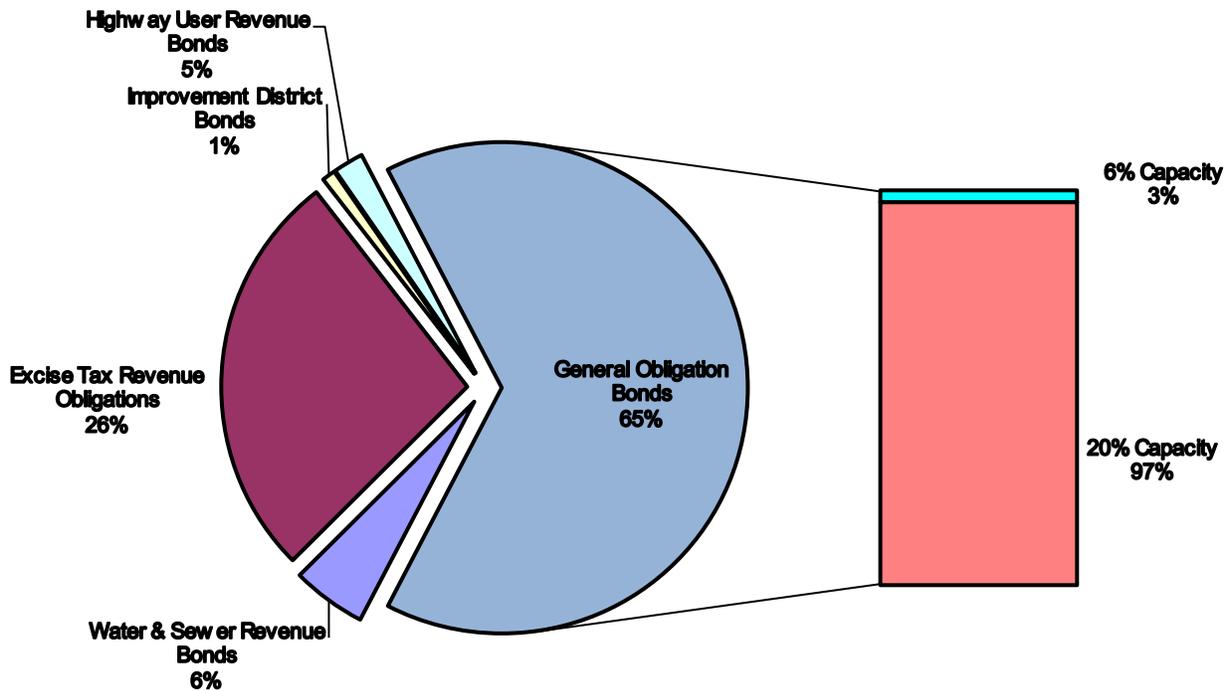
The City's available bonding capacity for Fiscal Year (FY) 2015-16 is given below.

	20%	6%
Secondary Assessed Value	\$ 2,380,457,981	\$ 2,380,457,981
Legal Bond Limit	\$ 476,091,596	\$ 142,827,479
Outstanding Bonded Debt Previously Issued	(323,442,750)	(9,427,250)
Anticipated Bond Sales in FY 2015-16	(15,550,000)	(235,000)
Bonding Capacity Available	\$ 137,098,846	\$ 133,165,229

The 20% and 6% bonding capacity is based on a secondary assessed value of \$2,380,457,981, a 0.05% decrease from the FY 2014-15 secondary assessed value of \$2,381,590,083.

Summary of Outstanding Bonds By Type

Type of Issue	Principal Bond Amount	% Total
General Obligation Bonds (Combined)		
6% Capacity	\$ 9,427,250	
20% Capacity	323,442,750	
Total General Obligation Bonds	\$ 332,870,000	65.31%
Water & Sewer Revenue Bonds	24,850,000	4.88%
Excise Tax Revenue Obligations	137,430,000	26.97%
Highway User Revenue Bonds	10,055,000	4.95%
Improvement District Bonds	4,440,000	0.87%
Total	\$ 509,645,000	100.00%



The following pages present breakdowns of the principal and interest payments for all City bond issues outstanding as of June 30, 2015.

