



Town of Coventry

SCHOOL BOND FINANCIAL IMPACT

OCTOBER 18, 2021

Financial Context

Town of Coventry Bond Process

Total School Project Cost

Total Financed Cost of School Bond

Proposed School Debt Service for Bond – PFM Advisors

Total Debt Service

Total Debt Service- Chart

Debt Service – Town Bonds

Debt Service – Sewer Bonds

Current School CIP Needs vs Proposed School Bond Allocation

Budget Projection – 3.45% Tax Levy Increase

Budget Projection – 4.00% Tax Levy Increase

Debt Margin

Litmus Test



Town of Coventry Bond Process

School Bond Process:

Step 1: Coventry Town Council votes to refer school bond to the voters

Step 2: Enabling legislation is submitted for approval to have school bond referendum

Step 3: School Bond is Voted on by State Legislature (If Step 1 passes)

Step 4: School Bond is Voted on by Town of Coventry Citizens Bond Referendum
(If Step 3 passes)

Total School Project Cost

	Current School Bond Proposal with State Reimbursement 57.80%		Coventry's Normal State Reimbursement 42.80%		Coventry's Differences w/o State Reimbursement Pay-Go program
School Project Cost	89,384,022		89,384,022		-
RI Pay-Go Amount	(8,149,022)		-		(8,149,022)
Required Bond	81,235,000		89,384,022		(8,149,022)
Principal Costs (Town)	81,235,000		89,384,022		(8,149,022)
Principal Costs (State funded under PayGo)	8,149,022				8,149,022
Interest Costs	50,982,541		57,508,725		(6,526,184)
Total Project Cost Prior State Aid	140,366,563	A	146,892,747		(6,526,184)
State of Rhode Island Housing Aid Shown on the Town Budget As Revenue	(64,435,066)	B	(62,870,096)		(1,564,970)
State of Rhode Island Housing Aid- Pay as you Go	(8,149,022)				(8,149,022)
Net Cost of Project After State Housing Aid Revenue to the Town	67,782,475	C	84,022,651		(16,240,176)
(A+B) = C					
PayGo 15% Bonus program	(2,855,820)	D			(2,855,820)
Net Cost of Project After State Housing Aid Revenue to the Town	64,926,655	E	84,022,651		(19,095,996)
(C+D) = E					
True costshare of project to taxpayers	46.26%	F	57.20%		-10.94%
(E/A) = F					

We would pay more principal with financing. No direct Pay-go "reduction"

Interest Cost will be larger due to more principal financed

Difference in Housing Aid (57.8% vs 42.8%)

State funded PayGo program

Additional Housing Aid if we meet Bonus Requirement (15%).

Proposed School Debt Service for Bond-PFM

Town of Coventry

FOR DISCUSSION PURPOSES ONLY
INTEREST RATES PRELIMINARY AND SUBJECT TO CHANGE

School Bond Assumptions - Scenario III

Project Amount:	\$ 89,384,022
State Base Share Ratio:	42.80%
State Aid Ratio with Bonus:	57.80%
Total Aid:	\$ 72,584,119
Pay-Go Amount:	\$ 8,149,022
Annual Reimbursement:	\$ 64,435,097
Bond Amount:	\$ 81,235,000
November 2021 BANS:	\$ 7,018,000
Pay-Go:	\$ 5,082,000
Issue Date:	11/1/2021
Interest Rate:	1.25%
Term:	12 Months
November 2022 BANS:	\$ 32,000,000
Pay-Go:	\$ 3,067,022
Issue Date:	11/1/2022
Interest Rate:	1.25%
Term:	12 Months
November 2023 BANS:	\$ 71,500,000
Issue Date:	11/1/2023
Interest Rate:	1.25%
Term:	12 Months
November 2024 Bond:	\$ 81,235,000
Issue Date:	11/1/2024
Interest Rate:	4.00%
Term:	25 Year
Project Substantial Completion Date:	6/30/2025
Project Eligible for Aid:	6/30/2026

