

Long-Term Debt

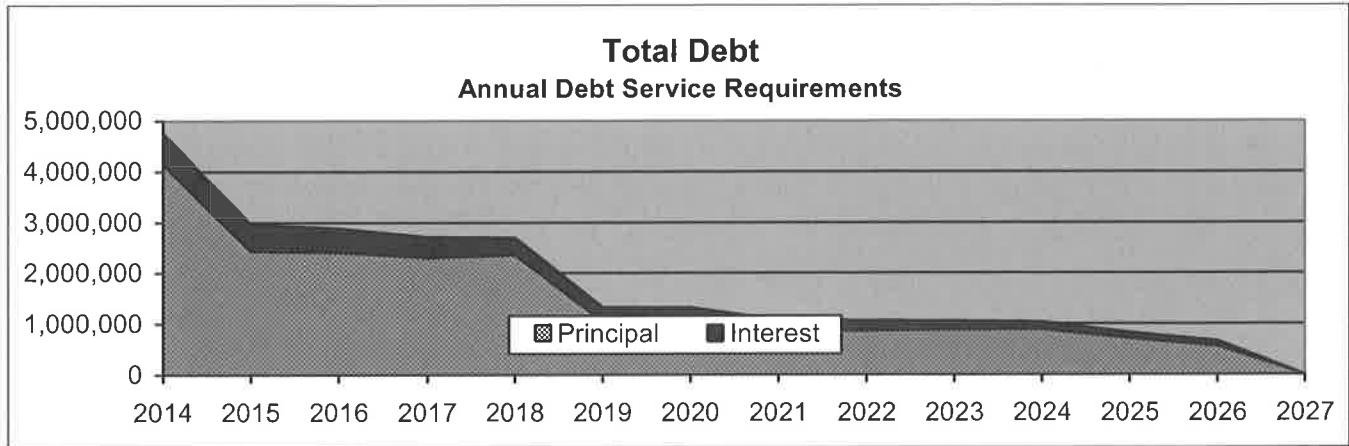
The Debt Service Fund is a legally required fund. The fund administers the payments for all of the City's general obligation debt, including payments on Tax Increment Financing bonds. Revenue bonds are administered in the enterprise fund that is securing the debt. Currently the Sewer fund is the only 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 FY19 is \$0.26 compared to \$0.56 for FY18.

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

Year Ending	Tax Increment Financing Bonds	Capital Loan Notes Financing	Total Interest	Total
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	--	--	--	--
2030	--	--	--	--
	<u>\$ 1,015,000</u>	<u>\$ 8,725,000</u>	<u>\$ 1,047,918</u>	<u>\$ 10,787,918</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.



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.

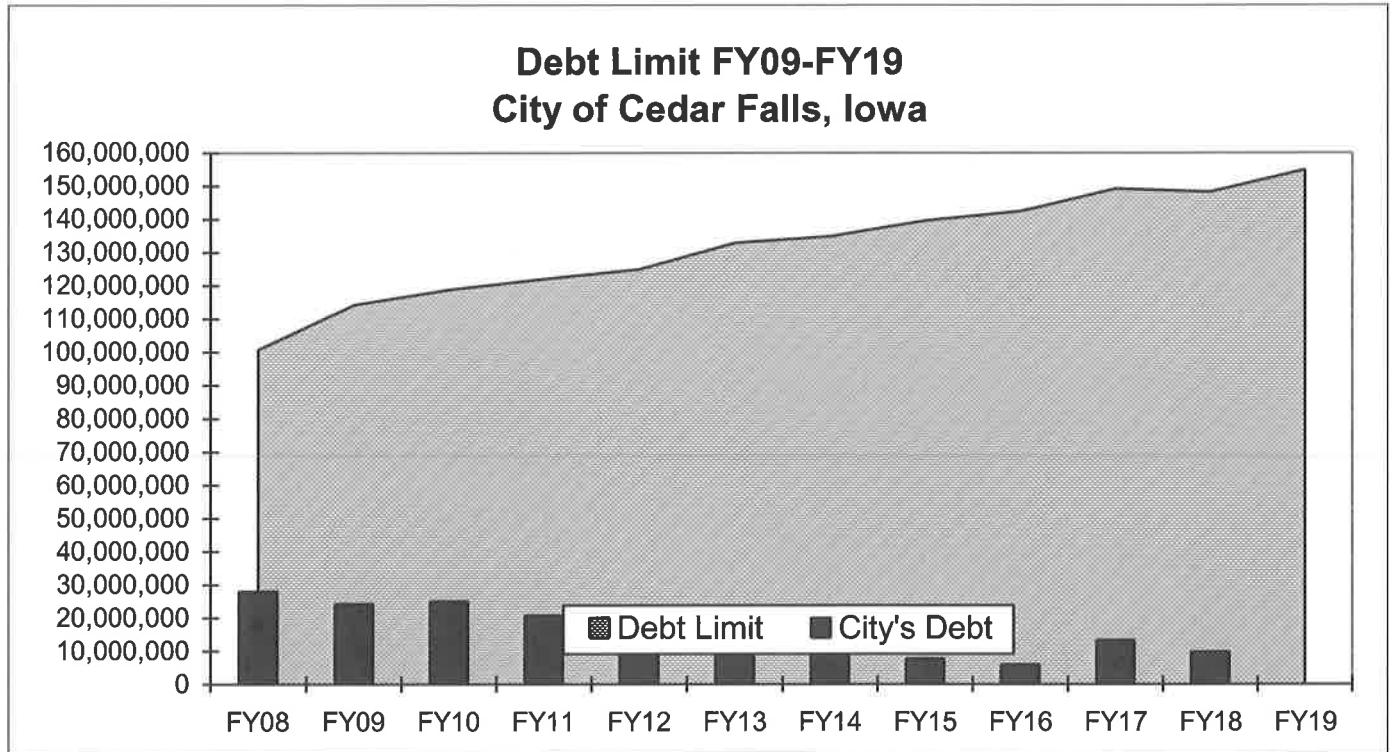
In FY17, the City issued \$9,655,000 in Capital Loan Notes. \$2,865,000 of the proceeds were for various capital projects, including Greenhill Road extension. These proceeds will be repaid through the debt service levy. The remaining \$6,790,000 in proceeds were for sewer projects, including Dry Run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

