

**Long-Term Debt**

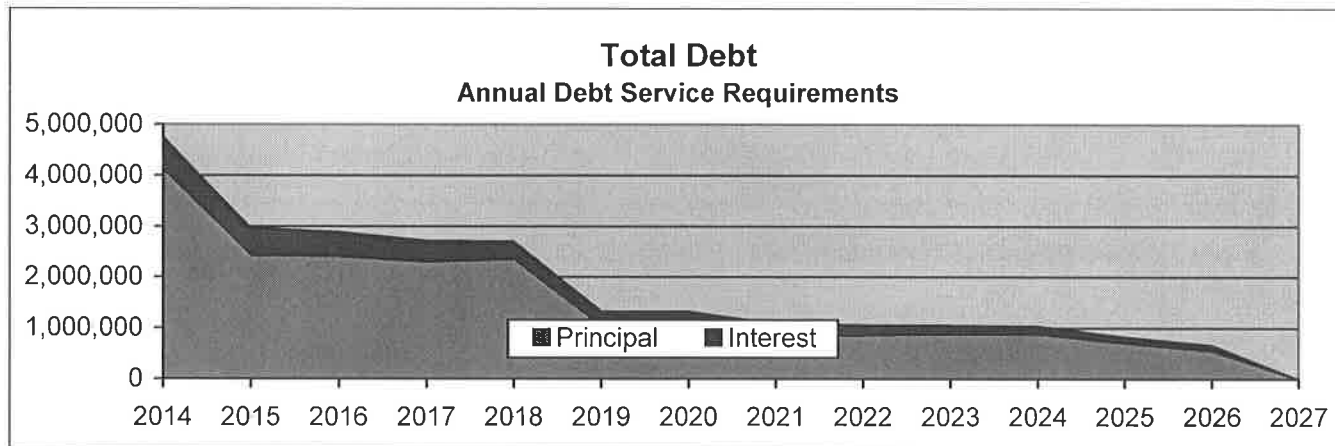
The Debt Service Fund is a legally required fund. The fund administers the payments for all of the City’s general obligation debt, including payments on Tax Increment Financing bonds. Revenue bonds are administered in the enterprise fund that is securing the debt. Currently the Sewer fund is the only 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 FY18 is \$0.56 compared to \$0.57 for FY17.

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
2018	500,000	145,000	1,825,000	281,580	2,751,580
2019	--	155,000	1,025,000	215,618	1,395,618
2020	--	160,000	1,050,000	188,003	1,398,003
2021	--	165,000	845,000	158,673	1,168,673
2022	--	170,000	860,000	135,915	1,165,915
2023	--	180,000	875,000	112,680	1,167,680
2024	--	185,000	895,000	88,430	1,168,430
2025	--	--	915,000	63,500	978,500
2026	--	--	935,000	45,200	980,200
2027	--	--	655,000	26,500	681,500
2028	--	--	670,000	13,400	683,400
2029	--	--	--	--	--
	<u>\$ 500,000</u>	<u>\$ 1,160,000</u>	<u>\$ 10,550,000</u>	<u>\$ 1,329,497</u>	<u>\$ 13,539,497</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 2018.



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.