Period Ending	November 2021 BANS Interest	November 2022 BANS Interest	November 2023 BANS Interest
6/30/2023	\$ 87,725	\$ -	\$ -
6/30/2024	-	400,000	-
6/30/2025	-	-	893,750
6/30/2026	-	-	-
6/30/2027	-	-	-
6/30/2028	-	-	-
6/30/2029	-	-	-
6/30/2030	-	-	-
6/30/2031	-	-	-
6/30/2032	-	-	-
6/30/2033	-	-	-
6/30/2034	-	-	-
6/30/2035	-	-	-
6/30/2036	-	-	-
6/30/2037	-	-	-
6/30/2038	-	-	-
6/30/2039	-	-	-
6/30/2040	-	-	-
6/30/2041	-	-	-
6/30/2042	-	-	-
6/30/2043	-	-	-
6/30/2044	-	-	-
6/30/2045	-	-	-
6/30/2046	-	-	-
6/30/2047	-	-	-
6/30/2048	-	-	-
6/30/2049	-	-	-
6/30/2050	-	-	-
Totals	\$ 87,725	\$ 400,000	\$ 893,750

Period Ending	November 2024 School Bonds				Total School Net Debt Service
	Principal	Interest	State Aid	Net Debt Service	
6/30/2023	\$ -	\$ -	\$ -	\$ -	\$ 87,725
6/30/2024	-	-	-	-	400,000
6/30/2025	-	1,751,066	-	-	2,644,816
6/30/2026	3,540,000	3,249,400	(4,203,617)	2,585,783	2,585,783
6/30/2027	1,990,000	3,107,800	(2,510,717)	2,587,083	2,587,083
6/30/2028	2,070,000	3,028,200	(2,510,914)	2,587,286	2,587,286
6/30/2029	2,150,000	2,945,400	(2,509,535)	2,585,865	2,585,865
6/30/2030	2,235,000	2,859,400	(2,509,043)	2,585,357	2,585,357
6/30/2031	2,325,000	2,770,000	(2,509,338)	2,585,662	2,585,662
6/30/2032	2,420,000	2,677,000	(2,510,323)	2,586,677	2,586,677
6/30/2033	2,515,000	2,580,200	(2,509,437)	2,585,763	2,585,763
6/30/2034	2,615,000	2,479,600	(2,509,141)	2,585,459	2,585,459
6/30/2035	2,720,000	2,375,000	(2,509,338)	2,585,662	2,585,662
6/30/2036	2,830,000	2,266,200	(2,509,929)	2,586,271	2,586,271
6/30/2037	2,945,000	2,153,000	(2,510,816)	2,587,184	2,587,184
6/30/2038	3,060,000	2,035,200	(2,509,437)	2,585,763	2,585,763
6/30/2039	3,185,000	1,912,800	(2,510,717)	2,587,083	2,587,083
6/30/2040	3,310,000	1,785,400	(2,509,535)	2,585,865	2,585,865
6/30/2041	3,440,000	1,653,000	(2,508,353)	2,584,647	2,584,647
6/30/2042	3,580,000	1,515,400	(2,509,535)	2,585,865	2,585,865
6/30/2043	3,725,000	1,372,200	(2,510,422)	2,586,778	2,586,778
6/30/2044	3,870,000	1,223,200	(2,508,401)	2,584,799	2,584,799
6/30/2045	4,025,000	1,068,400	(2,508,500)	2,584,901	2,584,901
6/30/2046	4,190,000	907,400	(2,510,470)	2,586,931	2,586,931
6/30/2047	4,355,000	739,800	(2,509,189)	2,585,611	2,585,611
6/30/2048	4,530,000	565,600	(2,509,583)	2,586,017	2,586,017
6/30/2049	4,710,000	384,400	(2,508,992)	2,585,408	2,585,408
6/30/2050	4,900,000	196,000	(2,509,780)	2,586,220	2,586,220
Totals	\$ 81,235,000	\$ 49,601,066	\$ (64,435,066)	\$ 64,649,934	\$ 67,782,474

