

Long-Term Debt

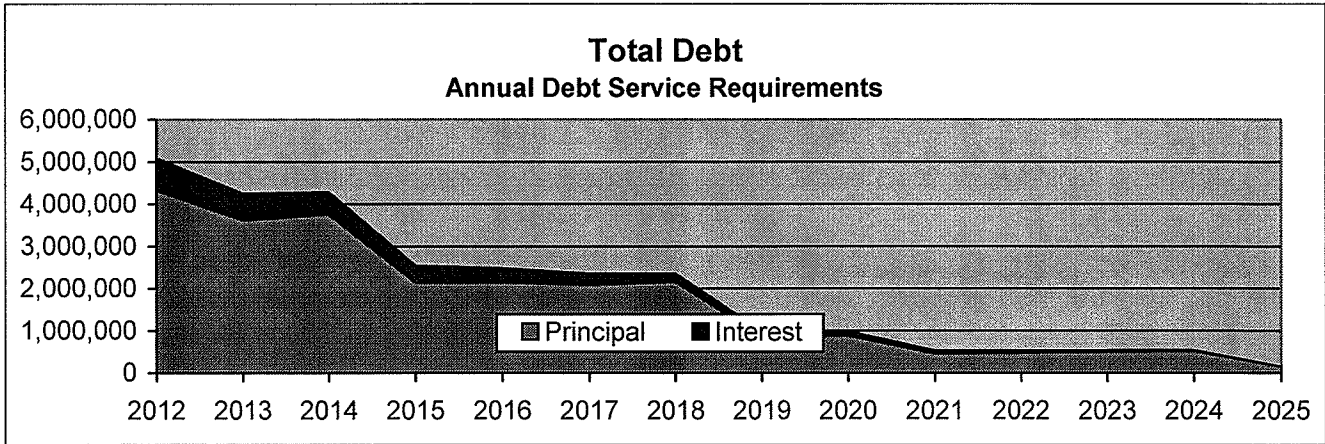
The Debt Service Fund is a legally required fund. The fund administers the payments for all of the City's general obligation debt, including payments on Tax Increment Financing bonds. Revenue bonds are administered in the enterprise fund that is securing the debt. Currently the Sewer fund is the only 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 FY13 is \$0.52 compared to \$1.06 for FY12.

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
2013	1,470,000	550,000	1,235,000	497,463	3,752,463
2014	1,560,000	575,000	1,265,000	394,453	3,794,453
2015	1,010,000	--	680,000	283,470	1,973,470
2016	1,045,000	--	705,000	227,275	1,977,275
2017	870,000	--	765,000	167,335	1,802,335
2018	900,000	--	795,000	110,818	1,805,818
2019	--	--	365,000	49,718	414,718
2020	--	--	380,000	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	--	--	--	--	--
	<u>\$ 6,855,000</u>	<u>\$ 1,125,000</u>	<u>\$ 6,890,000</u>	<u>\$ 1,835,230</u>	<u>\$ 16,705,230</u>

Table does not include the debt service expected to finance the sewer & water treatment facility upgrades through the State Revolving Fund.



During FY10, the City also issued \$5,135,000 to current refund five outstanding issuances. The refunding was undertaken to reduce total future debt service payments. The transaction resulted in an economic gain of \$260,117 and a reduction of \$268,492 in future debt service payments. Also during FY10, sewer reserve cash in the amount of \$520,000 was used to pay off the 2004 sewer revenue bonds.

