



TOWN OF BRIDGEWATER

Town Debt

TOPICS FOR TONIGHT

- ⦿ Municipal Borrowing: Definitions - Inside & Outside the Debt Limit
- ⦿ How Much Can We Legally Borrow - Inside the Debt Limit: The Calculation - Steps 1, 2, and 3.
- ⦿ How Borrowing Impacts Our Bond Rating?
 - Now?
 - Projected?
- ⦿ What Will It Cost?
 - By Project: Average Home Value of \$385,759
 - By Project: How to Calculate Your Cost

MUNICIPAL BORROWING

All authorized debts, except those expressly authorized by law to be incurred outside the debt limit, shall be reckoned in determining the limit of indebtedness under Chapter 44 Section 10.

- ◉ **Inside the Debt Limit (IDL):** Cities, towns and districts may borrow within their debt limits under for a broad range of capital purposes and projects, including the acquisition of interests in land, capital assets and equipment, building construction, etc.....
 - A city or town may not authorize indebtedness in excess of 5% unless authorize by the municipal finance oversight board,
 - But not in excess of 10 per cent, of the aforesaid equalized valuation

- ◉ **Outside the Debt Limit:** Cities, towns and districts may borrow outside their debt limits for Specified Purposes such as, water sources, water reservoirs, water filter beds, water mains, water equipment, gas or electric plants, regional incinerator, roadway drainage, municipal golf courses, Title V programs, etc.....

HOW MUCH CAN WE LEGALLY BORROW INSIDE OUR DEBT LIMIT?

1. Take the Town of Bridgewater's Equalized Property Values

LA 19 Report - Fiscal Year 2018	
Classification	Estimated Full Value
Residential	2,574,020,100
Commercial	209,435,000
Industrial	92,407,400
Personal Property	79,660,700
Total Real & Personal	2,955,523,200
Estimated New Growth	60,588,200
2018 Final Equalized Value	3,016,111,400

HOW MUCH CAN WE BORROW INSIDE OUR DEBT LIMIT?

2. Calculate Our Maximum Debt Capacity

Maximum Debt Capacity Limit	Amount
Maximum Debt Capacity 5% of Equalized Value (\$3,016,111,400)	150,805,570

HOW MUCH CAN WE BORROW INSIDE OUR DEBT LIMIT?

3. Adjust the Town of Bridgewater's Maximum Debt Capacity to determine our Projected Maximum Debt Capacity

Adjusted Maximum Debt Capacity Limit		Amount
Maximum Debt Capacity 5% of Equalized Value		150,805,570
Less: Current Debt - IDL	06.30.19	(11,191,907)
Less: Projected New Debt - IDL	06.30.23	(50,475,000)
Add: Debt to be Paid -IDL	07.01.19 - 06.30.23	<u>3,704,338</u>
Projected Debt Capacity	06.30.23	92,843,001

BORROWING IMPACT ON BOND RATING

◎ Bonding Agencies Formula

- Total General Fund Debt Service (P & I for All Debt Inside & Outside of the Debt Limit), as a Percent to the GF Operating Budget,
Should Stay between 8%-15%....
- This ensures that the total of our Debt Service does not negatively impact our Bond Rating

IMPACT ON OUR BOND RATING: WHERE ARE WE NOW? WHERE ARE WE GOING?