Total Debt Service- Bonds

Net Debt Service

Total Bonds

Slide 9 Net Debt Service Existing Bonds \$47,786,994

Slide 5 Potential New School Bond \$132,217,541 *

Total Bond Interest & Principal Expense \$180,004,535

Slide 10 Total Sewer Debt \$22,330,133

A Total Bond Debt Service \$202,334,668

Slide 5 **B State Housing Aid @ 57.80% Reimbursement (\$64,435,066) ***

Shown on the Town Budget As Revenue

A-B=C C Total Bond Debt w/ New School \$137,899,602

With State Aid Housing Aid Revenue

Recognized Over the 25 year Bond

* If School Bond Passes

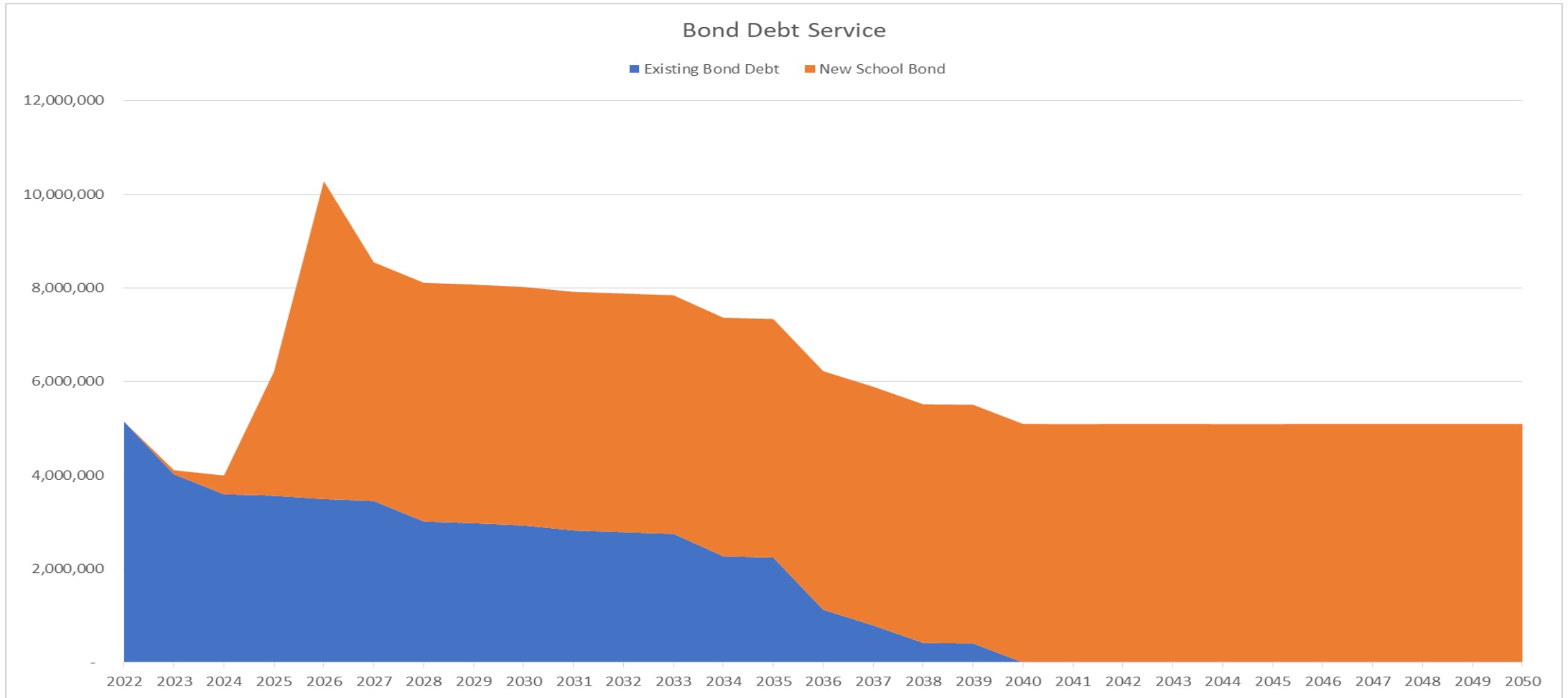
Total Amount of Bond Pymts, Principal & Interest, is reflected on Coventry's Expenditure Budget