During FY18, the City called in early two outstanding issuances. The call was undertaken to reduce interest costs. The transaction resulted in savings of approximately \$17,000 in interest.

Impact on Property Taxes

During calendar year 2018, the City may sell approximately \$3,118,950 in Capital Loan Notes. These proceeds will be used for various citywide projects, including McMahill Addition Street & Park, Greenhill Road, 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
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	13,270,000
FY18	148,292,709	9,740,000
FY19	154,988,264	

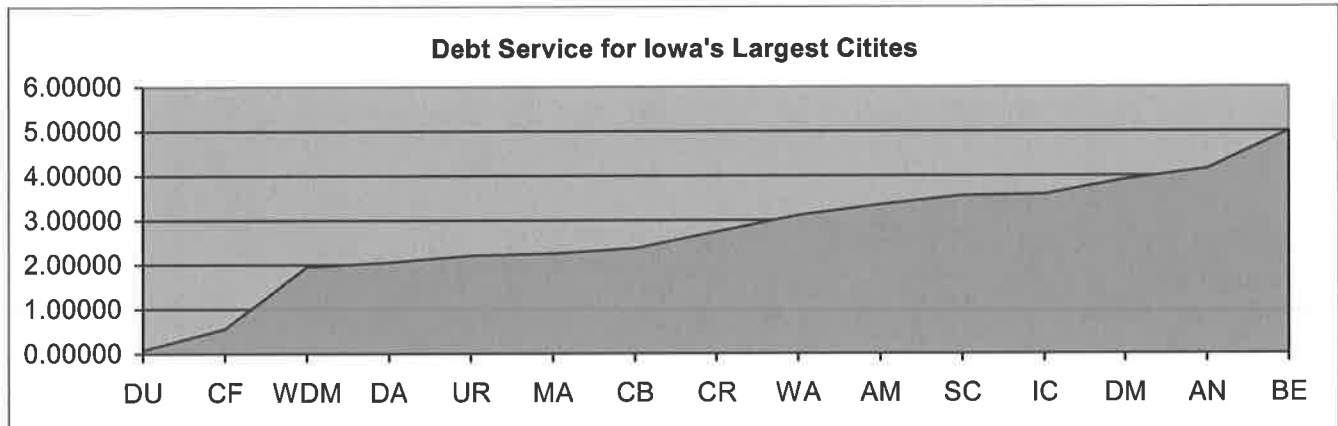
* estimate

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	FY18 Debt Service	2010 Population
Dubuque	0.07990	57,637
Cedar Falls	0.55919	39,260
W. Des Moines	1.95000	56,609
Davenport	2.05000	99,685
Urbandale	2.20000	39,463
Marion	2.24702	34,768
Council Bluffs	2.36436	62,230
Cedar Rapids	2.73605	126,326
Waterloo	3.11073	68,406
Ames	3.34694	58,965
Sioux City	3.55059	82,684
Iowa City	3.57846	67,862
Des Moines	3.91000	203,433
Ankeny	4.15000	45,582
Bettendorf	5.00000	33,217
Average:	2.722216	

Cedar Falls' debt service levy is approximately \$2.16 below the average of the State's fifteen largest cities.

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 2019 is based upon actual property valuation at January 1, 2017.

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."