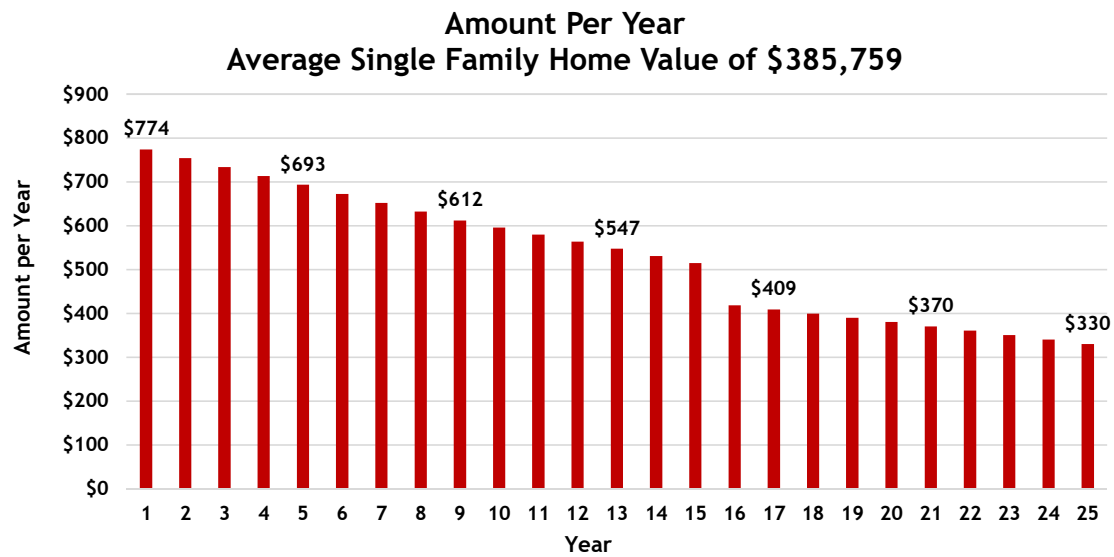
GREEN - RED - YELLOW

GF Debt Service as a % to GF Operating Budget - Budget Increase Assumed at 3%										
	Actual	Projected								
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Operating Budget	58,183,973	59,638,572	61,129,537	62,657,775	64,224,219	65,829,825	67,475,571	69,162,460	70,891,521	72,663,809
Debt Service	2,422,034	8,523,288	7,881,696	7,648,745	7,422,920	7,017,497	6,798,024	6,572,586	5,670,949	5,167,738
Percent to Budget	4.2%	14.3%	12.9%	12.2%	11.6%	10.7%	10.1%	9.5%	8.0%	7.1%
	Low Range 0% to 8%				Mid Range 8.1% to 11.5%			High Range 11.6% to 15%		