The Total State Housing Aid is reflected on Coventry's Revenue Budget

Period of Bond Pymt	FYE	Tax Rate Increase	Existing Bonds Old Debt Service (Bonds Only) includes school and town	New School Bond (Debt Expense) (Principal & Interest) Bond Debt Service For New School Bond @57.8%	Total Debt Total Debt with School Bond
Actuals	2022	2.99%	5,143,800	-	5,143,800
Interest	2023	1.99%	4,019,768	87,725	4,107,493
Interest	2024	2.50%	3,593,120	400,000	3,993,120
Interest	2025	3.45%	3,564,420	2,644,816	6,209,236
1	2026	3.00%	3,490,692	6,789,400	10,280,092
2	2027	3.00%	3,450,122	5,097,800	8,547,922
3	2028	3.00%	3,012,458	5,098,200	8,110,658
4	2029	3.00%	2,976,382	5,095,400	8,071,782
5	2030	3.00%	2,927,038	5,094,400	8,021,438
6	2031	3.00%	2,820,850	5,095,000	7,915,850
7	2032	3.00%	2,784,438	5,097,000	7,881,438
8	2033	3.00%	2,747,775	5,095,200	7,842,975
9	2034	3.00%	2,268,887	5,094,600	7,363,487
10	2035	3.00%	2,242,025	5,095,000	7,337,025
11	2036	3.00%	1,125,875	5,096,200	6,222,075
12	2037	3.00%	791,325	5,098,000	5,889,325
13	2038	3.00%	420,181	5,095,200	5,515,381
14	2039	3.00%	407,838	5,097,800	5,505,638
15	2040	3.00%	-	5,095,400	5,095,400
16	2041	3.00%	-	5,093,000	5,093,000
17	2042	3.00%	-	5,095,400	5,095,400
18	2043	3.00%	-	5,097,200	5,097,200
19	2044	3.00%	-	5,093,200	5,093,200
20	2045	3.00%	-	5,093,400	5,093,400
21	2046	3.00%	-	5,097,400	5,097,400
22	2047	3.00%	-	5,094,800	5,094,800
23	2048	3.00%	-	5,095,600	5,095,600
24	2049	3.00%	-	5,094,400	5,094,400
25	2050	3.00%	-	5,096,000	5,096,000
			47,786,994	132,217,541	180,004,535

This only includes GO Bond Debt, NOT Sewer Bond Debt

Total Debt Service Chart- Bonds



THIS CHART DOES NOT INCLUDE ANY SEWER BOND DEBT

Debt Service- Town Bonds

NET DEBT SERVICE

2021 Debt Book Coventry RI 2021 Aggregate GO Debt

<i>Period Ending</i>	<i>Principal</i>	<i>Coupon</i>	<i>Interest</i>	<i>Total Debt Service</i>	<i>RIIB Fee (0.50%)</i>	<i>Net Debt Service</i>
06/30/2022	3,916,000	** %	1,223,534.86	5,139,534.86	3,515.00	5,143,049.86
06/30/2023	2,893,000	** %	1,123,738.10	4,016,738.10	3,030.00	4,019,768.10
06/30/2024	2,555,000	** %	1,035,584.80	3,590,584.80	2,535.00	3,593,119.80
06/30/2025	2,609,000	** %	953,395.26	3,562,395.26	2,025.00	3,564,420.26
06/30/2026	2,617,000	** %	872,094.91	3,489,094.91	1,597.50	3,490,692.41
06/30/2027	2,669,000	** %	779,864.56	3,448,864.56	1,257.50	3,450,122.06
06/30/2028	2,326,000	** %	685,550.50	3,011,550.50	907.50	3,012,458.00
06/30/2029	2,363,000	** %	612,834.40	2,975,834.40	547.50	2,976,381.90
06/30/2030	2,393,000	** %	533,855.75	2,926,855.75	182.50	2,927,038.25
06/30/2031	2,360,000	** %	460,850.00	2,820,850.00		2,820,850.00
06/30/2032	2,400,000	** %	384,437.50	2,784,437.50		2,784,437.50
06/30/2033	2,440,000	** %	307,775.00	2,747,775.00		2,747,775.00
06/30/2034	2,040,000	** %	228,887.50	2,268,887.50		2,268,887.50
06/30/2035	2,080,000	** %	162,025.00	2,242,025.00		2,242,025.00
06/30/2036	1,040,000	** %	85,875.00	1,125,875.00		1,125,875.00
06/30/2037	740,000	** %	51,325.00	791,325.00		791,325.00
06/30/2038	395,000	3.125%	25,181.26	420,181.26		420,181.26
06/30/2039	395,000	3.250%	12,837.50	407,837.50		407,837.50
	38,231,000		9,539,646.90	47,770,646.90	15,597.50	47,786,244.40