**Annual Bond Obligation for All
Existing Bonds and Obligations**

Maturity Date⁽¹⁾	Bonds Payable	Interest Payable	Fiscal Total
July 1, 2016	39,510,000	20,292,169	59,802,169
July 1, 2017	38,225,000	18,931,181	57,156,181
July 1, 2018	36,185,000	17,347,706	53,532,706
July 1, 2019	36,400,000	16,203,981	52,603,981
July 1, 2020	35,135,000	14,919,288	50,054,288
July 1, 2021	30,250,000	13,717,588	43,967,588
July 1, 2022	31,200,000	12,538,738	43,738,738
July 1, 2023	32,130,000	11,252,238	43,382,238
July 1, 2024	32,915,000	9,690,838	42,605,838
July 1, 2025	34,600,000	8,072,388	42,672,388
July 1, 2026	35,505,000	6,735,363	42,240,363
July 1, 2027	34,660,000	5,182,938	39,842,938
July 1, 2028	33,930,000	3,672,750	37,602,750
July 1, 2029	11,500,000	2,375,000	13,875,000
July 1, 2030	11,500,000	1,915,000	13,415,000
July 1, 2031	12,000,000	1,455,000	13,455,000
July 1, 2032	12,000,000	975,000	12,975,000
July 1, 2033	12,000,000	495,000	12,495,000
TOTAL	\$ 509,645,000	\$ 165,772,163	\$ 675,417,163

	Year	Principal	Interest	Fiscal Total
This Year's Requirement	2016	\$ 39,510,000	\$ 20,292,169	\$ 59,802,169
Maximum Requirement	2016	\$ 39,510,000	\$ 20,292,169	\$ 59,802,169

⁽¹⁾ Actual payments are made one day prior to maturity date.

Schedule of Total Outstanding Debt

	Original Issue	Outstanding 7/1/2015	2015-16		
			Principal	Interest	Payment
Revenue Bonds					
Highway User Revenue:					
Series 2003	\$ 5,000,000	\$ 2,000,000	\$ 1,000,000	\$ 100,000	\$ 1,100,000
Refunding Series 2010	10,450,000	2,620,000	755,000	80,850	835,850
Refunding Series 2014	8,660,000	5,435,000	1,615,000	194,800	1,809,800
	\$ 24,110,000	\$ 10,055,000	\$ 3,370,000	\$ 375,650	\$ 3,745,650
Water:					
Series 2005	\$ 10,000,000	\$ 1,975,000	\$ 225,000	\$ 96,500	\$ 321,500
Refunding Series 2005	15,485,000	2,895,000	825,000	144,750	969,750
Refunding Series 2014	11,079,850	10,780,000	5,288,500	325,430	5,613,930
	\$ 36,564,850	\$ 15,650,000	\$ 6,338,500	\$ 566,680	\$ 6,905,180
Sewer:					
Refunding Series 2005	\$ 15,485,000	\$ 4,580,000	\$ 925,000	\$ 229,000	\$ 1,154,000
Refunding Series 2014	4,320,150	4,620,000	2,266,500	139,470	2,405,970
	\$ 19,805,150	\$ 9,200,000	\$ 3,191,500	\$ 368,470	\$ 3,559,970
Total Revenue Bonds	\$ 80,480,000	\$ 34,905,000	\$ 12,900,000	\$ 1,310,800	\$ 14,210,800

Schedule of Total Outstanding Debt (Continued)