WHAT WILL IT COST? IMPACT ON THE TAXPAYER

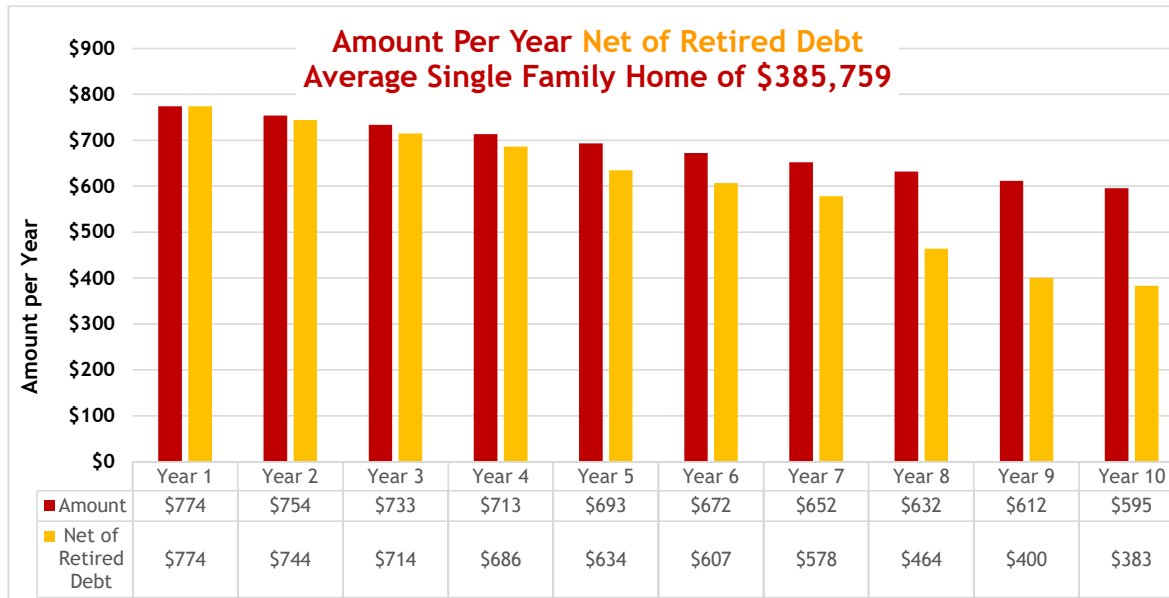
Impact on Tax Rate in \$ per 1,000 - Base Tax Rate FY 2019 or \$14.83										
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Tax Rate Incr. at 2.5% from Prior Year	\$15.20	\$15.58	\$15.97	\$16.37	\$16.78	\$17.20	\$17.63	\$18.07	\$18.52	\$18.98
Current Debt	\$0.80	\$0.66	\$0.64	\$0.61	\$0.59	\$0.51	\$0.49	\$0.47	\$0.23	\$0.11
% of Estimated Tax Rate	5.23%	4.24%	3.98%	3.74%	3.51%	2.96%	2.78%	2.60%	1.22%	0.59%
Projected New Debt										
School	\$0.00	\$1.25	\$1.22	\$1.19	\$1.15	\$1.12	\$1.09	\$1.06	\$1.03	\$1.00
Fire Station	\$0.00	\$0.39	\$0.38	\$0.37	\$0.36	\$0.35	\$0.34	\$0.33	\$0.32	\$0.31
Roadways	\$0.00	\$0.20	\$0.20	\$0.19	\$0.18	\$0.18	\$0.17	\$0.16	\$0.16	\$0.15
Drainage	<u>\$0.00</u>	<u>\$0.16</u>	<u>\$0.16</u>	<u>\$0.15</u>	<u>\$0.15</u>	<u>\$0.14</u>	<u>\$0.14</u>	<u>\$0.14</u>	<u>\$0.13</u>	<u>\$0.13</u>
Total New Debt	\$0.00	\$2.01	\$1.95	\$1.90	\$1.85	\$1.80	\$1.74	\$1.69	\$1.64	\$1.59
Total Current & Projected New Debt	\$0.80	\$2.67	\$2.59	\$2.51	\$2.44	\$2.31	\$2.23	\$2.16	\$1.86	\$1.70
% of Tax Rate	5.23%	17.12%	16.21%	15.35%	14.53%	13.40%	12.67%	11.95%	10.06%	8.94%

WHAT WILL IT COST? IMPACT ON THE TAXPAYER - OVER THE 25 YEAR PERIOD - ALL NEW PROJECTS



(1) The worst impact will be the first year and then the debt service will decline as the principal is paid down. Impact is based on the average assessed home value of \$385,759 less MSBA reimbursement with an assumed 3.5% interest rate.

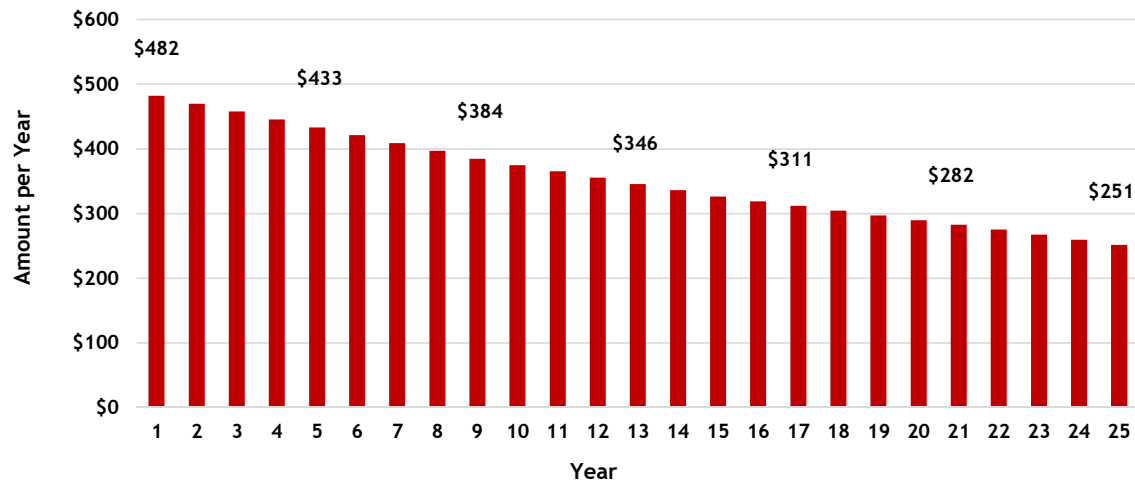
WHAT WILL IT COST TAXPAYER IMPACT OVER A 10 YEAR PERIOD - ALL PROJECTS: NET OF RETIRED DEBT



(1) The worst impact will be the first year and then the debt service will decline as the principal is paid down. Impact is based on the average assessed home value of \$385,759 less MSBA reimbursement with an assumed 3.5% interest rate.