PFM Financial Advisors LLC
100 High Street
23rd Floor
Boston, MA 02110

Debt Service- Sewer Bonds

NET DEBT SERVICE

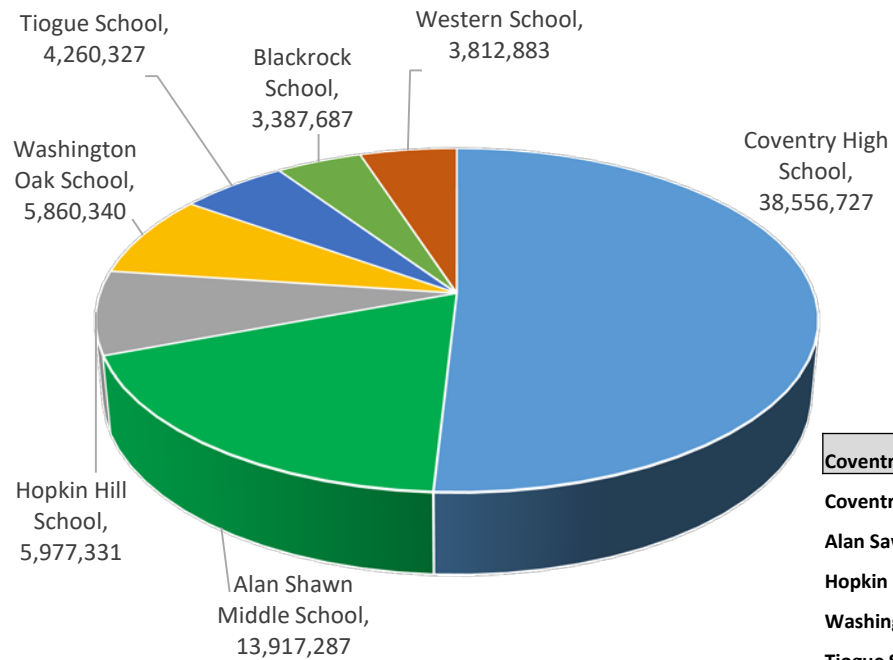
Coventry RI Sewer Debt 2021 Coventry RI 2021 Aggregate Sewer Debt

<i>Period Ending</i>	<i>Principal</i>	<i>Coupon</i>	<i>Interest</i>	<i>Total Debt Service</i>	<i>RIIB Fee</i>	<i>State Credit</i>	<i>Debt Service Reserve Fund</i>	<i>Net Debt Service</i>
06/30/2022	1,423,463.78	** %	483,610.56	1,907,074.34	56,644.27	-24,970.89		1,938,747.72
06/30/2023	1,884,167.32	** %	453,290.57	2,337,457.89	50,141.66	-24,763.34		2,362,836.21
06/30/2024	1,931,838.94	** %	412,761.12	2,344,600.06	43,224.04	-24,554.95		2,363,269.15
06/30/2025	1,725,160.62	** %	370,763.70	2,095,924.32	36,778.43	-24,500.64		2,108,202.11
06/30/2026	1,771,634.85	** %	329,490.75	2,101,125.60	30,807.57	-23,732.04		2,108,201.13
06/30/2027	1,645,031.15	** %	287,861.73	1,932,892.88	25,111.25	-20,213.20		1,937,790.93
06/30/2028	1,684,568.01	** %	246,491.40	1,931,059.41	19,716.24	-13,845.57		1,936,930.08
06/30/2029	1,533,217.94	** %	204,063.89	1,737,281.83	14,684.18	-7,263.15		1,744,702.86
06/30/2030	1,225,978.45	** %	164,648.60	1,390,627.05	10,882.36	-2,150.80		1,399,358.61
06/30/2031	1,101,853.79	** %	128,824.86	1,230,678.65	8,261.26			1,238,939.91
06/30/2032	1,135,840.71	** %	93,810.80	1,229,651.51	5,968.13			1,235,619.64
06/30/2033	1,170,777.51	** %	56,862.53	1,227,640.04	3,596.25			1,231,236.29
06/30/2034	1,036,592.61	** %	21,201.64	1,057,794.25	1,575.00		674,000	385,369.25
06/30/2035	336,474.17	2.730%	2,074.80	338,548.97	380.00			338,928.97
	19,606,599.85		3,255,756.95	22,862,356.80	307,770.64	-165,994.58	674,000	22,330,132.86

