

### Long-Term Debt

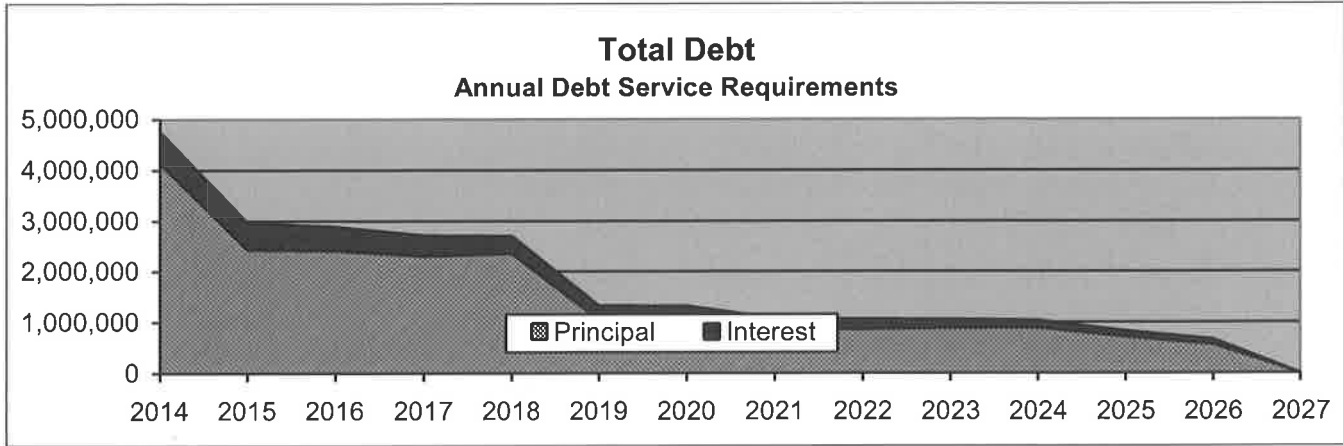
The Debt Service Fund is a legally required fund. The fund administers the payments for all of the City's general obligation debt, including payments on Tax Increment Financing bonds. Revenue bonds are administered in the enterprise fund that is securing the debt. Currently the Sewer fund is the only 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 FY20 is \$0.43 compared to \$0.26 for FY19.

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

Year Ending	Tax Increment Financing Bonds	General Obligation Notes/Bonds	Total Interest	Total
2020	160,000	1,555,000	443,253	2,158,253
2021	165,000	1,375,000	388,673	1,928,673
2022	170,000	1,410,000	339,415	1,919,415
2023	180,000	1,455,000	288,680	1,923,680
2024	185,000	1,510,000	235,430	1,930,430
2025	--	1,560,000	179,750	1,739,750
2026	--	1,610,000	129,200	1,739,200
2027	--	1,360,000	83,500	1,443,500
2028	--	1,390,000	42,200	1,432,200
2029	--	--	--	--
2030	--	--	--	--
2031	--	--	--	--
	<u>\$ 860,000</u>	<u>\$ 13,225,000</u>	<u>\$ 2,130,100</u>	<u>\$ 16,215,100</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 2020.