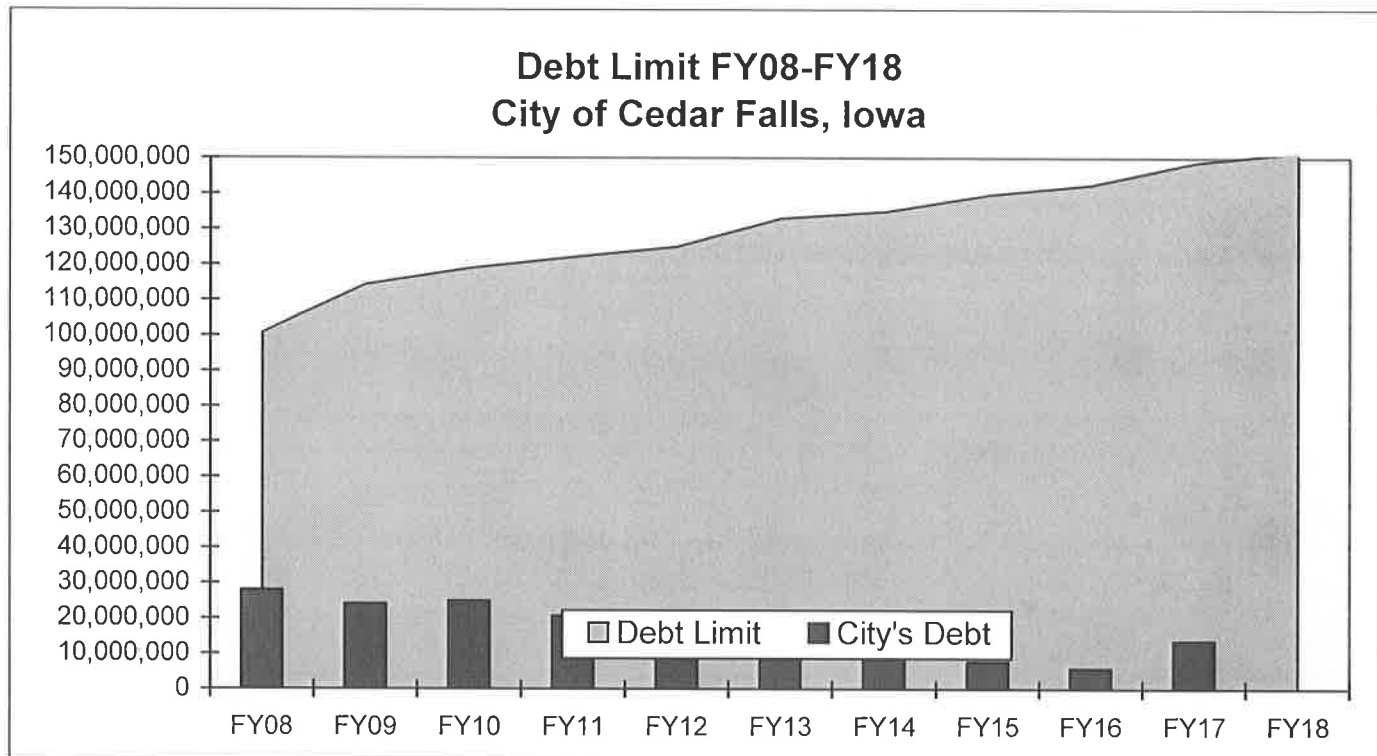
The City of Cedar Falls was upgraded to a Aa1 rating from Moody’s Investor Services for all general obligation issuances. This was a result of Moody’s recalibrating their U.S. municipal rating scale.

In FY17, the City issued \$9,655,000 in Capital Loan Notes. \$2,865,000 of the proceeds were for various capital projects, including Greenhill Road extension. These proceeds will be repaid through the debt service levy. The remaining \$6,790,000 in proceeds were for sewer projects, including Dry Run Creek Sanitary Sewer project and University Avenue. These proceeds will be repaid by sewer revenues. The City maintained its Aa1 rating from Moody’s.

**Impact on Property Taxes**

During calendar year 2018, the City may sell approximately \$3,364,000 in Capital Loan Notes. These proceeds will be used for various citywide projects, including McMahill Addition Street & Park, Dam Improvements, Sidewalk Reconstruction, and Fire Engine replacement.

During calendar year 2018, the city may sell revenue bonds to finance several sewer projects including Plant Digester Rehab and Dry Run Creek Sanitary Sewer Improvements.



Year	Debt Limit	City's Debt
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	142,421,126	5,920,000
FY17	148,747,446	13,720,000
FY18	151,657,672	