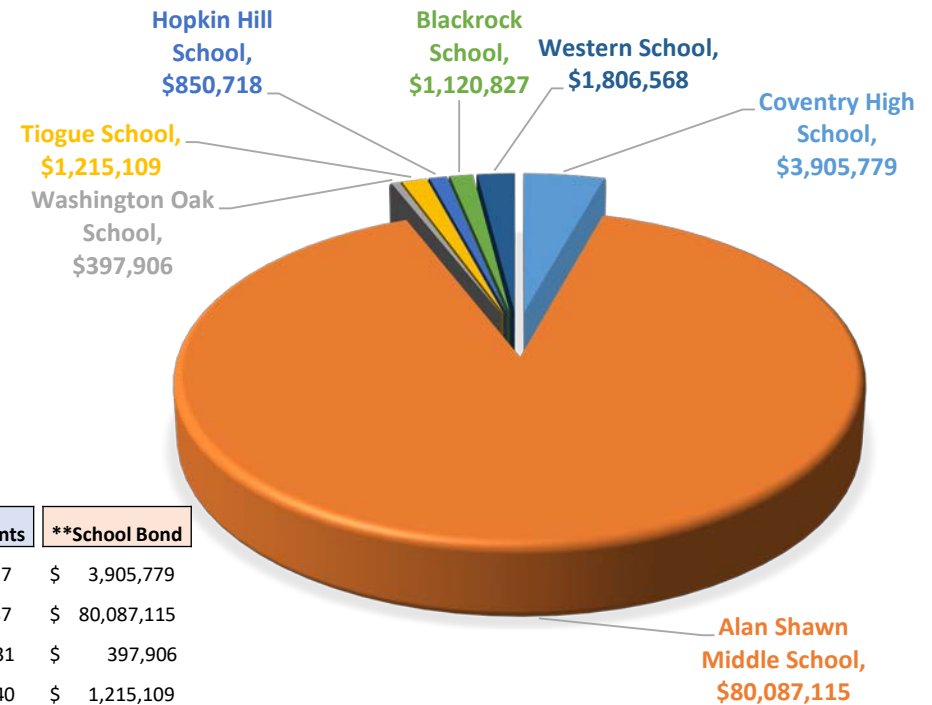
PFM Financial Advisors LLC
100 High Street
23rd Floor
Boston, MA 02110

Current School CIP Needs vs Proposed School Bond Allocation

POTENTIAL FUTURE OBLIGATIONS - SCHOOLS
Per 2016 Jacob's Report



BOND ALLOCATION BY SCHOOL



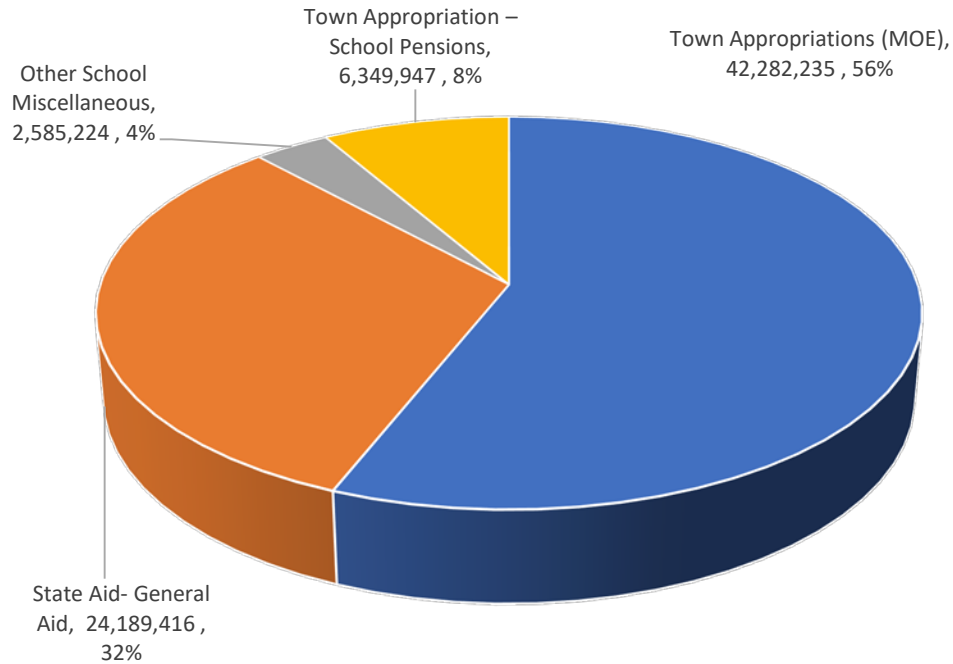
Coventry Schools	*CIP Amounts	**School Bond
Coventry High School	\$ 38,556,727	\$ 3,905,779
Alan Sawn Middle School	\$ 13,917,287	\$ 80,087,115
Hopkin Hill School	\$ 5,977,331	\$ 397,906
Washington Oak School	\$ 5,860,340	\$ 1,215,109
Tiogou School	\$ 4,260,327	\$ 850,718
Blackrock School	\$ 3,387,687	\$ 1,120,827
Western School	\$ 3,812,883	\$ 1,806,568
Total	\$ 75,772,582	\$ 89,384,022