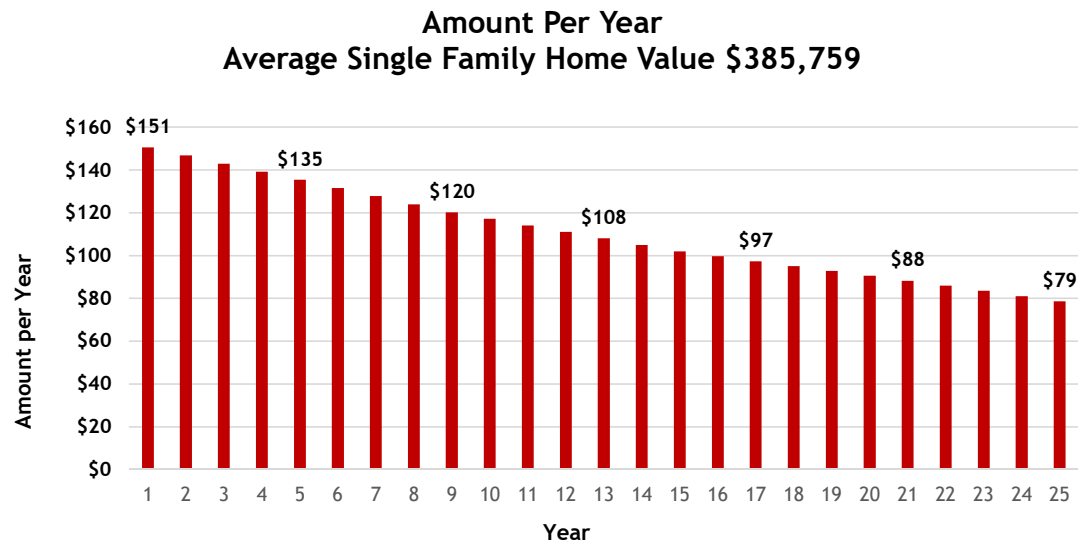
HOW MUCH WILL IT COST? IMPACT ON THE TAXPAYER - OVER THE 25 YEAR PERIOD - MITCHELL SCHOOL

Amount Per Year
Average Single Family Home Value of \$385,759



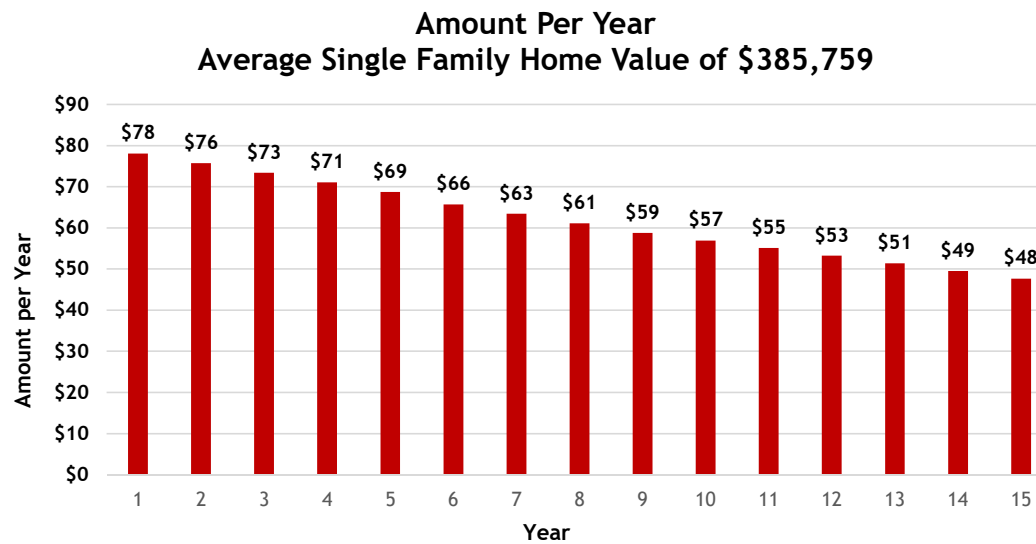
(1) The worst impact will be the first year and then the debt service will decline as the principal is paid down. Impact is based on the average assessed home value of \$385,759 less MSBA reimbursement and proposed offsetting revenues with an assumed 3.5% interest rate.

