

**Long-Term Debt**

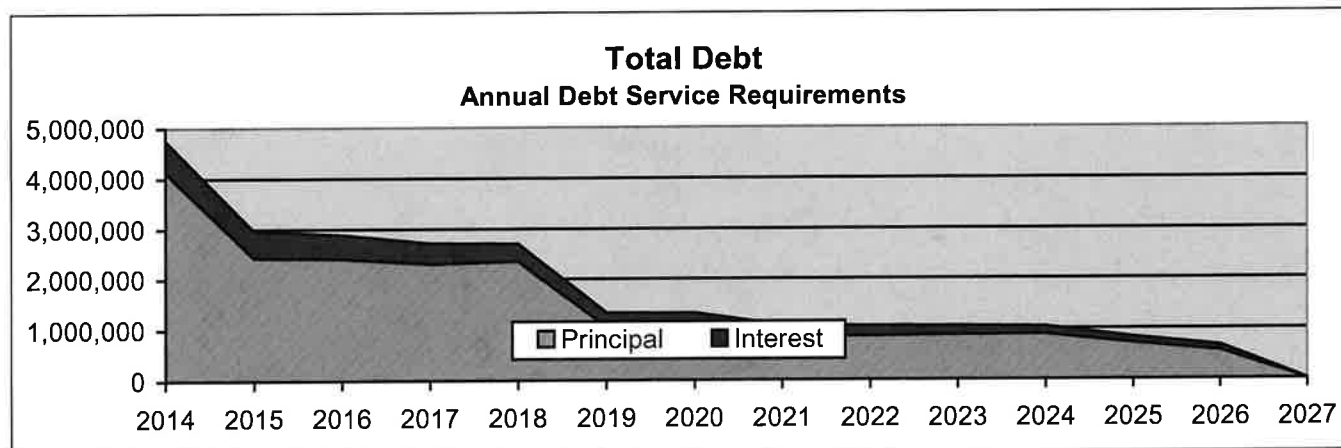
The Debt Service Fund is a legally required fund. The fund administers the payments for all of the City’s general obligation debt, including payments on Tax Increment Financing bonds. Revenue bonds are administered in the enterprise fund that is securing the debt. Currently the Sewer fund and the Storm Water fund are the enterprise funds 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 FY23 is \$0.47 compared to \$0.30 for FY22.

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                |
|-------------|-------------------------------|--------------------------------|---------------------|----------------------|
| 2023        | --                            | 1,795,000                      | 334,200             | 2,129,200            |
| 2024        | --                            | 1,860,000                      | 280,900             | 2,140,900            |
| 2025        | --                            | 1,915,000                      | 225,250             | 2,140,250            |
| 2026        | --                            | 1,975,000                      | 167,600             | 2,142,600            |
| 2027        | --                            | 1,735,000                      | 114,600             | 1,849,600            |
| 2028        | --                            | 1,775,000                      | 65,800              | 1,840,800            |
| 2029        | --                            | 390,000                        | 15,900              | 405,900              |
| 2030        | --                            | 405,000                        | 8,100               | 413,100              |
| 2031        | --                            | --                             | --                  | --                   |
|             | <u>\$ 0</u>                   | <u>\$ 11,850,000</u>           | <u>\$ 1,212,350</u> | <u>\$ 13,062,350</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 2022.