	Original Issue	Outstanding 7/1/2015	2015-16		
			Principal	Interest	Payment
General Obligation Bonds					
General & Enterprise Funds:					
Refunding Series 2003	\$ 16,265,000	\$ 1,050,000	\$ 1,050,000	\$ 44,625	\$ 1,094,625
Series 2006	30,905,000	11,675,000	5,000,000	500,375	5,500,375
Series 2007	111,045,000	25,800,000	3,100,000	869,000	3,969,000
Refunding Series 2007	22,960,000	15,735,000	4,240,000	732,894	4,972,894
Refunding Series 2009	252,000,000	56,430,000	8,925,000	2,039,000	10,964,000
Series 2011A	9,925,000	9,425,000	550,000	353,250	903,250
Refunding Series 2011B	10,360,000	1,630,000	-	57,250	57,250
Refunding Series 2014	214,540,000	211,125,000	460,000	8,308,250	8,768,250
Total General Obligation Bonds	\$ 668,000,000	\$ 332,870,000	\$ 23,325,000	\$ 12,904,644	\$ 36,229,644
Excise Tax Revenue Obligations:*					
Series 2009	\$ 34,040,000	\$ 21,255,000	\$ 1,300,000	\$ 832,825	\$ 2,132,825
Series 2011	15,000,000	12,175,000	755,000	450,900	1,205,900
Series 2013	104,500,000	104,000,000	750,000	4,625,000	5,375,000
Total Excise Tax Revenue Obligations	\$ 153,540,000	\$ 137,430,000	\$ 2,805,000	\$ 5,908,725	\$ 8,713,725
Improvement District Bonds:					
Series 2008 - Spectrum ID	\$ 7,370,000	\$ 4,440,000	\$ 480,000	\$ 168,000	\$ 648,000
Total Improvement District Bonds	\$ 7,370,000	\$ 4,440,000	\$ 480,000	\$ 168,000	\$ 648,000
Total Bonded Debt & Obligations	\$ 909,390,000	\$ 509,645,000	\$ 39,510,000	\$ 20,292,169	\$ 59,802,169

* Non-voter approved debt as allowed by the City Debt Management Policy in the Budget Policies, Process, and Decisions section. The Debt Service is paid by dedicated water and wastewater user fees.

**Combined General Obligation Bonds
6% Capacity Portion Outstanding**

<i>Maturity Date⁽¹⁾</i>	<i>Bonds Payable</i>	<i>Interest Payable</i>	<i>Fiscal Total</i>
July 1, 2016	\$ 433,600	\$ 358,270	\$ 791,870
July 1, 2017	451,750	345,262	797,012
July 1, 2018	1,959,900	331,710	2,291,610
July 1, 2019	1,968,400	265,106	2,233,506
July 1, 2020	2,557,750	188,394	2,746,144
July 1, 2021	237,950	88,352	326,302
July 1, 2022	242,850	79,413	322,263
July 1, 2023	249,900	69,699	319,599
July 1, 2024	256,850	57,204	314,054
July 1, 2025	174,100	44,362	218,462
July 1, 2026	176,200	37,398	213,598
July 1, 2027	461,000	28,588	489,588
July 1, 2028	257,000	8,995	265,995
TOTAL	\$ 9,427,250	\$ 1,902,751	\$ 11,330,001

	<i>Year</i>	<i>Principal</i>	<i>Interest</i>	<i>Fiscal Total</i>
This Year's Requirement	2016	\$ 433,600	\$ 358,270	\$ 791,870
Maximum Requirement	2020	2,557,750	188,394	\$ 2,746,144

⁽¹⁾ Actual payments are made one day prior to maturity date.

**Combined General Obligation Bonds
20% Capacity Portion Outstanding**

<i>Maturity Date</i> ⁽¹⁾	<i>Bonds Payable</i>	<i>Interest Payable</i>	<i>Fiscal Total</i>
July 1, 2016	\$ 22,891,400	\$ 12,546,374	\$ 35,437,774
July 1, 2017	23,778,250	11,680,707	35,458,957
July 1, 2018	24,565,100	10,735,534	35,300,634
July 1, 2019	24,516,600	10,039,138	34,555,738
July 1, 2020	24,262,250	9,244,806	33,507,056
July 1, 2021	23,557,050	8,498,799	32,055,849
July 1, 2022	24,042,150	7,613,887	31,656,037
July 1, 2023	24,740,100	6,652,201	31,392,301
July 1, 2024	25,428,150	5,415,196	30,843,346
July 1, 2025	26,860,900	4,143,789	31,004,689
July 1, 2026	27,318,800	3,165,603	30,484,403
July 1, 2027	26,039,000	1,997,163	28,036,163
July 1, 2028	25,443,000	890,505	26,333,505
TOTAL	\$ 323,442,750	\$ 92,623,700	\$ 416,066,450