HOW MUCH WILL IT COST? IMPACT ON THE TAXPAYER - OVER THE 25 YEAR PERIOD - NEW FIRE STATION



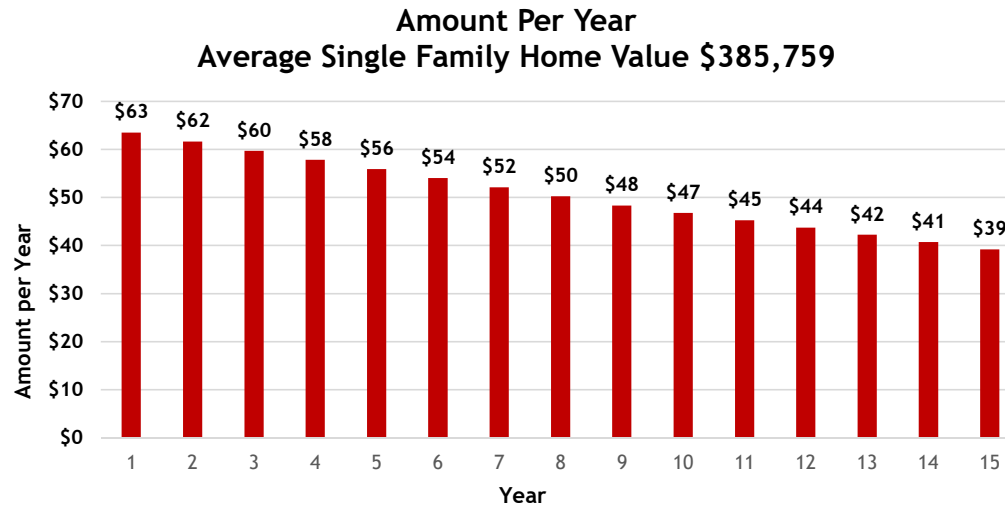
(1) The worst impact will be the first year and then the debt service will decline as the principal is paid down. Impact is based on the average assessed home value of \$385,759 with an assumed 3.5% interest rate.

HOW MUCH WILL IT COST? IMPACT ON THE TAXPAYER - OVER THE 15 YEAR PERIOD - ROADWAY



(1) The worst impact will be the first year and then the debt service will decline as the principal is paid down. Impact is based on the average assessed home value of \$385,759 with an assumed 3.5% interest rate.

HOW MUCH WILL IT COST? IMPACT ON THE TAXPAYER-OVER THE 15 YEAR PERIOD - DRAINAGE



(1) The worst impact will be the first year and then the debt service will decline as the principal is paid down. Impact is based on the average assessed home value of \$385,759 with an assumed 3.5% interest rate.

CALCULATE YOUR COST!

Rate per \$1,000 - Year One

School Building:	\$1.25
Fire Station:	\$0.39
Roads:	\$0.20
Drainage:	\$0.16

Calculating Your Cost

(Assessed Property Value (From Your Tax Bill) / \$1,000) X (Rate per \$1,000) =
Annual Cost

Example: Total Annual Cost of \$918

\$459,000 / \$1,000 X \$1.25 = \$574 Annually
\$459,000 / \$1,000 X \$0.39 = \$179 Annually
\$459,000 / \$1,000 X \$0.20 = \$ 91 Annually
\$459,000 / \$1,000 X \$0.16 = \$ 74 Annually

QUESTIONS?

