

**Long-Term Debt**

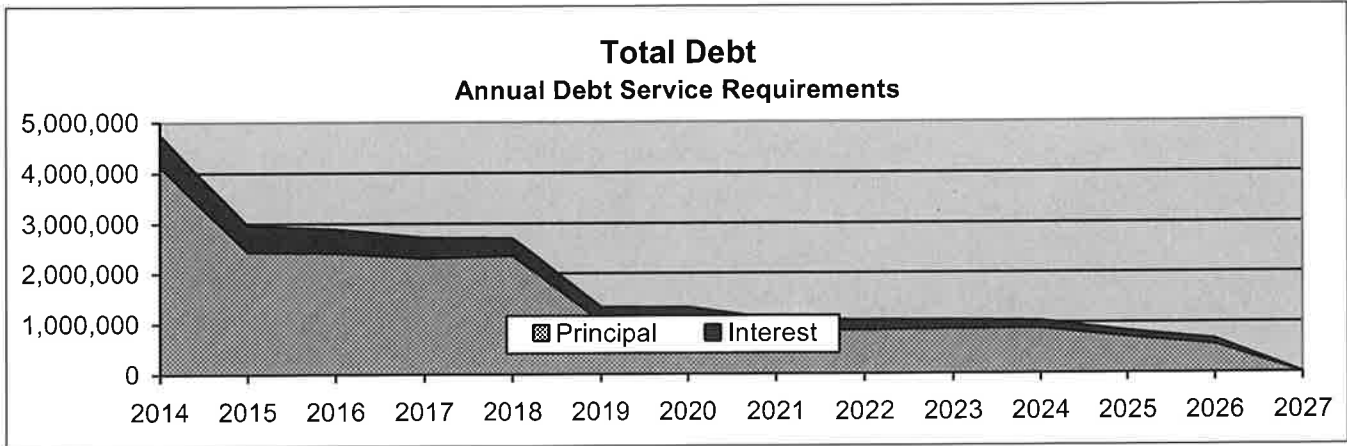
The Debt Service Fund is a legally required fund. The fund administers the payments for all of the City’s general obligation debt, including payments on Tax Increment Financing bonds. Revenue bonds are administered in the enterprise fund that is securing the debt. Currently the Sewer fund is the only enterprise fund with debt outstanding.

The debt service property tax levy finances the bond and interest payments that are not being secured from other revenue sources. The levy rate for debt service for FY17 is \$0.57 compared to \$0.59 for FY16.

The total debt service requirements for debt currently held by the city are as follows:

Year Ending	General Obligation Bonds	Tax Increment Financing Bonds	Capital Loan Notes Financing	Total Interest	Total
2017	485,000	140,000	1,005,000	145,273	1,775,273
2018	500,000	145,000	1,030,000	99,778	1,774,778
2019	--	155,000	210,000	49,718	414,718
2020	--	160,000	220,000	38,403	418,403
2021	--	165,000	--	25,673	190,673
2022	--	170,000	--	19,815	189,815
2023	--	180,000	--	13,780	193,780
2024	--	185,000	--	7,030	192,030
2025	--	--	--	--	--
2026	--	--	--	--	--
2027	--	--	--	--	--
2028	--	--	--	--	--
2029	--	--	--	--	--
	<u>\$ 985,000</u>	<u>\$ 1,300,000</u>	<u>\$ 2,465,000</u>	<u>\$ 399,468</u>	<u>\$ 5,149,468</u>

Table does not include the debt service to finance the sewer & water treatment facility upgrades through the State Revolving Fund and internal financing. The table also does not include the debt service on bonds expected to be sold in calendar year 2016.