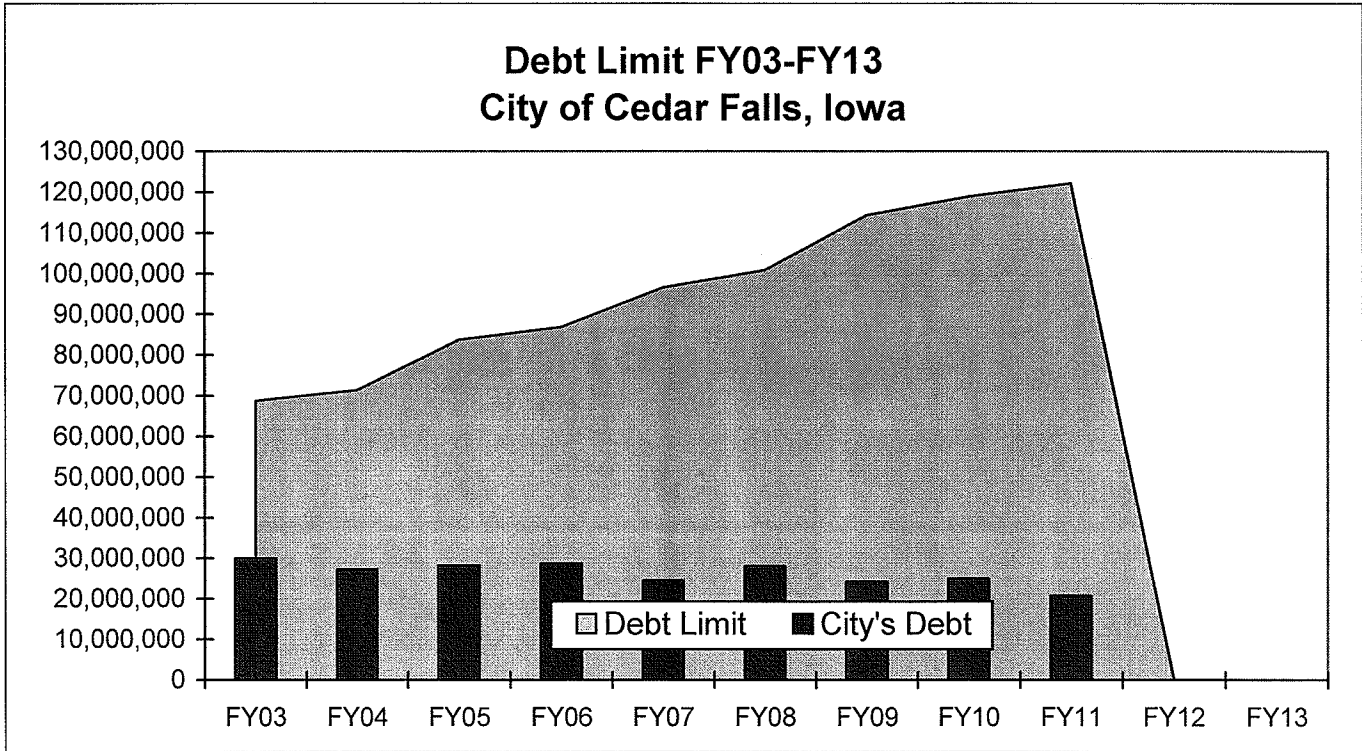
The City of Cedar Falls was upgraded to a Aa1 rating from Moody’s Investor Services for all general obligation issuances. This was a result of Moody’s recalibrating their U.S. municipal rating scale.

Impact on Property Taxes

In November 2009, the City sold \$3,440,000 in Capital Loan Notes. \$1,880,000 of the proceeds will be used for various citywide projects, including College Hill Streetscape, Highway 58 Pedestrian Crossing, and West 1st Street. The remaining proceeds of \$1,560,000 will be used for infrastructure improvements in the new Northern Industrial Park TIF.

In November 2009 the city also sold \$2,320,000 in Capital Loan Notes on behalf of Cedar Falls Utilities. \$925,000 of the proceeds were used to refund three outstanding Communication Utility bonds. The remaining proceeds will be used to finance various Communication Utility projects, including fiber-to-the-premise.

The City will plan on selling bonds in FY13 to finance various projects on the City’s Capital Improvements Plan (CIP).



