

Long-Term Debt

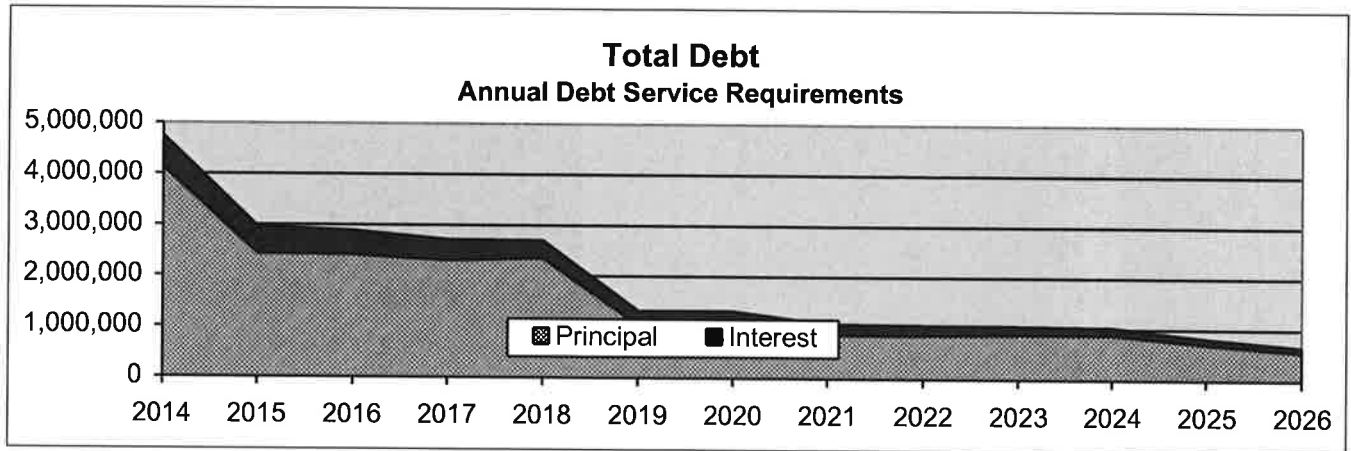
The Debt Service Fund is a legally required fund. The fund administers the payments for all of the City’s general obligation debt, including payments on Tax Increment Financing bonds. Revenue bonds are administered in the enterprise fund that is securing the debt. Currently the Sewer fund is the only 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 FY15 is \$0.60 compared to \$0.56 for FY14.

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
2015	450,000	100,000	1,155,000	227,000	1,932,000
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	--	--	--	--	--
	<u>\$ 1,900,000</u>	<u>\$ 1,500,000</u>	<u>\$ 4,800,000</u>	<u>\$ 814,528</u>	<u>\$ 9,014,528</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 2014.



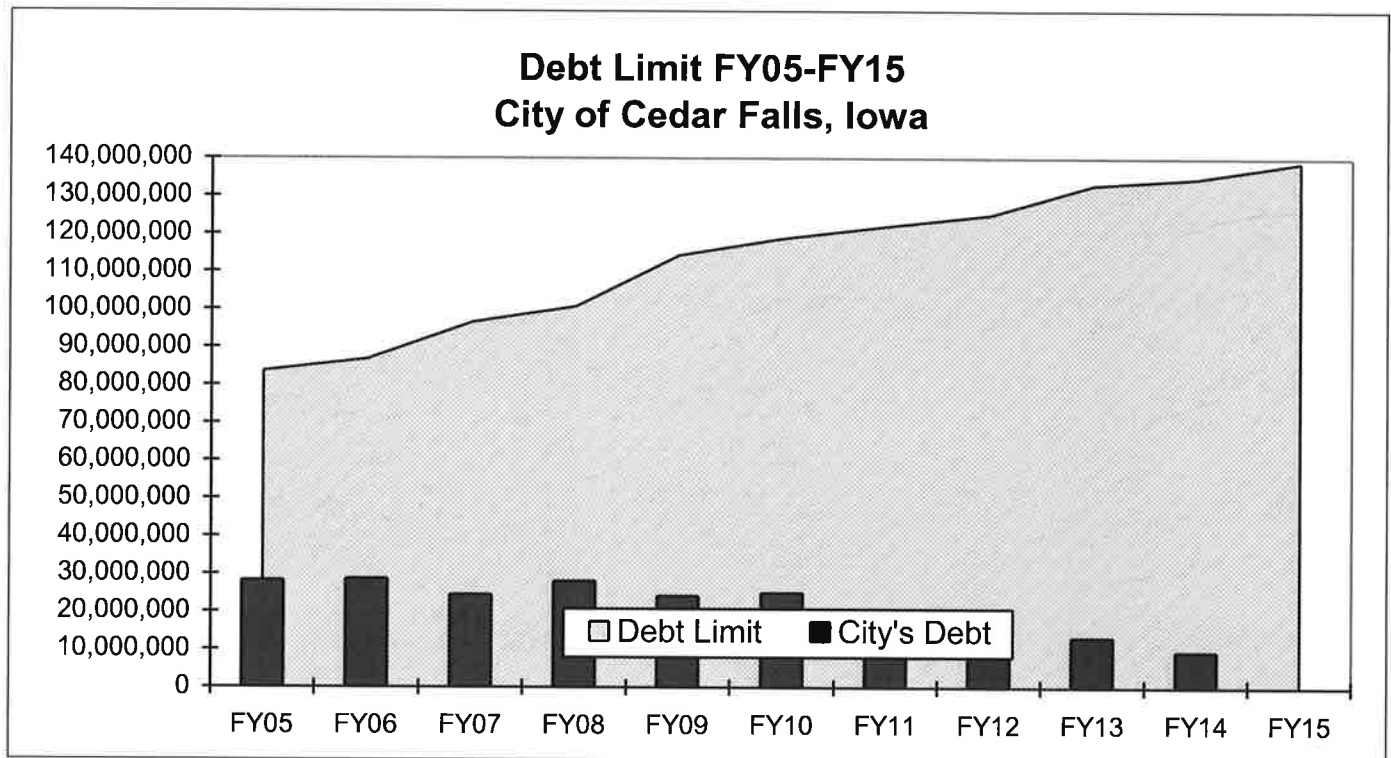
During FY12, the City issued \$4,140,000 to current refund two outstanding issuances. The refunding was undertaken to reduce total future debt service payments. The transaction resulted in an economic gain of \$304,562 and a reduction of \$309,147 in future debt service payments.