	<i>Year</i>	<i>Principal</i>	<i>Interest</i>	<i>Fiscal Total</i>
This Year's Requirement	2016	\$ 22,891,400	\$ 12,546,374	\$ 35,437,774
Maximum Requirement	2017	\$ 23,778,250	\$ 11,680,707	\$ 35,458,957

⁽¹⁾ Actual payments are made one day prior to maturity date.

**Combined General Obligation Bonds
Enterprise Supported**

<i>Maturity Date⁽¹⁾</i>	<i>Bonds Payable</i>	<i>Interest Payable</i>	<i>Fiscal Total</i>
July 1, 2016	\$ 9,685,000	\$ 4,810,350	\$ 14,495,350
July 1, 2017	9,990,000	4,498,800	14,488,800
July 1, 2018	9,780,000	4,155,100	13,935,100
July 1, 2019	9,640,000	3,884,900	13,524,900
July 1, 2020	9,325,000	3,595,700	12,920,700
July 1, 2021	9,525,000	3,315,950	12,840,950
July 1, 2022	9,650,000	2,957,810	12,607,810
July 1, 2023	9,555,000	2,571,810	12,126,810
July 1, 2024	9,475,000	2,094,060	11,569,060
July 1, 2025	10,020,000	1,620,310	11,640,310
July 1, 2026	10,525,000	1,250,760	11,775,760
July 1, 2027	9,500,000	790,010	10,290,010
July 1, 2028	11,036,000	386,260	11,422,260
TOTAL	\$ 127,706,000	\$ 35,931,820	\$ 163,637,820

	<i>Year</i>	<i>Principal</i>	<i>Interest</i>	<i>Fiscal Total</i>
This Year's Requirement	2016	\$ 9,685,000	\$ 4,810,350	\$ 14,495,350
Maximum Requirement	2016	\$ 9,685,000	\$ 4,810,350	\$ 14,495,350

⁽¹⁾ Actual payments are made one day prior to maturity date.

**Combined General Obligation Bonds
Ad Valorem Supported**

<i>Maturity Date</i> ⁽¹⁾	<i>Bonds Payable</i>	<i>Interest Payable</i>	<i>Fiscal Total</i>
July 1, 2016	\$ 13,615,000	\$ 8,091,981	\$ 21,706,981
July 1, 2017	14,215,000	7,525,606	21,740,606
July 1, 2018	16,719,000	6,911,331	23,630,331
July 1, 2019	16,845,000	6,419,344	23,264,344
July 1, 2020	17,495,000	5,837,500	23,332,500
July 1, 2021	14,270,000	5,271,200	19,541,200
July 1, 2022	14,635,000	4,735,490	19,370,490
July 1, 2023	15,435,000	4,150,090	19,585,090
July 1, 2024	16,210,000	3,378,340	19,588,340
July 1, 2025	17,015,000	2,567,840	19,582,840
July 1, 2026	16,970,000	1,952,240	18,922,240
July 1, 2027	17,000,000	1,235,740	18,235,740
July 1, 2028	14,664,000	513,240	15,177,240
TOTAL	\$ 205,088,000	\$ 58,589,943	\$ 263,677,943

	<i>Year</i>	<i>Principal</i>	<i>Interest</i>	<i>Fiscal Total</i>
This Year's Requirement	2016	\$ 13,615,000	\$ 8,091,981	\$ 21,706,981
Maximum Requirement	2018	16,719,000	6,911,331	\$ 23,630,331

⁽¹⁾ Actual payments are made one day prior to maturity date.