Year	Debt Limit	City's Debt
FY03	68,721,490	29,920,000
FY04	71,356,357	27,265,000
FY05	83,695,100	28,260,000
FY06	86,872,828	28,660,000
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	20,770,000 *
FY13	132,967,511	

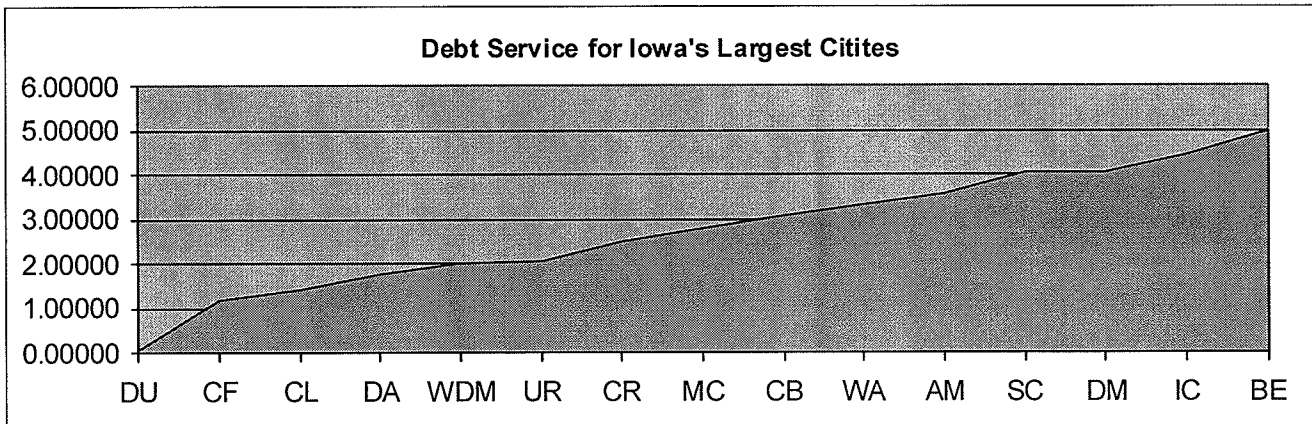
* estimate

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	FY12 Debt Service	2010 Population
Dubuque	0.05278	57,637
Cedar Falls	1.06445	39,260
Clinton	1.39919	26,885
Davenport	1.76000	99,685
W. Des Moines	2.00000	56,609
Urbandale	2.15000	39,463
Cedar Rapids	2.47979	126,326
Council Bluffs	2.93896	62,230
Mason City	2.97035	28,079
Waterloo	3.37267	68,406
Ames	3.53194	58,965
Sioux City	3.78439	82,684
Des Moines	3.92933	203,433
Iowa City	4.64901	67,862
Bettendorf	5.00000	33,217
Average:	2.73886	

Cedar Falls' debt service levy is approximately \$1.67 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 FY13 and FY14.

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 2013 is based upon actual property valuation at January 1, 2011.

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:

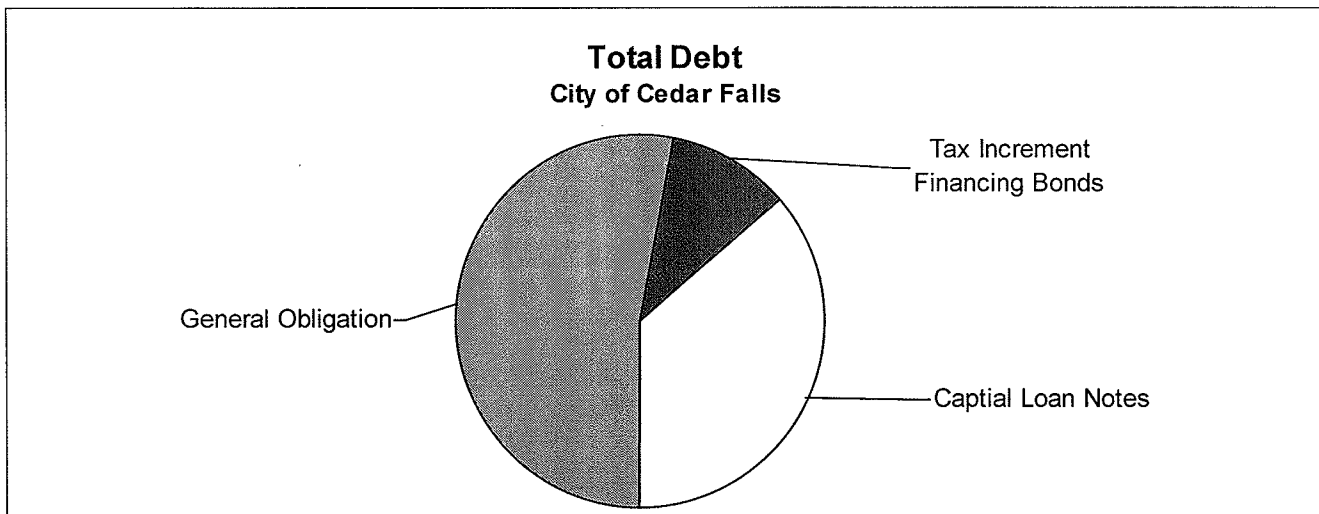
Estimated actual valuation of taxable property within the City - Jan 1, 2011	<u>\$ 2,659,350,229</u>
Debt limit - 5% of total actual valuation	\$ 132,967,511
Debt applicable to debt limit:	
General Obligation Bonds/Notes	14,870,000
General Obligation Bonds/Notes - CFU Communication Bonds	<u>1,750,000</u>
Legal Debt Margin	<u>\$ 116,347,511</u>
Total net debt applicable to the limit as a percentage of debt limit	12.50%

