

Long-Term Debt

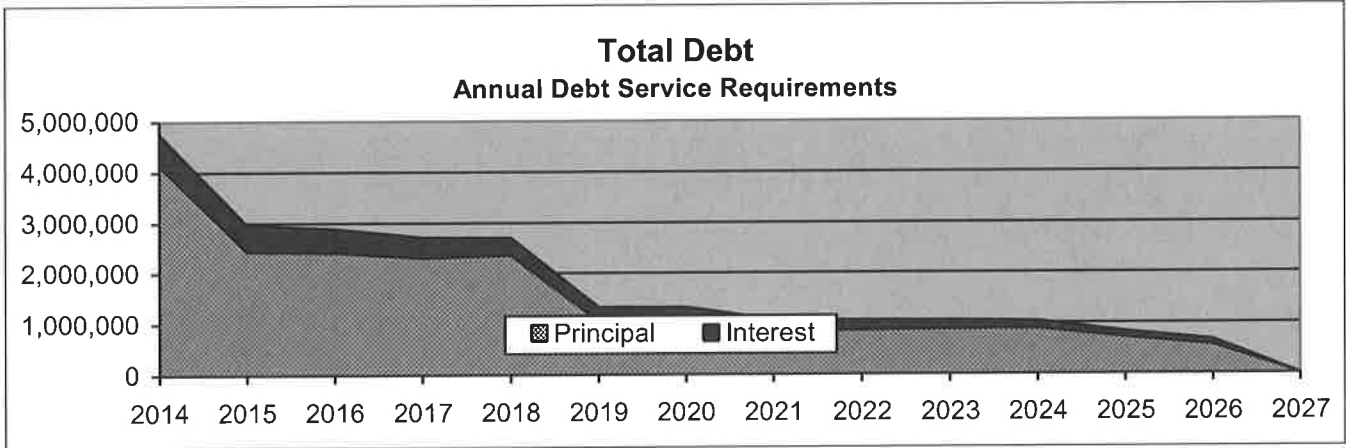
The Debt Service Fund is a legally required fund. The fund administers the payments for all of the City's general obligation debt, including payments on Tax Increment Financing bonds. Revenue bonds are administered in the enterprise fund that is securing the debt. Currently the Sewer fund is the only 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 FY16 is \$0.59 compared to \$0.60 for FY15.

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
2016	465,000	100,000	1,180,000	188,060	1,933,060
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	--	--	--	--	--
	<u>\$ 1,450,000</u>	<u>\$ 1,400,000</u>	<u>\$ 3,645,000</u>	<u>\$ 587,528</u>	<u>\$ 7,082,528</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 2015.



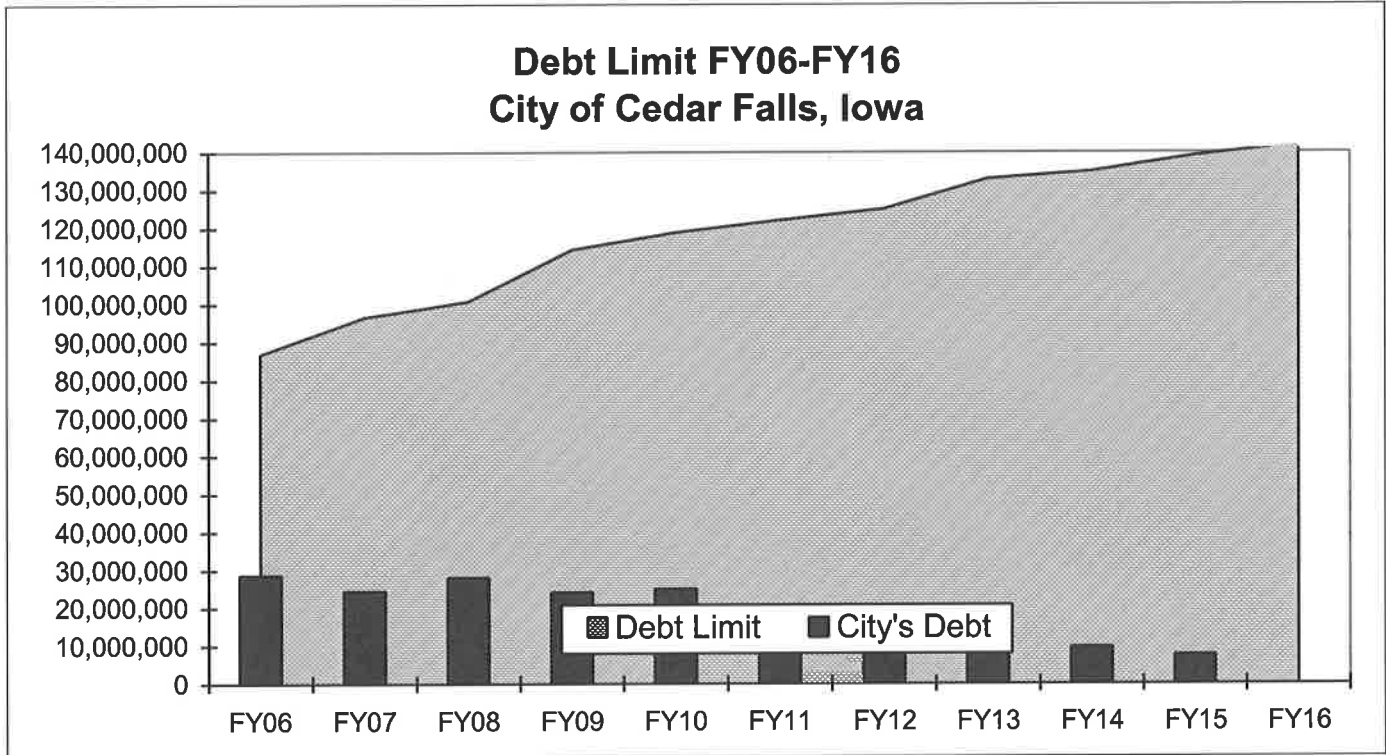
During FY12, the City issued \$4,140,000 to current refund two outstanding issuances. The refunding was undertaken to reduce total future debt service payments. The transaction resulted in an economic gain of \$304,562 and a reduction of \$309,147 in future debt service payments.