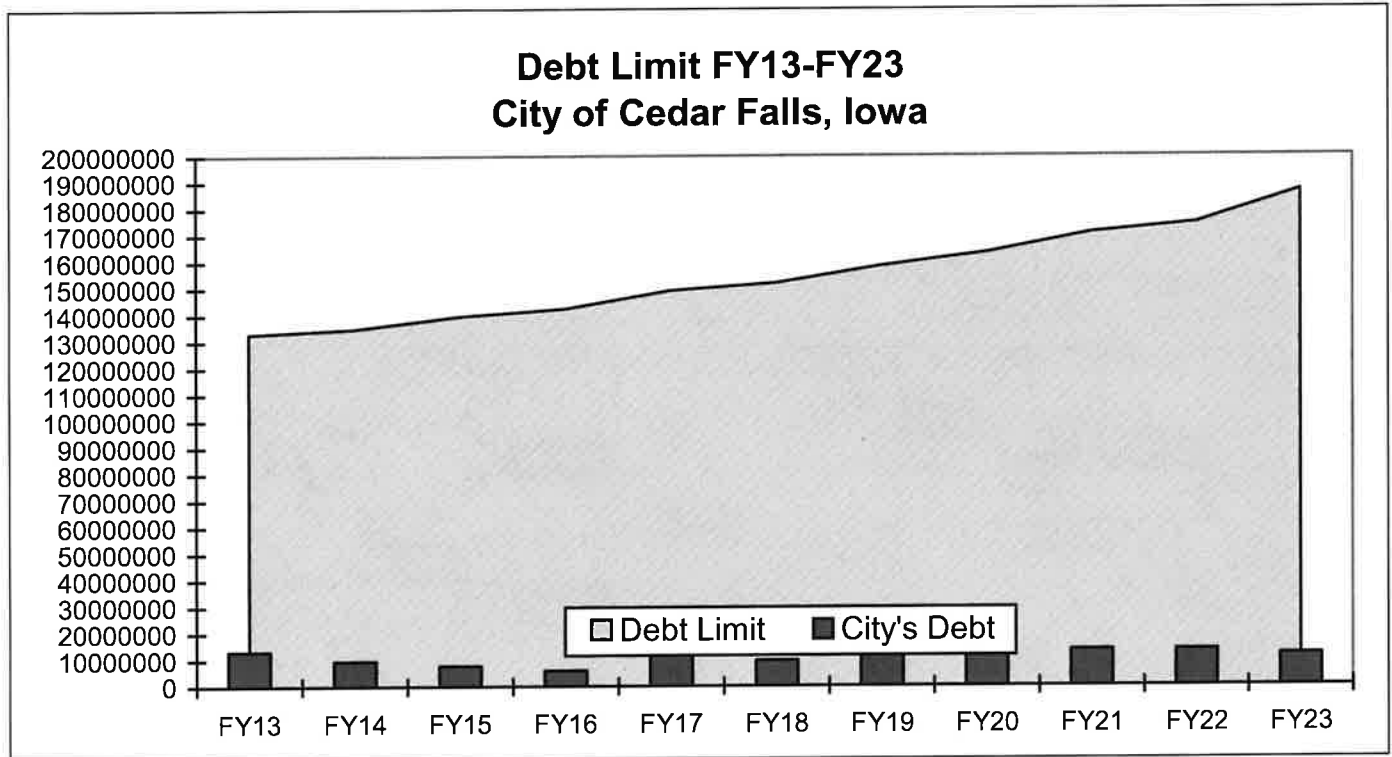


The City of Cedar Falls was upgraded to a Aaa rating from Moody’s Investor Services in June 2020 for all general obligation issuances. This was a major achievement by the City. The upgrade was a result of strong financial management evidenced by a long history of strong cash reserves and liquidity, modest debt burden, and low fixed costs.

In 2020, the City issued \$3,430,000 in General Obligation Capital Loan Notes. The proceeds were for various capital projects, including Olive Street Box Culvert, Union Road Trail, Cedar Heights Drive Reconstruction, Greenhill Road & S. Main Intersection, and a new fire truck.

**Impact on Property Taxes**

During calendar year 2022, the City may sell approximately \$3,796,000 in General Obligation Bonds. These proceeds will be used for various citywide projects, including Slope Repairs, Cedar Heights Drive Reconstruction, River Improvements, South Main Intersection improvements, Main Street Reconstruction, and City’s new financial system.



| Year | Debt Limit  | City's Debt  |
|------|-------------|--------------|
| 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 | 158,343,489 | 14,085,000   |
| FY20 | 163,389,318 | 11,670,000   |
| FY21 | 170,858,420 | 13,595,000   |
| FY22 | 174,549,627 | 13,595,000   |
| FY23 | 186,759,662 | 11,850,000 * |