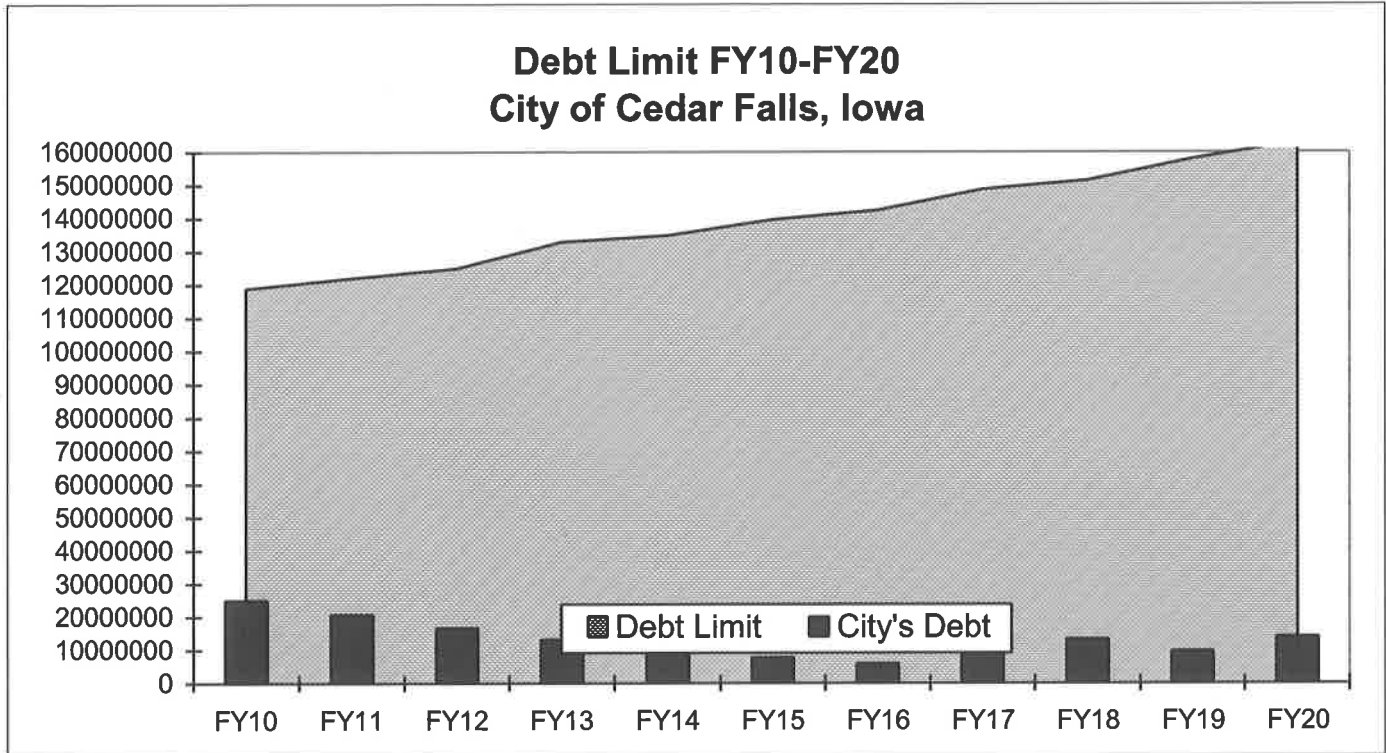
The City of Cedar Falls was upgraded to a Aa1 rating from Moody’s Investor Services for all general obligation issuances. This was a result of Moody’s recalibrating their U.S. municipal rating scale.

In 2018, the City issued \$5,940,000 in General Obligation Bonds. \$2,860,000 of the proceeds were for various capital projects, including Greenhill Road extension, Center Street Trail, and a new fire truck. These proceeds will be repaid through the debt service levy. The remaining \$3,080,000 in proceeds were for sewer and storm water projects. These proceeds will be repaid by sewer and storm water revenues. The City maintained its Aa1 rating from Moody’s.

**Impact on Property Taxes**

During calendar year 2020, the City may sell approximately \$3,263,000 in General Obligation Bonds. These proceeds will be used for various citywide projects, including Main Street Reconstruction, Cedar Heights Drive Reconstruction, Riverbank improvements, and South Main Intersection improvements.

During calendar year 2020, the city may sell revenue bonds to finance the Plant Digester Rehab project.



Year	Debt Limit	City's Debt
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	149,224,259	13,270,000
FY18	151,911,983	9,740,000
FY19	157,935,441	15,680,000
FY20	163,006,221	14,085,000 *