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 2015, the City may sell approximately \$7,647,700 in Capital Loan Notes. These proceeds will be used for various citywide projects, including Levee Improvements, University Avenue, Sidewalk Reconstruction, Greenhill Road Extension, and Dry Run Creek Watershed Improvements.

During calendar year 2015, the city may sell revenue bonds to finance several sewer projects including Park Drive Lift Station and Dry Run Creek Sanitary Sewer Improvements



Year	Debt Limit	City's Debt
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	16,660,000
FY13	132,967,751	13,205,000
FY14	134,876,517	9,640,000
FY15	139,062,196	7,665,000 *
FY16	141,918,685	

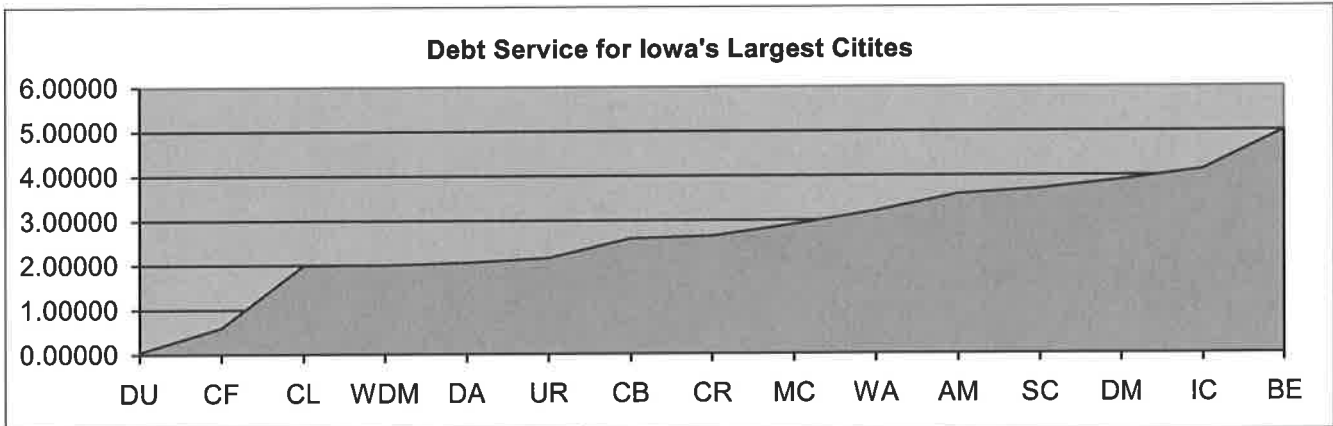
* estimate

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	FY15 Debt Service	2010 Population
Dubuque	0.04516	57,637
Cedar Falls	0.59551	39,260
Clinton	1.99104	26,885
W. Des Moines	2.00000	56,609
Davenport	2.05000	99,685
Urbandale	2.15000	39,463
Council Bluffs	2.58933	62,230
Cedar Rapids	2.63605	126,326
Mason City	2.90537	28,079
Waterloo	3.20239	68,406
Ames	3.58189	58,965
Sioux City	3.69333	82,684
Des Moines	3.89000	203,433
Iowa City	4.12963	67,862
Bettendorf	5.00000	33,217
Average:	2.69731	

Cedar Falls' debt service levy is approximately \$2.10 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 FY17 and FY18.

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 2016 is based upon actual property valuation at January 1, 2014.

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.”