*Per the Jacob's 2016 Report on Facility Condition Assessment
The above summary reflects the CIP per the report
** Approved RIDE Values

School Budget Composition

FYE 22 School Budget Breakdown

- Town Appropriations (MOE)
- State Aid- General Aid
- Other School Miscellaneous
- School Pensions-Appropriation

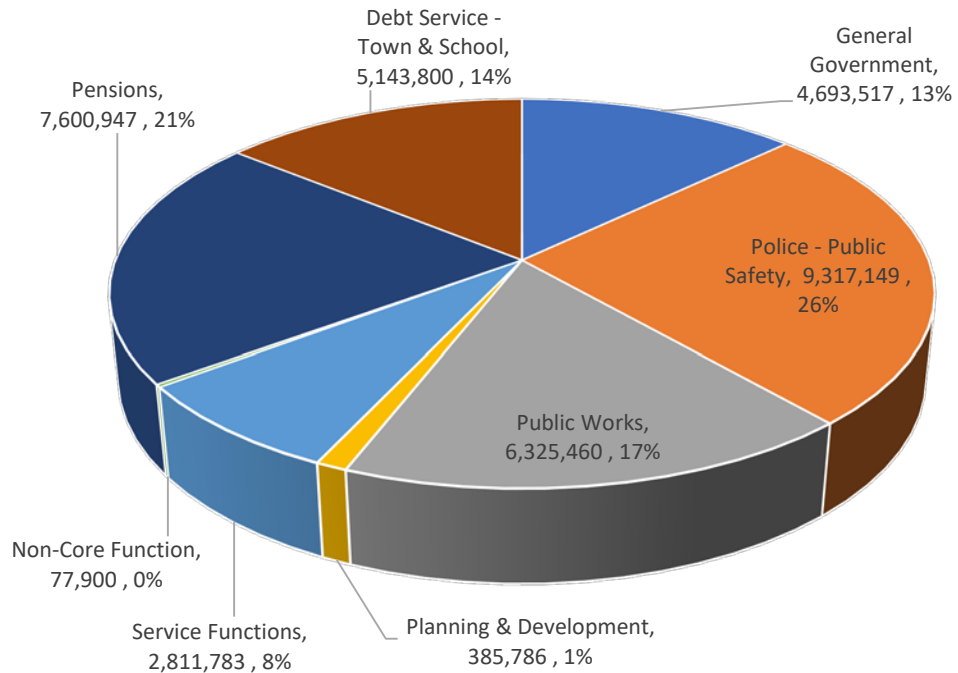


	Coventry School Budget Expenditures FY22	Coventry School-Pensions Separately	Coventry School Budget Expenditures FY22	Percent of School Budget
Town of Coventry School				
Town Appropriations (MOE)	48,632,182	(6,349,947)	42,282,235	56.07%
State Aid- General Aid	24,189,416	-	24,189,416	32.08%
Other School Miscellaneous	2,585,224	-	2,585,224	3.43%
	<u>75,406,822</u>	<u>(6,349,947)</u>	<u>69,056,875</u>	
School Teachers	-	5,454,876	5,454,876	
School SRP	-	895,071	895,071	
School Pensions-Appropriation	-	6,349,947	6,349,947	8.42%
Total School Budget	<u>75,406,822</u>	<u>-</u>	<u>75,406,822</u>	100.00%

Town Budget Composition

FYE 22 Municipal Budget Breakdown

- General Government
- Public Works
- Service Functions
- Pensions
- Police - Public Safety
- Planning & Development
- Non-Core Function
- Debt Service - Town & School