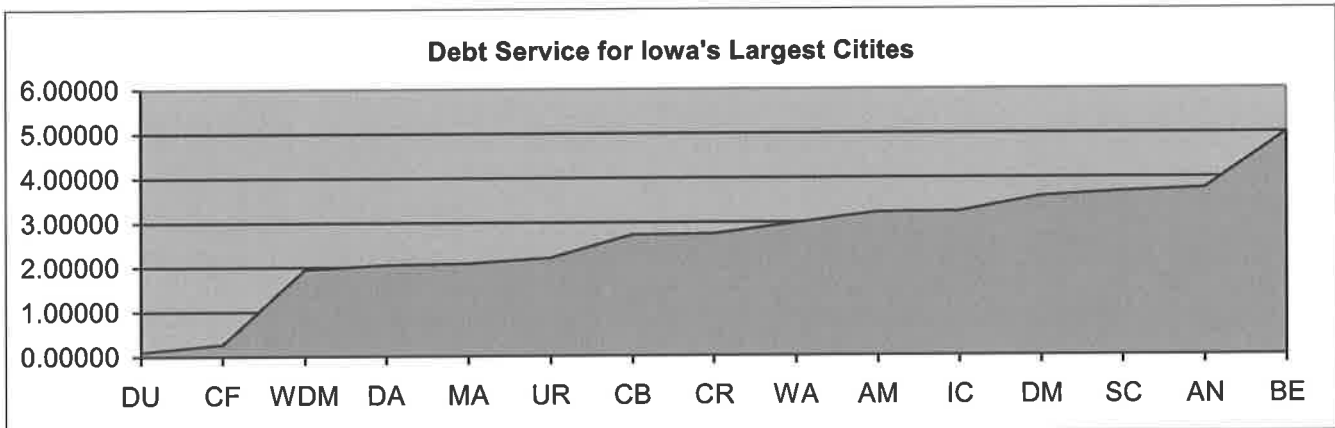
\* estimate

### 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	FY19 Debt Service	2010 Population
Dubuque	0.10008	57,637
<b>Cedar Falls</b>	<b>0.26483</b>	<b>39,260</b>
W. Des Moines	1.95000	56,609
Davenport	2.05000	99,685
Marion	2.08103	34,768
Urbandale	2.20000	39,463
Council Bluffs	2.72009	62,230
Cedar Rapids	2.73605	126,326
Waterloo	2.98828	68,406
Ames	3.21813	58,965
Iowa City	3.22846	67,862
Des Moines	3.57000	203,433
Sioux City	3.67148	82,684
Ankeny	3.75000	45,582
Bettendorf	5.00000	33,217
Average:	2.63522	

Cedar Falls' debt service levy is approximately \$2.37 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 2020 is based upon actual property valuation at January 1, 2018.

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:

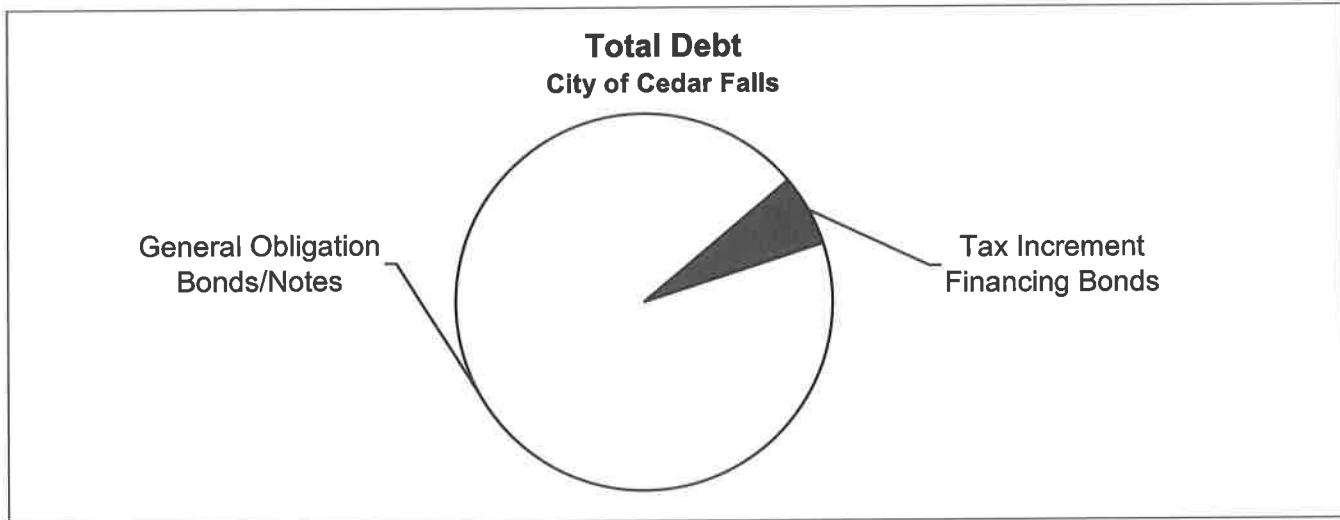
Estimated actual valuation of taxable property within the City - Jan 1, 2018	\$ 3,260,124,420
Debt limit - 5% of total actual valuation	\$ 163,006,221
Debt applicable to debt limit:	
General Obligation Bonds/Notes	14,085,000
General Obligation Bonds/Notes - CFU Communication Bonds	0
Legal Debt Margin	<u>\$ 148,921,221</u>
Total net debt applicable to the limit as a percentage of debt limit	8.64%