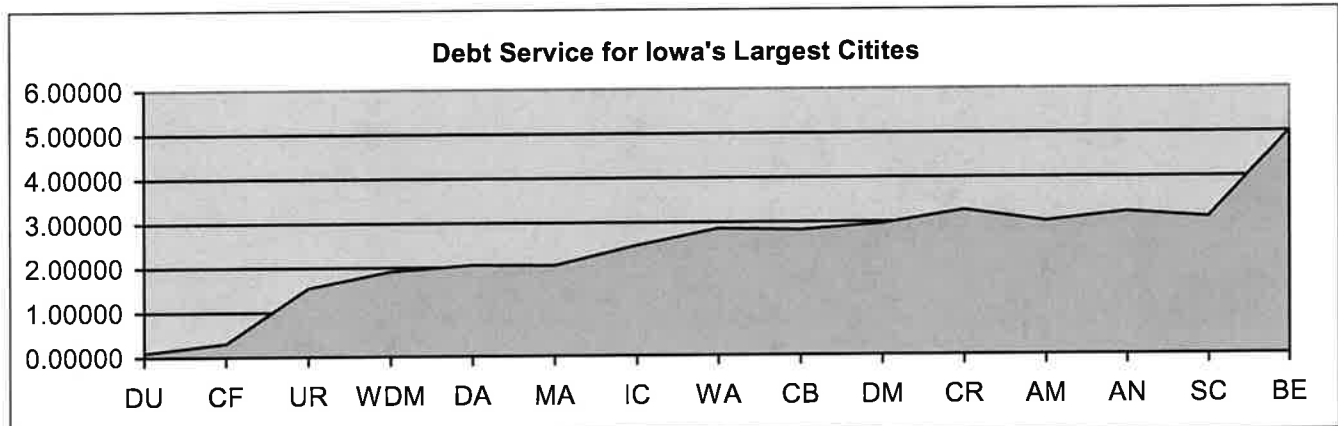
\* estimate

**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               | FY22 Debt Service | 2020 Population |
|--------------------|-------------------|-----------------|
| Dubuque            | 0.09215           | 59,667          |
| <b>Cedar Falls</b> | <b>0.30186</b>    | <b>40,713</b>   |
| Urbandale          | 1.54000           | 45,580          |
| W. Des Moines      | 1.91000           | 68,723          |
| Davenport          | 2.04999           | 101,724         |
| Marion             | 2.03662           | 41,535          |
| Iowa City          | 2.47846           | 74,828          |
| Waterloo           | 2.85552           | 67,314          |
| Council Bluffs     | 2.82000           | 62,799          |
| Des Moines         | 2.96000           | 214,133         |
| Cedar Rapids       | 3.25225           | 137,710         |
| Ames               | 2.99735           | 66,427          |
| Ankeny             | 3.20000           | 67,887          |
| Sioux City         | 3.07864           | 85,797          |
| Bettendorf         | 5.00000           | 39,102          |
| Average:           | 2.43819           |                 |

Cedar Falls' debt service levy is approximately \$2.14 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 2023 is based upon actual property valuation at January 1, 2021.

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:

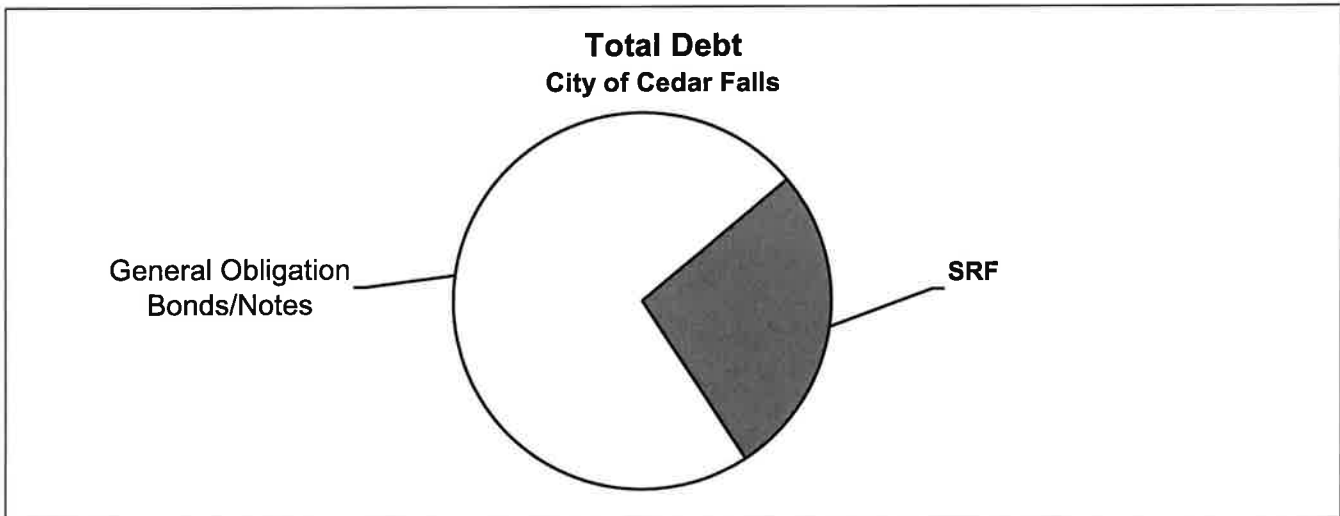
|  |                         |
|--|-------------------------|
| Estimated actual valuation of taxable property within the City - Jan 1, 2021 | <u>\$ 3,735,193,238</u> |
| Debt limit - 5% of total actual valuation                                    | \$ 186,759,662          |
| Debt applicable to debt limit:   |                         |
| General Obligation Bonds/Notes   | 11,850,000              |
| General Obligation Bonds/Notes - CFU Communication Bonds                     | <u>0</u>                |
| Legal Debt Margin  | <u>\$ 174,909,662</u>   |
| Total net debt applicable to the limit as a percentage of debt limit         | 6.35%                   |