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 2014, the City expects to sell approximately \$3,400,000 in Capital Loan Notes. These proceeds will be used for various citywide projects, including Levee Improvements, New Fire Truck, Sidewalk Reconstruction, Union Road Trail, Greenhill Road Extension, and Dry Run Creek Watershed Improvements.

During calendar year 2014, 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
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	16,660,000
FY13	132,967,751	13,205,000
FY14	134,706,318	9,475,000 *
FY15	138,894,590	

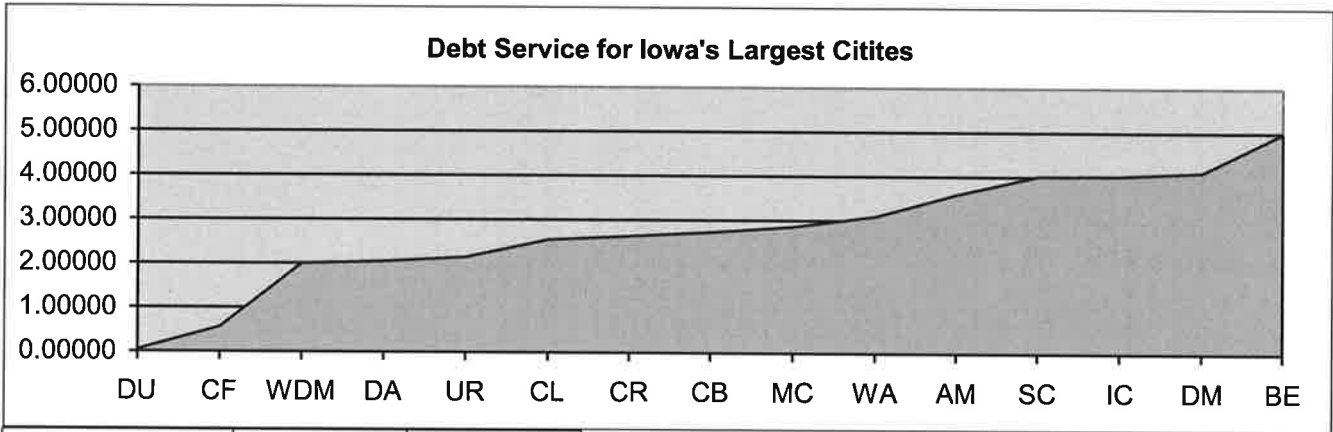
* estimate

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	FY14 Debt Service	2010 Population
Dubuque	0.04823	57,637
Cedar Falls	0.56200	39,260
W. Des Moines	2.00000	56,609
Davenport	2.05000	99,685
Urbandale	2.15000	39,463
Clinton	2.54716	26,885
Cedar Rapids	2.63605	126,326
Council Bluffs	2.72909	62,230
Mason City	2.86429	28,079
Waterloo	3.10043	68,406
Ames	3.59946	58,965
Sioux City	4.01791	82,684
Iowa City	4.02965	67,862
Des Moines	4.11001	203,433
Bettendorf	5.00000	33,217
Average:	2.76295	

Cedar Falls' debt service levy is approximately \$2.20 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 FY15 and FY16.

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 2015 is based upon actual property valuation at January 1, 2013.

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."