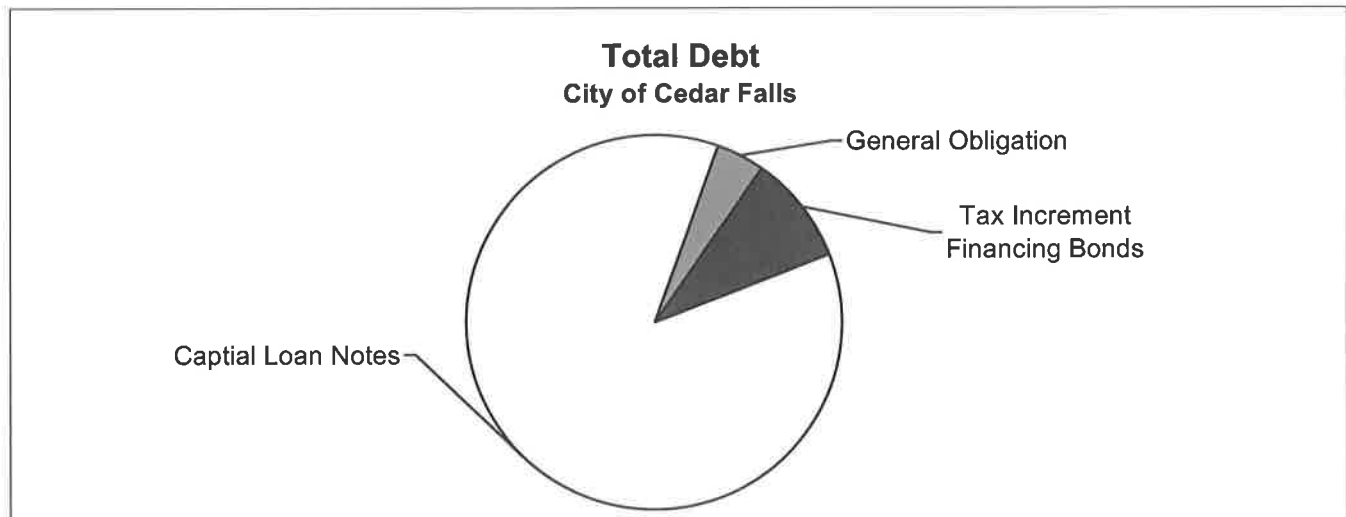
The outstanding obligation debt of the City does not exceed its legal debt margin computed as follows:

Estimated actual valuation of taxable property within the City - Jan 1, 2017	<u>\$ 3,158,708,829</u>
Debt limit - 5% of total actual valuation	\$ 157,935,441
Debt applicable to debt limit:	
General Obligation Bonds/Notes	9,740,000
General Obligation Bonds/Notes - CFU Communication Bonds	<u>0</u>
Legal Debt Margin	<u>\$ 148,195,441</u>
Total net debt applicable to the limit as a percentage of debt limit	6.17%

	Debt History				
	Legal Debt Margin				
	2014	2015	2016	2017	2018
Debt Limit	\$ 134,876,517	\$ 139,586,122	\$ 142,421,126	\$ 148,747,446	\$ 151,434,486
Total net debt applicable to limit	<u>9,640,000</u>	<u>7,770,000</u>	<u>5,920,000</u>	<u>13,720,000</u>	<u>13,720,000</u>
Legal debt margin	<u>\$ 125,236,517</u>	<u>\$ 131,816,122</u>	<u>\$ 136,501,126</u>	<u>\$ 135,027,446</u>	<u>\$ 137,714,486</u>
Total net debt applicable to the limit as a percentage of Debt Limit	7.15%	5.57%	4.16%	9.22%	9.06%

**Principal Annual Maturities
As of January 1, 2018**

Year	General Obligation Bonds	Tax Increment Financing Bonds	Capital Loan Notes
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	0	170,000	860,000
2023-2029	0	365,000	4,945,000
Total	500,000	1,160,000	10,550,000



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
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	0	189,815	976,100
2023-2029	0	385,810	5,273,900
Total	518,500	1,333,357	11,687,640

**City of Cedar Falls
Outstanding Bond Report
As of January 1, 2018**

Bonded Debt Description	Maturity Date	General Obligation Bonds/Notes	Utility Bonds	Revenue Bonds
Refunding Notes	06/01/18	380,000		
Capital Loan Notes**	06/01/18	450,000		
Sewer GO**	06/01/18	500,000		
Communication Utility**	12/01/24		945,000	
Capital Loan Notes	06/01/24	1,790,000		
Capital Loan Notes	06/01/26	2,425,000		
Capital Loan Notes - Sewer	06/01/28	6,665,000		
2012 Sewer Internal Financing*	06/01/35	13,240,000		
SRF	06/01/33			5,932,500
Total		\$25,450,000	\$945,000	\$5,932,500

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

**These bonds were called in early during FY18.

City of Cedar Falls

Debt Service for FY19

Bonds Due 06/30/19	Principal	Interest	Total
2009A Capital Loan Notes	210,000	13,880	223,880
2009A Capital Loan Notes - TIF	155,000	35,840	190,840
Sewer SRF Loan	298,000	183,430	481,430
2016 GO Bonds	255,000	43,600	298,600
2016 Sewer Bonds	560,000	122,300	682,300
	\$ 1,478,000	\$ 399,050	\$ 1,877,050

If bonds are sold after the FY19 budget certification date, debt service in FY19 on those bonds are budgeted out of the general fund for FY19.