Water and Sewer Revenue Bonds

Revenue bonds are payable from a specific source of revenue, do not affect the property tax rate, and are not subject to a legal limitation on the amount of bonds that may be issued. However, the electorate must authorize these bonds. Pledged revenue may be derived from utility operations, grants, and excise or other specified revenue sources. Proceeds from the sale of these bonds are used to improve and extend the existing municipal water and wastewater systems, including the construction or improvement of transmission lines, wells, storage, and pumping facilities. Funds are also used to acquire, improve, and install wastewater treatment and effluent reuse facilities.

The City has agreed to establish, maintain, and collect rates and other charges in an amount sufficient to produce revenues remaining after payment of net operating expenses in each fiscal year equal to a minimum of 120% of the aggregate annual debt service requirements on outstanding revenue bonds. Therefore, the utility net operating revenues need to exceed the maximum annual water and sewer revenue bond debt service cost by a 1.2 ratio. The annual debt service payment is paid from water and sewer user fees and system development fees.

The City conducted a refunding sale of certain Water and Sewer Revenue Bonds in June 2014, which resulted in approximately \$1.4 million of present value savings. The reductions in debt service are reflected in the schedule below.

Combined Water and Sewer Revenue Bonds Outstanding

<i>Maturity Date⁽¹⁾</i>	<i>Bonds Payable</i>	<i>Interest Payable</i>	<i>Fiscal Total</i>
July 1, 2016	\$ 9,530,000	\$ 935,150	\$ 10,465,150
July 2, 2017	7,475,000	687,550	8,162,550
July 1, 2018	3,160,000	313,800	3,473,800
July 1, 2019	2,345,000	187,400	2,532,400
July 1, 2020	2,340,000	93,600	2,433,600
TOTAL	\$ 24,850,000	\$ 2,217,500	\$ 27,067,500

	<i>Year</i>	<i>Principal</i>	<i>Interest</i>	<i>Fiscal Total</i>
This Year's Requirement	2016	\$ 9,530,000	\$ 935,150	\$ 10,465,150
Maximum Requirement	2016	\$ 9,530,000	\$ 935,150	\$ 10,465,150

⁽¹⁾ Actual payments are made one day prior to maturity date.

Street and Highway User Revenue Fund (HURF) Bonds

This type of revenue bond is used solely for the purpose of improving, constructing, and reconstructing the major streets, arterial collectors, and local streets within the City. The bonds are secured by gas tax revenues collected by the State and distributed to Arizona cities and towns based on a formula of population and gas sales within the county of origin.

The amount of HURF bonds that may be issued by the City is limited by the amount of annual HURF revenues received from the State. Annual debt service must not exceed 50% of the annual HURF revenue received by the City.

The City conducted a refunding sale of certain HURF Bonds in June 2014, which resulted in approximately \$500,000 of present value savings. The reductions in debt service are reflected in the schedule below.

HURF Bonds Outstanding

<i>Maturity Date</i> ⁽¹⁾	<i>Bonds Payable</i>	<i>Interest Payable</i>	<i>Fiscal Total</i>
July 1, 2016	\$ 3,370,000	\$ 375,650	\$ 3,745,650
July 1, 2017	2,415,000	256,438	2,671,438
July 1, 2018	2,220,000	163,988	2,383,988
July 1, 2019	2,050,000	79,200	2,129,200
TOTAL	\$ 10,055,000	\$ 875,275	\$ 10,930,275

	<i>Year</i>	<i>Principal</i>	<i>Interest</i>	<i>Fiscal Total</i>
This Year's Requirement	2016	\$ 3,370,000	\$ 375,650	\$ 3,745,650
Maximum Requirement	2016	\$ 3,370,000	\$ 375,650	\$ 3,745,650

⁽¹⁾ Actual payments are made one day prior to maturity date.

Excise Tax Revenue Obligations

Excise Tax Revenue Obligations (ETRO) are payable from pledged revenue (but paid from dedicated user fees), do not affect the property tax rate, and are not subject to a statutory limitation on the amount of bonds that may be issued. The City may issue additional ETROs only if the total amount of excise taxes in the immediately preceding fiscal year is equal to at least three times the maximum annual debt service. Unlike other City debt instruments, ETROs do not require voter authorization. Pledged revenue may be derived from all unrestricted excise, transaction, franchise, privilege and business taxes, state shared sales and income taxes, and license and permit fees.