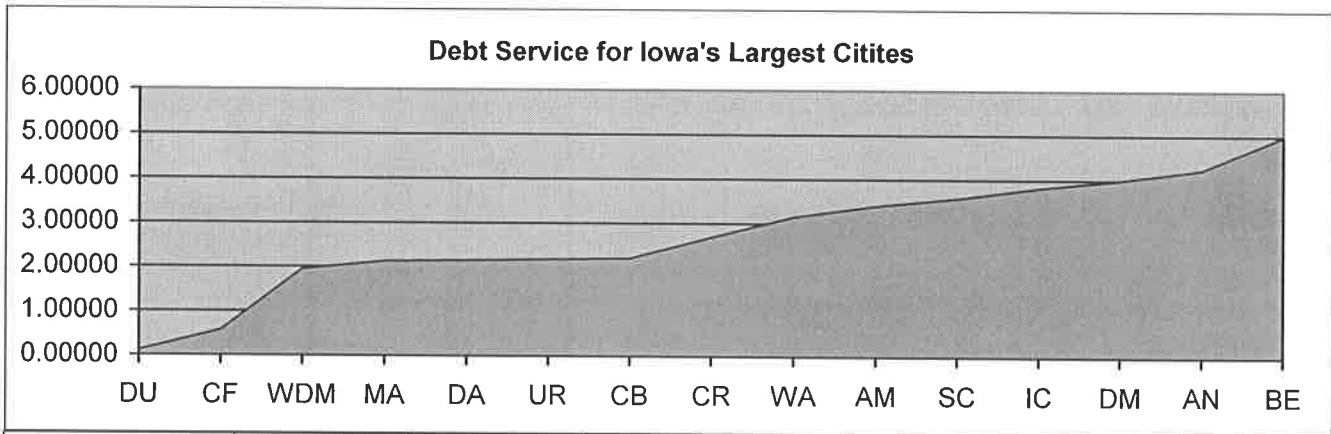
\* estimate

### 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	FY17 Debt Service	2010 Population
Dubuque	0.11400	57,637
<b>Cedar Falls</b>	<b>0.57527</b>	<b>39,260</b>
W. Des Moines	1.95000	56,609
Marion	2.13362	34,768
Davenport	2.15000	99,685
Urbandale	2.18000	39,463
Council Bluffs	2.20716	62,230
Cedar Rapids	2.68605	126,326
Waterloo	3.16104	68,406
Ames	3.41087	58,965
Sioux City	3.58873	82,684
Iowa City	3.82846	67,862
Des Moines	4.01000	203,433
Ankeny	4.25000	45,582
Bettendorf	5.00004	33,217
Average:	2.74968	

Cedar Falls' debt service levy is approximately \$2.17 below the average of the State's fifteen largest cities. If state mandated rollbacks continue, the debt service levy may have to increase dramatically in FY19 and FY20.

**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 2018 is based upon actual property valuation at January 1, 2016.

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.”*

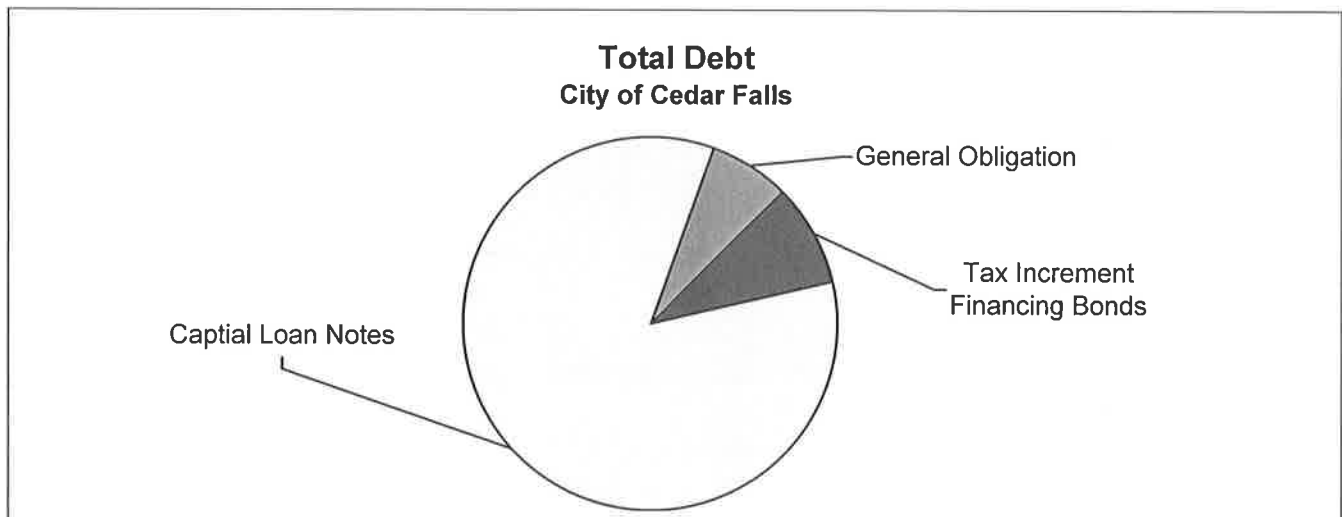
The outstanding obligation debt of the City does not exceed its legal debt margin computed as follows:

Estimated actual valuation of taxable property within the City - Jan 1, 2016	\$ 3,033,153,435
Debt limit - 5% of total actual valuation	\$ 151,657,672
Debt applicable to debt limit:	
General Obligation Bonds/Notes	12,210,000
General Obligation Bonds/Notes - CFU Communication Bonds	945,000
Legal Debt Margin	<u>\$ 138,502,672</u>
Total net debt applicable to the limit as a percentage of debt limit	8.67%

	<b>Debt History</b>				
	<b>Legal Debt Margin</b>				
	2013	2014	2015	2016	2017
Debt Limit	\$ 132,967,511	\$ 134,876,517	\$ 139,586,122	\$ 142,421,126	\$ 148,747,446
Total net debt applicable to limit	<u>13,205,000</u>	<u>9,640,000</u>	<u>7,770,000</u>	<u>5,920,000</u>	<u>13,720,000</u>
Legal debt margin	<u>\$ 119,762,511</u>	<u>\$ 125,236,517</u>	<u>\$ 131,816,122</u>	<u>\$ 136,501,126</u>	<u>\$ 135,027,446</u>
Total net debt applicable to the limit as a percentage of Debt Limit	9.93%	7.15%	5.57%	4.16%	9.22%

**Principal Annual Maturities  
As of January 1, 2017**

Year	General Obligation Bonds	Tax Increment Financing Bonds	Capital Loan Notes
2017	485,000	140,000	1,570,000
2018	500,000	145,000	1,825,000
2019	0	155,000	1,025,000
2020	0	160,000	1,050,000
2021	0	165,000	845,000
2022-2028	0	535,000	5,805,000
<b>Total</b>	<b>985,000</b>	<b>1,300,000</b>	<b>12,120,000</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
2017	520,718	184,038	1,802,871
2018	518,500	185,188	2,047,890
2019	0	190,838	1,204,780
2020	0	191,033	1,206,970
2021	0	190,673	978,000
2022-2028	0	575,625	6,250,000
<b>Total</b>	<b>1,039,218</b>	<b>1,517,395</b>	<b>13,490,511</b>

**City of Cedar Falls  
Outstanding Bond Report  
As of January 1, 2017**

Bonded Debt Description	Maturity Date	General Obligation Bonds/Notes	Utility Bonds	Revenue Bonds
Capital Loan Notes	06/01/18	880,000		
Sewer GO	06/01/18	985,000		
Communication Utility	12/01/24		1,060,000	
Capital Loan Notes	06/01/24	2,125,000		
Capital Loan Notes	06/01/28	9,655,000		
2012 Sewer Internal Financing*	06/01/35	14,095,000		
SRF	06/01/33			3,191,000
<b>Total</b>		<b>\$27,740,000</b>	<b>\$1,060,000</b>	<b>\$3,191,000</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 FY18**

<b>Bonds Due 06/30/18</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2008A Essential Corp. Purp.	450,000	16,650	466,650
2008B Sewer GO	500,000	18,500	518,500
2009A Capital Loan Notes	200,000	19,880	219,880
2009B Communication Utility	115,000	34,700	149,700
2009A Capital Loan Notes - TIF	145,000	40,190	185,190
2012 Refunding Notes	380,000	4,560	384,560
Sewer SRF Loan	288,000	192,790	480,790
2016 GO Bonds	245,000	48,500	293,500
2016 Sewer Bonds	550,000	133,300	683,300
	<b>\$ 2,873,000</b>	<b>\$ 509,070</b>	<b>\$ 3,382,070</b>

If bonds are sold after the FY18 budget certification date, debt service in FY18 on those bonds are budgeted out of the general fund for FY18.