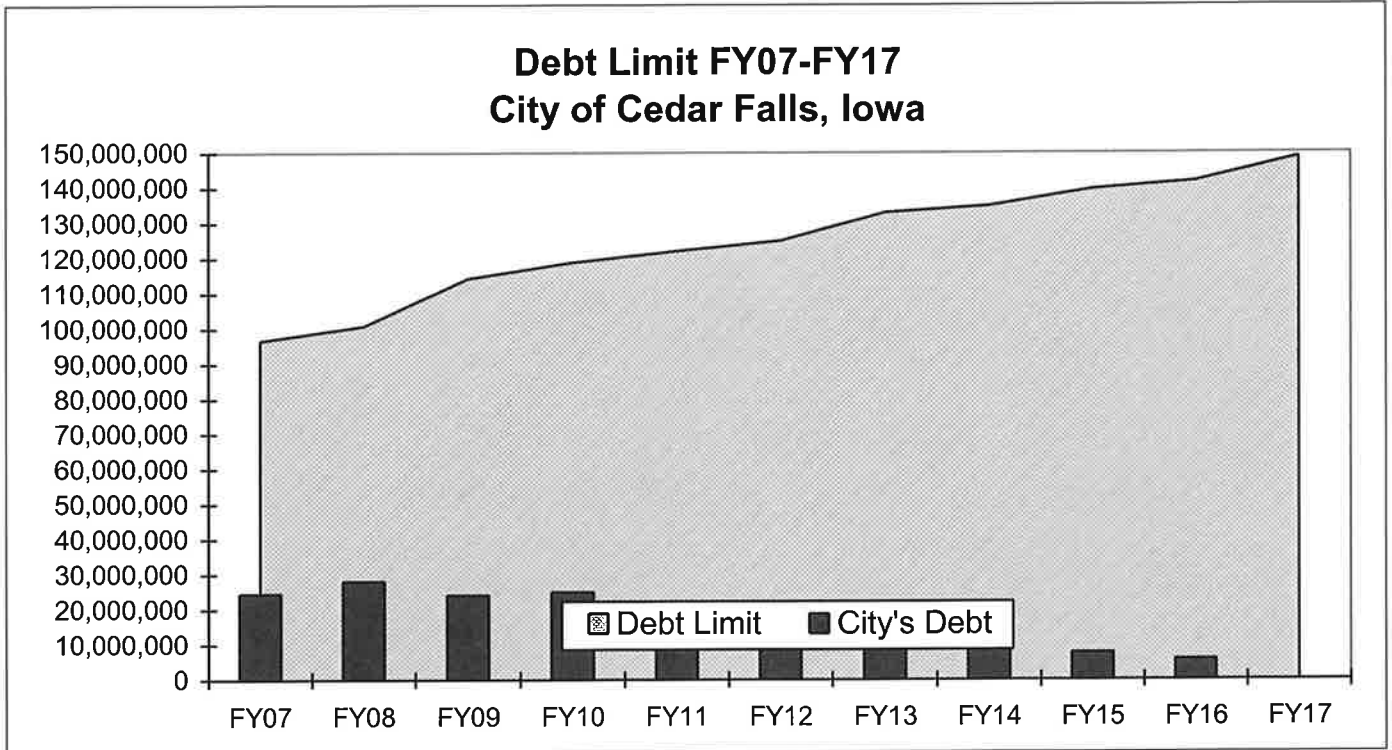
During FY12, the City issued \$4,140,000 to current refund two outstanding issuances. The refunding was undertaken to reduce total future debt service payments. The transaction resulted in an economic gain of \$304,562 and a reduction of \$309,147 in future debt service payments.

The City of Cedar Falls was upgraded to a Aa1 rating from Moody’s Investor Services for all general obligation issuances. This was a result of Moody’s recalibrating their U.S. municipal rating scale.

**Impact on Property Taxes**

During calendar year 2016, the City may sell approximately \$3,106,140 in Capital Loan Notes. These proceeds will be used for various citywide projects, including Levee Improvements, Dam Improvements, Sidewalk Reconstruction, Greenhill Road Extension, and Dry Run Creek Watershed Improvements.

During calendar year 2016, the city may sell revenue bonds to finance several sewer projects including University Avenue and Dry Run Creek Sanitary Sewer Improvements.



Year	Debt Limit	City's Debt
FY07	96,587,924	24,555,000
FY08	100,807,511	28,070,000
FY09	114,324,931	24,235,000
FY10	118,846,750	25,005,000
FY11	122,094,381	20,770,000
FY12	125,016,901	16,660,000
FY13	132,967,751	13,205,000
FY14	134,876,517	9,640,000
FY15	139,586,122	7,770,000
FY16	141,918,685	5,810,000
FY17	148,747,446	

