



Local Question 8 - \$5 Million Road Improvement Bond Bond Cost Schedule

\$5 million road improvement project				
Fiscal year	Budgetary Impact		Present Value ¹	
	Pay-Go ²	Bonds	Pay-Go	Bonds
2017	\$520,000	\$0	\$515,100	\$0
2018	540,800	337,450	520,578	329,178
2019	562,432	338,700	526,114	320,972
2020	584,929	334,825	531,709	308,265
2021	608,326	339,400	537,364	303,541
2022	632,660	338,625	543,079	294,203
2023-2037	2,794,029	5,048,475	2,230,688	3,504,654
Total	\$6,243,176	\$6,737,475	\$5,404,632	\$5,060,813

The estimated future cost of the bonds is \$6,737,475; work is scheduled to be completed within a 5-year period. On a present value basis³, the estimate cost of the bonds is \$5,060,813. The average annual debt payment would be \$336,874 over the 20 year life of the bond.

Debt service payments would be funded from the Town’s Capital Improvement Special Revenue fund. The funds are already available in the Town’s existing revenue stream to pay for the debt service⁴, therefore **the Town does not need to increase the property tax rate to repay the debt.**

If the bond does not pass in November, the Town would need to consider budgeting funds to complete the work on a pay-as-you-go basis; the estimated pay-as-you-go future cost would be \$6,243,176; work would be completed over a 10-year period. If voters did not approve the bond and work was to be funded from the operating budget, the Town needs to budget an average appropriation of \$624,318 annually.

¹ Present value date coincides with the expected fiscal year of contemplated Road Bond Issue. Present value rate of 2.906% based upon projected interest cost for Road Bonds.

² Drawdown projection includes 4% annual construction inflation estimated by the Town as of March 22, 2016.

³ Present value is a formula used in finance that calculates the present day value of an amount that is expended at a future date.

⁴ During the fiscal year 2017 budget process, the Town Council identified an average of \$400,812 a year that could be reallocated from pay-as-you-go financing to debt service to accelerate the necessary work and pay for the Road Improvement Bond **without having to increase property taxes.**



Local Question 9 - \$10 Million School Renovation Bond Bond Cost Schedule

\$10 million school renovation project (Net project cost is \$6.1M with 39% school housing aid reimbursement) ¹				
Fiscal year	Budgetary Impact		Present Value ²	
	Pay-Go ³	Bonds	Pay-Go	Bonds
2017	\$0	\$0	\$0	\$0
2018	1,755,866	413,300	1,690,210	403,159
2019	1,163,395	408,675	1,088,271	387,298
2020	1,518,617	409,050	1,380,446	376,598
2021	2,323,336	412,400	2,052,315	368,831
2022	0	410,400	0	356,568
2023-2037	0	6,154,825	0	4,271,293
Total	\$6,761,215	\$8,208,650	\$6,211,241	\$6,163,747

The estimated future cost of the bonds is \$8,208,650; work is scheduled to be completed within a 5-year period. On a present value basis⁴, the estimate cost of the bonds is \$6,163,747. The average annual debt payment would be \$410,433 over the 20 year life of the bond.

Debt service payments would be funded from the Town’s Capital Improvement Special Revenue fund. The funds are already available in the Town’s existing revenue stream to pay for the debt service⁵, therefore **the Town does not need to increase the property tax rate to repay the debt.**

If the bond does not pass in November, the Town would need to consider budgeting funds to complete the work on a pay-as-you-go basis; the estimated pay-as-you-go future cost would be \$6,761,215; work would be completed over a 5-year period. If voters did not approve the bond and work was to be funded from the operating budget, the Town needs to budget an average appropriation of \$1,352,243 annually.

¹ The Town anticipates receiving Housing Aid (39% reimbursement) from the Rhode Island Department of Education that will offset the cost of the project including the cost of interest.

² Present value date coincides with expected fiscal year of contemplated School Renovation Bond Issue. Present value rate of 2.906% based upon projected interest cost for School Renovation Bonds.

³ Drawdown projection includes 4% annual construction inflation estimated by the Town as of March 22, 2016.

⁴ Present Value is a formula used in finance that calculates the present day value of an amount that is expended at a future date.

⁵ During the fiscal year 2017 budget process, the Town Council identified an average of \$537,186 a year that could be reallocated from pay-as-you-go financing to debt service to accelerate the necessary work and pay for the School Renovation Bond **without having to increase property taxes.**