**Debt History
Legal Debt Margin**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Debt Limit	\$ 100,807,511	\$ 114,324,931	\$ 118,846,750	\$ 122,094,381	\$ 125,016,901
Total net debt applicable to limit	<u>28,070,000</u>	<u>24,235,000</u>	<u>25,005,000</u>	<u>20,770,000</u>	<u>20,770,000</u>
Legal debt margin	<u>\$ 72,737,511</u>	<u>\$ 90,089,931</u>	<u>\$ 93,841,750</u>	<u>\$ 101,324,381</u>	<u>\$ 104,246,901</u>
Total net debt applicable to the limit as a percentage of Debt Limit	27.85%	21.20%	21.04%	17.01%	16.61%

**Principal Annual Maturities
As of January 1, 2012**

Year	General Obligation Bonds	Tax Increment Financing Bonds	Capital Loan Notes
2012	1,645,000	890,000	1,470,000
2013	1,470,000	550,000	1,235,000
2014	1,560,000	575,000	1,265,000
2015	1,010,000	--	680,000
2016	1,045,000	--	705,000
2017-2021	1,770,000	--	3,005,000
Total	8,500,000	2,015,000	8,360,000



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
2012	1,951,398	950,450	1,725,460
2013	1,718,773	583,750	1,449,940
2014	1,756,903	592,250	1,445,300
2015	1,150,578	--	822,893
2016	1,149,223	--	828,053
2017-2021	1,870,240	--	3,337,330
Total	9,597,113	2,126,450	9,608,976

**City of Cedar Falls
Outstanding Bond Report
As of January 1, 2012**

Bonded Debt Description	Maturity Date	General Obligation Bonds/Notes	Utility Bonds
Essential Corp. Purp	06/01/18	4,340,000	
Capital Loan Notes	06/01/18	3,565,000	
Sewer GO	06/01/16	1,000,000	
Sewer GO	06/01/18	3,160,000	
Communication Utility	12/01/24		1,750,000
Capital Loan Notes	06/01/24	3,275,000	
2010 TIF	06/01/14	2,015,000	
2010 GO	06/01/14	1,520,000	
Total		\$18,875,000	\$1,750,000

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**City of Cedar Falls
Debt Service for FY13**

Bonds Due 06/30/13	Principal	Interest	Total
2006A Essential Corp. Purp.	860,000	124,100	984,100
2006B Sewer GO	190,000	30,680	220,680
2008A Essential Corp. Purp.	665,000	102,510	767,510
2008B Sewer GO	420,000	93,990	513,990
2009A Capital Loan Notes	205,000	90,230	295,230
2009B Communication Utility	155,000	48,890	203,890
2010 GO Bonds	365,000	22,200	387,200
2010 TIF Bonds	550,000	33,750	583,750
2012 Sewer Financing	800,000	10,000	810,000
	\$ 4,210,000	\$ 556,350	\$ 4,766,350