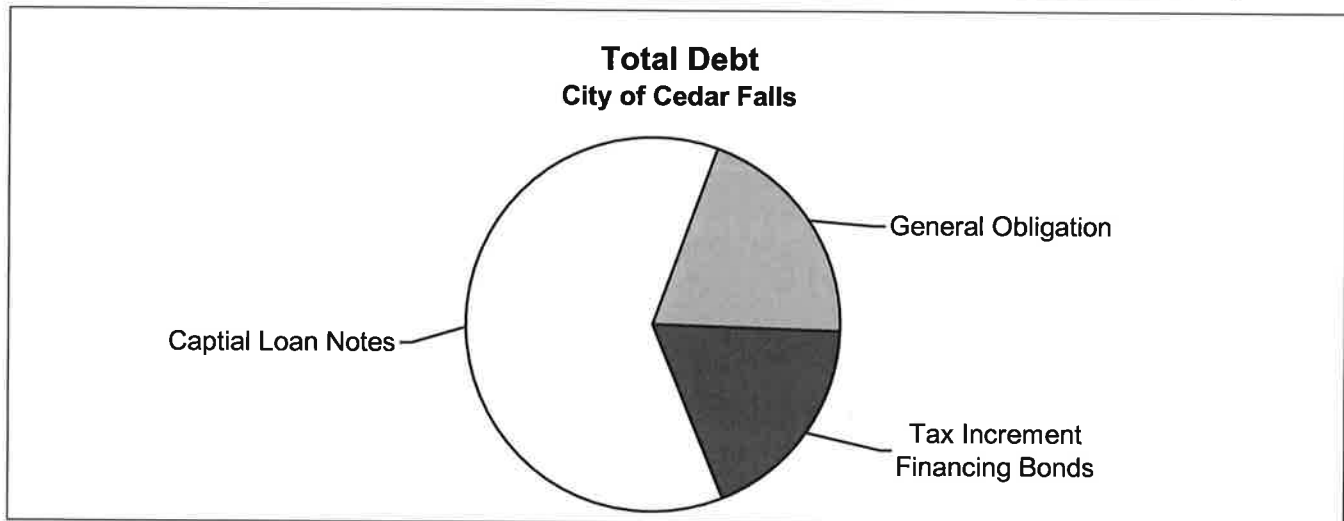
The outstanding obligation debt of the City does not exceed its legal debt margin computed as follows:

Estimated actual valuation of taxable property within the City - Jan 1, 2013	\$ 2,777,891,806
Debt limit - 5% of total actual valuation	\$ 138,894,590
Debt applicable to debt limit:	
General Obligation Bonds/Notes	8,200,000
General Obligation Bonds/Notes - CFU Communication Bonds	1,275,000
Legal Debt Margin	<u>\$ 129,419,590</u>
Total net debt applicable to the limit as a percentage of debt limit	6.82%

	Debt History				
	Legal Debt Margin				
	2010	2011	2012	2013	2014
Debt Limit	\$ 118,846,750	\$ 122,094,381	\$ 125,016,901	\$ 132,967,511	\$ 134,706,318
Total net debt applicable to limit	<u>25,005,000</u>	<u>20,770,000</u>	<u>16,660,000</u>	<u>13,205,000</u>	<u>9,475,000</u>
Legal debt margin	<u>\$ 93,841,750</u>	<u>\$ 101,324,381</u>	<u>\$ 108,356,901</u>	<u>\$ 119,762,511</u>	<u>\$ 125,231,318</u>
Total net debt applicable to the limit as a percentage of Debt Limit	21.04%	17.01%	13.33%	9.93%	7.03%

**Principal Annual Maturities
As of January 1, 2014**

Year	General Obligation Bonds	Tax Increment Financing Bonds	Capital Loan Notes
2014	435,000	605,000	2,370,000
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
2019-2025	0	1,015,000	430,000
Total	2,335,000	2,105,000	7,170,000



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
2014	515,972	671,758	2,523,740
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
2019-2025	0	1,148,168	451,250
Total	2,588,785	2,484,726	7,652,488

**City of Cedar Falls
Outstanding Bond Report
As of January 1, 2014**

Bonded Debt Description	Maturity Date	General Obligation Bonds/Notes	Utility Bonds
Capital Loan Notes	06/01/18	2,380,000	
Sewer GO	06/01/18	2,335,000	
Communication Utility	12/01/24		1,440,000
Capital Loan Notes	06/01/24	2,900,000	
2010 TIF	06/01/14	575,000	
2010 GO	06/01/14	375,000	
2012 GO Bonds	06/01/18	2,420,000	
2012 Sewer GO	06/01/16	625,000	
2012 Sewer Internal Financing*	06/01/33	15,340,000	
Total		\$26,950,000	\$1,440,000

*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 FY15

Bonds Due 06/30/15	Principal	Interest	Total
2008A Essential Corp. Purp.	400,000	59,630	459,630
2008B Sewer GO	450,000	66,840	516,840
2009A Capital Loan Notes	180,000	34,320	214,320
2009B Communication Utility	165,000	43,550	208,550
2009A Capital Loan Notes - TIF	100,000	48,940	148,940
2012 Refunding Notes	360,000	13,980	373,980
2012 Refunding Notes - Sewer	215,000	3,290	218,290
	\$ 1,870,000	\$ 270,550	\$ 2,140,550