The City issued ETROs for the first time in Fiscal Year (FY) 2008-09 for a water reclamation facility expansion and to refund water and sewer revenue bonds in the amount of \$34,040,000. ETROs were issued again in FY 2010-11 for \$15,000,000 and in FY 2013-14 for \$109,500,000.

This is a form of non-voter approved debt as allowed by the City Debt Management Policy in the Budget Policies, Process, and Decisions section. This debt service is paid by dedicated water and wastewater user fees.

Excise Tax Revenue Obligations Outstanding

<i>Maturity Date⁽¹⁾</i>	<i>Bonds Payable</i>	<i>Interest Payable</i>	<i>Fiscal Total</i>
July 1, 2016	\$ 2,805,000	\$ 5,908,725	\$ 8,713,725
July 1, 2017	3,605,000	5,812,825	9,417,825
July 1, 2018	3,760,000	5,674,675	9,434,675
July 1, 2019	4,975,000	5,526,438	10,501,438
July 1, 2020	5,410,000	5,307,988	10,717,988
July 1, 2021	5,870,000	5,068,938	10,938,938
July 1, 2022	6,305,000	4,807,838	11,112,838
July 1, 2023	6,505,000	4,517,638	11,022,638
July 1, 2024	7,230,000	4,218,438	11,448,438
July 1, 2025	7,565,000	3,884,238	11,449,238
July 1, 2026	8,010,000	3,532,363	11,542,363
July 1, 2027	8,160,000	3,157,188	11,317,188
July 1, 2028	8,230,000	2,773,250	11,003,250
July 1, 2029	11,500,000	2,375,000	13,875,000
July 1, 2030	11,500,000	1,915,000	13,415,000
July 1, 2031	12,000,000	1,455,000	13,455,000
July 1, 2032	12,000,000	975,000	12,975,000
July 1, 2033	12,000,000	495,000	12,495,000
TOTAL	\$ 137,430,000	\$ 67,405,538	\$ 204,835,538

	<i>Year</i>	<i>Principal</i>	<i>Interest</i>	<i>Fiscal Total</i>
This Year's Requirement	2015	\$ 2,805,000	\$ 5,908,725	\$ 8,713,725
Maximum Requirement	2029	\$ 11,500,000	2,375,000	\$ 13,875,000

⁽¹⁾ Actual payments are made one day prior to maturity date.

Improvement District Bonds

Improvement Districts are generally formed only by property owners in a designated area within the City in which they must agree to be assessed for the repayment of the costs of constructing improvements that benefit the owner's property. Improvement District bonds are secured by a lien on the property and improvements of all parcels of each district. The State does not require legal appropriation of funds for improvement districts. Improvement District bonds are typically issued to finance local streets, water, or sewer improvements, or to acquire an existing water or sewer operation.

There is no statutory debt limit or legal limit to the amount of improvement district bonds that may be issued.

Improvement District Bonds Outstanding

<i>Maturity Date</i> ⁽¹⁾	<i>Bonds Payable</i>	<i>Interest Payable</i>	<i>Fiscal Total</i>
July 1, 2016	\$ 480,000	\$ 168,000	\$ 648,000
July 1, 2017	500,000	148,400	648,400
July 1, 2018	520,000	128,000	648,000
July 1, 2019	545,000	106,700	651,700
July 1, 2020	565,000	84,500	649,500
July 1, 2021	585,000	61,500	646,500
July 1, 2022	610,000	37,600	647,600
July 1, 2023	635,000	12,700	647,700
TOTAL	\$ 4,440,000	\$ 747,400	\$ 5,187,400

	<i>Year</i>	<i>Principal</i>	<i>Interest</i>	<i>Fiscal Total</i>
This Year's Requirement	2016	\$ 480,000	\$ 168,000	\$ 648,000
Maximum Requirement	2019	\$ 545,000	\$ 117,600	\$ 651,700

⁽¹⁾ Actual payments are made one day prior to maturity date.