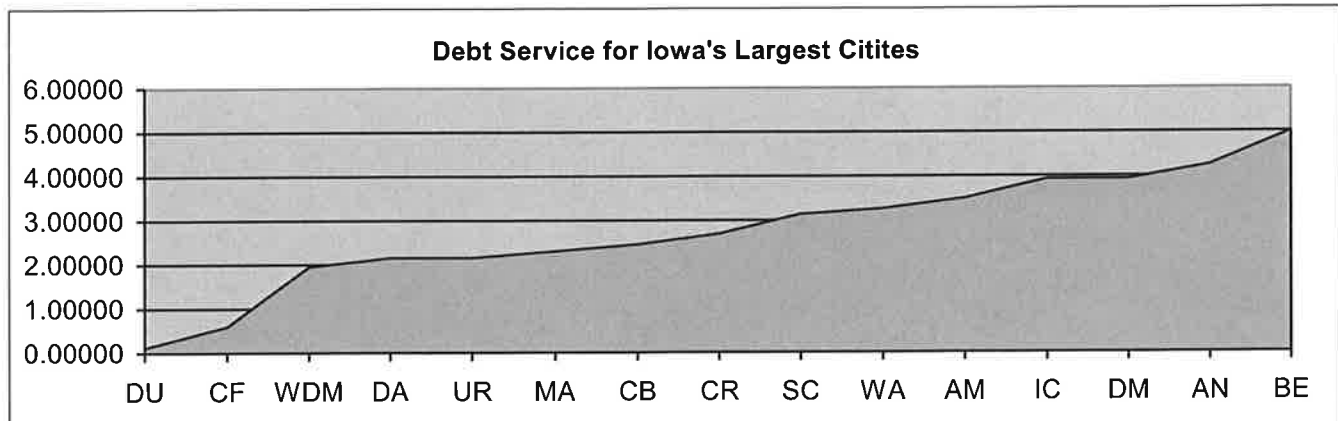
\* estimate

**Debt Service Levy**

The City of Cedar Falls' debt levy is very low compared to similar sized cities in Iowa. This is caused by two reasons:

1. The City of Cedar Falls tries to maintain its outstanding debt relatively stable by only issuing replacement debt.
2. The City currently pays some of its debt service out of the \$8.10 levy, while maximizing the trust and agency levy.

By maintaining the debt service rate at low levels, taxpayers avoid fluctuations year to year from debt service. The City utilizes its Capital Improvements Program to project how projects will affect the debt service levy over the next 3-5 years.



City	FY16 Debt Service	2010 Population
Dubuque	0.11261	57,637
<b>Cedar Falls</b>	<b>0.59195</b>	<b>39,260</b>
W. Des Moines	1.95283	56,609
Davenport	2.15000	99,685
Urbandale	2.15000	39,463
Marion	2.29472	34,768
Council Bluffs	2.45000	62,230
Cedar Rapids	2.68605	126,326
Sioux City	3.13435	82,684
Waterloo	3.25937	68,406
Ames	3.49047	58,965
Iowa City	3.92833	67,862
Des Moines	3.93000	203,433
Ankeny	4.25000	45,582
Bettendorf	5.00004	33,217
<b>Average:</b>	<b>2.75871</b>	

Cedar Falls' debt service levy is approximately \$2.17 below the average of the State's fifteen largest cities. If state mandated rollbacks continue and State backfill is eliminated, the debt service levy may have to increase dramatically in FY18 and FY19.

**Debt Limitation**

The debt limit for Iowa cities is 5% of the actual value of taxable property within the City. Debt subject to the debt limit includes general obligation debt, bond anticipation notes, and revenue bonds issued pursuant to Iowa Code Chapter 403 (tax increment). Revenue and special assessment bonds, except for bonds issued pursuant to Iowa Code Chapter 403, are not subject to the City’s debt limit. The City’s debt limit for the fiscal year 2017 is based upon actual property valuation at January 1, 2015.

The Constitution of the State of Iowa, Article XI, Section 3, provides as follows:

*“Indebtedness of political or municipal corporations. No county, or other political or municipal corporation shall be allowed to become indebted in any manner, or for any purpose, to an amount, in the aggregate, exceeding five per centum on the value of taxable property within such county or corporation to be ascertained by the last State or County tax lists, previous to the incurring of such indebtedness.”*

The outstanding obligation debt of the City does not exceed its legal debt margin computed as follows:

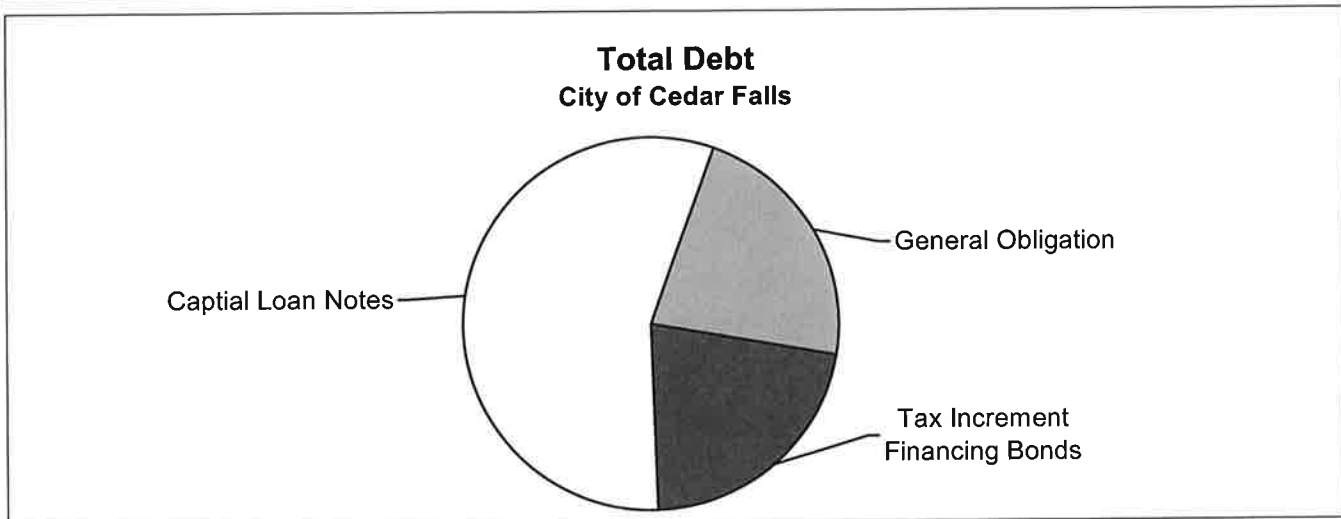
Estimated actual valuation of taxable property within the City - Jan 1, 2015	<u>\$ 2,974,948,916</u>
Debt limit - 5% of total actual valuation	\$ 148,747,446
Debt applicable to debt limit:	
General Obligation Bonds/Notes	4,750,000
General Obligation Bonds/Notes - CFU Communication Bonds	<u>1,060,000</u>
Legal Debt Margin	<u>\$ 142,937,446</u>
Total net debt applicable to the limit as a percentage of debt limit	3.91%