**Debt History  
Legal Debt Margin**

|  | <u>2018</u>           | <u>2019</u>           | <u>2020</u>           | <u>2021</u>           | <u>2022</u>           |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Debt Limit   | \$ 151,911,983        | \$ 158,343,489        | \$ 163,389,318        | \$ 170,858,420        | \$ 174,549,627        |
| Total net debt applicable to limit                                   | <u>9,740,000</u>      | <u>14,085,000</u>     | <u>11,670,000</u>     | <u>13,595,000</u>     | <u>13,595,000</u>     |
| Legal debt margin  | <u>\$ 142,171,983</u> | <u>\$ 144,258,489</u> | <u>\$ 151,719,318</u> | <u>\$ 157,263,420</u> | <u>\$ 160,954,627</u> |
| Total net debt applicable to the limit as a percentage of Debt Limit | 6.41%                 | 8.90%                 | 7.14%                 | 7.96%                 | 7.79%                 |

**Principal Annual Maturities  
As of January 1, 2023**

| Year         | SRF Revenue      | General Obligation Notes/Bonds |
|--------------|------------------|--------------------------------|
| 2023         | 339,000          | 1,795,000                      |
| 2024         | 350,000          | 1,860,000                      |
| 2025         | 361,000          | 1,915,000                      |
| 2026         | 373,000          | 1,975,000                      |
| 2027         | 385,000          | 1,735,000                      |
| 2028-2033    | 2,584,000        | 2,570,000                      |
| <b>Total</b> | <b>4,392,000</b> | <b>11,850,000</b>              |



**Annual Service Requirements**

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

| Year         | Sewer Bonds      | General Obligation Notes/Bonds |
|--------------|------------------|--------------------------------|
| 2023         | 481,740          | 2,129,200                      |
| 2024         | 481,723          | 2,140,900                      |
| 2025         | 481,348          | 2,140,250                      |
| 2026         | 481,615          | 2,142,600                      |
| 2027         | 481,493          | 1,849,600                      |
| 2028-2033    | 2,885,763        | 2,659,800                      |
| <b>Total</b> | <b>5,293,682</b> | <b>13,062,350</b>              |

**City of Cedar Falls  
Outstanding Bond Report  
As of January 1, 2023**

| <b>Bonded<br/>Debt<br/>Description</b> | <b>Maturity<br/>Date</b> | <b>General<br/>Obligation<br/>Bonds/Notes</b> | <b>Utility<br/>Bonds</b> | <b>Revenue<br/>Bonds</b> |
|--|--------------------------|---|--------------------------|--------------------------|
| Capital Loan Notes                     | 06/01/30                 | 2,965,000                                     |                          |                          |
| Capital Loan Notes                     | 06/01/26                 | 1,130,000                                     |                          |                          |
| Capital Loan Notes - Sewer             | 06/01/28                 | 3,815,000                                     |                          |                          |
| 2012 Sewer Internal Financing*         | 06/01/35                 | 8,965,000                                     |                          |                          |
| General Obligation Bonds               | 06/01/28                 | 1,900,000                                     |                          |                          |
| GO Bonds - Sewer                       | 06/01/28                 | 1,430,000                                     |                          |                          |
| GO Bonds - Stormwater                  | 06/01/28                 | 610,000                                       |                          |                          |
| SRF                                    | 06/01/33                 |   |                          | 4,392,000                |
| <b>Total</b>                           |                          | <b>\$20,815,000</b>                           | <b>\$0</b>               | <b>\$4,392,000</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 FY23**

| <b>Bonds Due 06/30/23</b> | <b>Principal</b>    | <b>Interest</b>   | <b>Total</b>        |
|---------------------------|---------------------|-------------------|---------------------|
| 2020 Capital Loan Notes   | 340,000             | 59,300            | 399,300             |
| Sewer SRF Loan            | 339,000             | 142,740           | 481,740             |
| 2016 GO Bonds             | 275,000             | 22,600            | 297,600             |
| 2018 GO Bonds             | 280,000             | 84,850            | 364,850             |
| 2018 Sewer Bonds          | 210,000             | 63,900            | 273,900             |
| 2018 Stormwater Bonds     | 90,000              | 27,250            | 117,250             |
| 2016 Sewer Bonds          | 600,000             | 76,300            | 676,300             |
|                           | <b>\$ 2,134,000</b> | <b>\$ 476,940</b> | <b>\$ 2,610,940</b> |

If bonds are sold after the FY23 budget certification date, debt service in FY23 on those bonds will be budgeted in FY24.