**Debt History  
Legal Debt Margin**

	2015	2016	2017	2018	2019
Debt Limit	\$ 139,586,122	\$ 142,421,126	\$ 149,224,259	\$ 151,911,983	\$ 157,935,441
Total net debt applicable to limit	<u>7,770,000</u>	<u>5,920,000</u>	<u>13,270,000</u>	<u>9,740,000</u>	<u>15,680,000</u>
Legal debt margin	<u>\$ 131,816,122</u>	<u>\$ 136,501,126</u>	<u>\$ 135,954,259</u>	<u>\$ 142,171,983</u>	<u>\$ 142,255,441</u>
Total net debt applicable to the limit as a percentage of Debt Limit	5.57%	4.16%	8.89%	6.41%	9.93%

**Principal Annual Maturities  
As of January 1, 2020**

Year	Tax Increment Financing Bonds	General Obligation Notes/Bonds
2020	160,000	1,555,000
2021	165,000	1,375,000
2022	170,000	1,410,000
2023	180,000	1,455,000
2024	185,000	1,510,000
2025-2028	0	5,920,000
<b>Total</b>	<b>860,000</b>	<b>13,225,000</b>



**Annual Service Requirements**

The annual debt service requirements to service the outstanding indebtedness of the City's are as follows:

Year	Tax Increment Financing Bonds	General Obligation Notes/Bonds
2020	191,033	1,967,220
2021	190,673	1,738,000
2022	189,815	1,729,600
2023	193,780	1,729,900
2024	192,030	1,738,400
2025-2028	0	6,354,650
<b>Total</b>	<b>957,331</b>	<b>15,257,770</b>

**City of Cedar Falls  
Outstanding Bond Report  
As of January 1, 2020**

<b>Bonded Debt Description</b>	<b>Maturity Date</b>	<b>General Obligation Bonds/Notes</b>	<b>Utility Bonds</b>	<b>Revenue Bonds</b>
Capital Loan Notes	06/01/24	1,080,000		
Capital Loan Notes	06/01/26	1,925,000		
Capital Loan Notes - Sewer	06/01/28	5,555,000		
2012 Sewer Internal Financing*	06/01/35	11,530,000		
General Obligation Bonds	06/01/28	2,660,000		
GO Bonds - Sewer	06/01/28	2,010,000		
GO Bonds - Stormwater	06/01/28	855,000		
SRF	06/01/33			5,346,000
<b>Total</b>		<b>\$25,615,000</b>	<b>\$0</b>	<b>\$5,346,000</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 FY20**

<b>Bonds Due 06/30/20</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2009A Capital Loan Notes	220,000	7,370	227,370
2009A Capital Loan Notes - TIF	160,000	31,030	191,030
Sewer SRF Loan	308,000	173,750	481,750
2016 GO Bonds	260,000	38,500	298,500
2018 GO Bonds	240,000	122,850	362,850
2018 Sewer Bonds	185,000	92,900	277,900
2018 Stormwater Bonds	80,000	39,500	119,500
2016 Sewer Bonds	570,000	111,100	681,100
	<b>\$ 2,023,000</b>	<b>\$ 617,000</b>	<b>\$ 2,640,000</b>

If bonds are sold after the FY20 budget certification date, debt service in FY20 on those bonds are budgeted out of the general fund for FY20.