**Debt History  
Legal Debt Margin**

	2012	2013	2014	2015	2016
Debt Limit	\$ 125,016,901	\$ 132,967,511	\$ 134,876,517	\$ 139,586,122	\$ 141,918,685
Total net debt applicable to limit	<u>16,660,000</u>	<u>13,205,000</u>	<u>9,640,000</u>	<u>7,770,000</u>	<u>5,810,000</u>
Legal debt margin	<u>\$ 108,356,901</u>	<u>\$ 119,762,511</u>	<u>\$ 125,236,517</u>	<u>\$ 131,816,122</u>	<u>\$ 136,108,685</u>
Total net debt applicable to the limit as a percentage of Debt Limit	13.33%	9.93%	7.15%	5.57%	4.09%

**Principal Annual Maturities  
As of January 1, 2016**

Year	General Obligation Bonds	Tax Increment Financing Bonds	Capital Loan Notes
2016	465,000	100,000	1,180,000
2017	485,000	140,000	1,005,000
2018	500,000	145,000	1,030,000
2019	0	155,000	210,000
2020	0	160,000	220,000
2020-2026	0	700,000	0
<b>Total</b>	<b>1,450,000</b>	<b>1,400,000</b>	<b>3,645,000</b>



**Annual Service Requirements**

The annual debt service requirements to service the outstanding indebtedness of the City's are as follows:

Year	General Obligation Bonds	Tax Increment Financing Bonds	Capital Loan Notes
2016	516,760	146,638	1,269,663
2017	520,718	184,038	1,070,518
2018	518,500	185,188	1,071,090
2019	0	190,838	223,880
2020	0	191,033	227,370
2021-2027	0	766,300	0
<b>Total</b>	<b>1,555,978</b>	<b>1,664,034</b>	<b>3,862,520</b>

**City of Cedar Falls  
Outstanding Bond Report  
As of January 1, 2016**

<b>Bonded Debt Description</b>	<b>Maturity Date</b>	<b>General Obligation Bonds/Notes</b>	<b>Utility Bonds</b>
Capital Loan Notes	06/01/18	1,295,000	
Sewer GO	06/01/18	1,450,000	
Communication Utility	12/01/24		1,170,000
Capital Loan Notes	06/01/24	2,415,000	
2012 GO Bonds	06/01/18	1,335,000	
2012 Sewer Internal Financing*	06/01/35	14,950,000	
<b>Total</b>		<b>\$21,445,000</b>	<b>\$1,170,000</b>

\*This represents the amounts the health trust fund and capital project fund have loaned to the sewer fund.

City of Cedar Falls

**Debt Service for FY17**

<b>Bonds Due 06/30/17</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2008A Essential Corp. Purp.	430,000	31,910	461,910
2008B Sewer GO	485,000	35,720	520,720
2009A Capital Loan Notes	195,000	25,240	220,240
2009B Communication Utility	110,000	37,860	147,860
2009A Capital Loan Notes - TIF	140,000	44,040	184,040
2012 Refunding Notes	380,000	8,360	388,360
Sewer SRF Loan	279,000	201,860	480,860
	<b>\$ 2,019,000</b>	<b>\$ 384,990</b>	<b>\$ 2,403,990</b>

If bonds are sold after the FY17 budget certification date, debt service in FY17 on those bonds are budgeted out of the general fund for FY17.