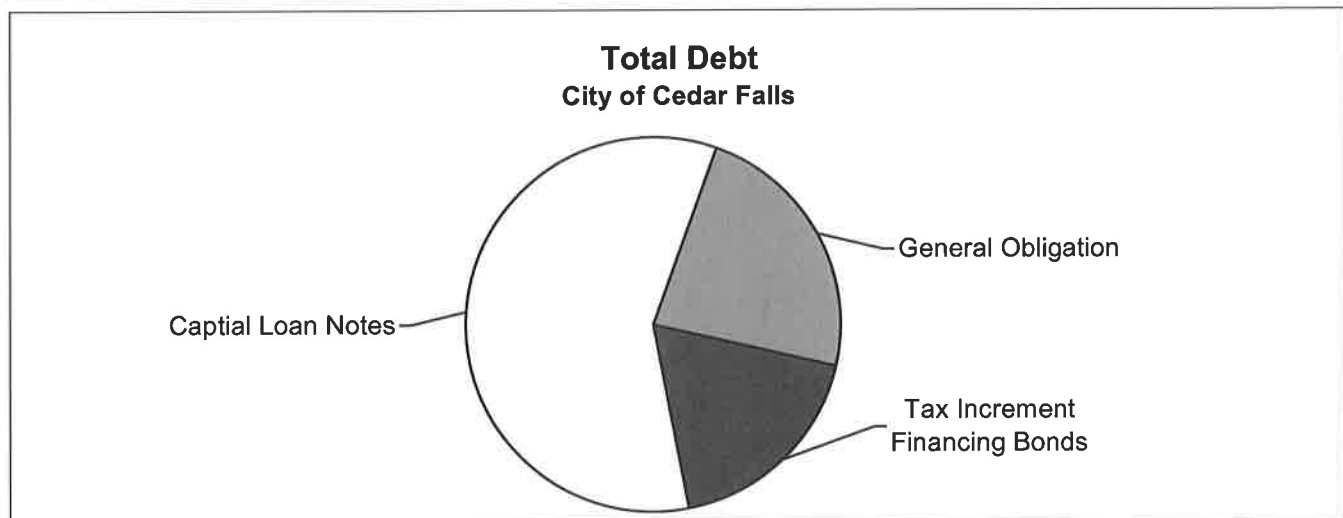
The outstanding obligation debt of the City does not exceed its legal debt margin computed as follows:

Estimated actual valuation of taxable property within the City - Jan 1, 2014	\$ 2,838,373,703
Debt limit - 5% of total actual valuation	\$ 141,918,685
Debt applicable to debt limit:	
General Obligation Bonds/Notes	6,495,000
General Obligation Bonds/Notes - CFU Communication Bonds	1,170,000
Legal Debt Margin	<u>\$ 134,253,685</u>
Total net debt applicable to the limit as a percentage of debt limit	5.40%

	Debt History				
	Legal Debt Margin				
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Debt Limit	\$ 122,094,381	\$ 125,016,901	\$ 132,967,511	\$ 134,876,517	\$ 139,062,196
Total net debt applicable to limit	<u>20,770,000</u>	<u>16,660,000</u>	<u>13,205,000</u>	<u>9,640,000</u>	<u>7,665,000</u>
Legal debt margin	<u>\$ 101,324,381</u>	<u>\$ 108,356,901</u>	<u>\$ 119,762,511</u>	<u>\$ 125,236,517</u>	<u>\$ 131,397,196</u>
Total net debt applicable to the limit as a percentage of Debt Limit	17.01%	13.33%	9.93%	7.15%	5.51%

**Principal Annual Maturities
As of January 1, 2015**

Year	General Obligation Bonds	Tax Increment Financing Bonds	Capital Loan Notes
2015	450,000	100,000	1,155,000
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
2020-2026	0	860,000	220,000
Total	1,900,000	1,500,000	4,800,000



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
2015	516,835	148,938	1,266,228
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
2020-2026	0	957,333	227,370
Total	2,072,813	1,812,971	5,128,748

**City of Cedar Falls
Outstanding Bond Report
As of January 1, 2015**

Bonded Debt Description	Maturity Date	General Obligation Bonds/Notes	Utility Bonds
Capital Loan Notes	06/01/18	1,695,000	
Sewer GO	06/01/18	1,900,000	
Communication Utility	12/01/24		1,275,000
Capital Loan Notes	06/01/24	2,695,000	
2012 GO Bonds	06/01/18	1,910,000	
2012 Sewer GO	06/01/16	425,000	
2012 Sewer Internal Financing*	06/01/33	14,545,000	
Total		\$23,170,000	\$1,275,000

*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 FY16

Bonds Due 06/30/16	Principal	Interest	Total
2008A Essential Corp. Purp.	415,000	46,230	461,230
2008B Sewer GO	465,000	51,760	516,760
2009A Capital Loan Notes	190,000	30,180	220,180
2009B Communication Utility	105,000	40,600	145,600
2009A Capital Loan Notes - TIF	100,000	46,640	146,640
2012 Refunding Notes	365,000	11,460	376,460
2012 Refunding Notes - Sewer	210,000	1,790	211,790
	\$ 1,850,000	\$ 228,660	\$ 2,078,660

If bonds are sold after the FY16 budget certification date, debt service in FY16 on those bonds are budgeted out of the general fund for FY16.