	Coventry Municipal Expenditures FY22	Coventry Show Pensions Separately	Coventry Municipal Expenditures FY22	Percent of Town Budget
General Government	6,516,507	(1,822,990)	4,693,517	
Police - Public Safety	15,095,106	(5,777,957)	9,317,149	
Public Works	6,325,460		6,325,460	
Planning & Development	385,786		385,786	
Service Functions	2,811,783		2,811,783	
Non-Core Function	77,900		77,900	
Municipal Expenditures	<u>31,212,542</u>	<u>(7,600,947)</u>	<u>23,611,595</u>	64.94%
Police DB Plan		5,617,957	5,617,957	
Police OPEB		160,000	160,000	
Municipal School SRP		1,132,990	1,132,990	
		690,000	690,000	
(Town paying piece of school's)				
Municipal Pensions & OPEB	<u>-</u>	<u>7,600,947</u>	<u>7,600,947</u>	20.91%
Debt Service - Town	2,746,337		2,746,337	
Debt Service - School	2,397,463		2,397,463	
Municipal Debt Service	<u>5,143,800</u>	<u>-</u>	<u>5,143,800</u>	14.15%
Total Municipal Expenditures	<u>36,356,342</u>	<u>-</u>	<u>36,356,342</u>	100.00%

Budget projection at a 3.45% Tax Levy Increase – (Slide 15 Summary) Assumptions Stated Below:

Revenue Budget Assumptions

- FY22 Year (current year) Property Tax Levy increase is 2.99%
- FY23 Year projected Property Tax Levy increase is 1.99%
- FY24 Year projected Property Tax Levy increase is 2.50%
- FY25 Year projected Property Tax Levy increase is 3.45%... This is the year that the new school is projected to be completed. Coventry will have a projected “deficit” in our budget of 1.9M for 2025. Deficits will continue to grow until year 2035
- FY26-FY50 Years Property Tax Levy increase is 3.00% every year.
- FY36 is when old bond debt drops off substantially and Coventry will have a projected “surplus” for future years.
- State Educational Aid for School and School Miscellaneous revenue has a growth rate of 2% a year
- State Aid, including Meals & Beverage Tax, Telephone Tax, includes a growth rate of 2% plus State housing aid not relating to the “new” school bond
- Housing Aid Revenue- “pink column” reflects the State Housing Aid the Town would receive if the new school bond is passed.

Expenditure Budget Assumptions

- Municipal expenditures are at 3% growth rate, which includes a modest CIP.
- Long-term CIP issues are not addressed in this projection. This includes, but not limited to, Road Improvements & Paving, repairs on existing Town Facilities and any large contingencies that might arise.
- School Appropriation are at 3% growth rate per year, which includes no CIP
- No school CIP is addressed in this model. Accordingly to the 2016 Jacob’s report there are 75M of deficiencies that need to be addressed. Please see slide 11 for these differences
- Total Existing Bond Debt is shown on “tan” column. “New School Bond Debt” has a separate “pink” column. All debt ties out to PFM Advisors debt schedules. The remaining Bond Debt for the General Fund, see slide 8 for totals.

Budget Projection with a 4.0% Tax Levy Increase- (Slide 17 summary) Assumptions Stated Below:

Revenue Budget Assumptions

- FY22 Year (current year) Property Tax Levy increase is 2.99%
- FY23 Year projected Property Tax Levy increase is 1.99%
- FY24 Year projected Property Tax Levy increase is 2.50%
- FY25 Year projected Property Tax Levy increase is 4.00%... This is the year that the new school is projected to be completed. At Maximum 4% tax increase, Coventry will have a projected “deficit” in our budget of 1.4M for 2025. Deficits will continue to grow until year 2035
- FY26-FY50 Years Property Tax Levy increase is 3.00% every year.
- FY36 is when old bond debt drops off substantially and Coventry will have a projected “surplus” for future years.
- State Educational Aid for School and School Miscellaneous revenue has a growth rate of 2% a year
- State Aid, including Meals & Beverage Tax, Telephone Tax, includes a growth rate of 2% plus State housing aid not relating to the “new” school bond
- Housing Aid Revenue- “pink column” reflects the State Housing Aid the Town would receive if the new school bond is passed.

➤ Expenditure Budget Assumptions

- Municipal expenditures are at 3% growth rate, which includes a modest CIP.
- Long-term CIP issues are not addressed in this projection. This includes, but not limited to, Road Improvements & Paving, repairs on existing Town Facilities and any large contingencies that might arise.
- School Appropriation are at 3% growth rate per year, which includes no CIP
- No school CIP is addressed in this model. Accordingly to the 2016 Jacob’s report there are 75M of deficiencies that need to be addressed. Please see slide 11 for these differences
- Total Existing Bond Debt is shown on “tan” column. “New School Bond Debt” has a separate “pink” column. All debt ties out to PFM Advisors debt schedules. The remaining Bond Debt for the General Fund, see slide 8 for totals.

Debt Margin

Coventry's Debt Margin	6/30/2020	6/30/2021	6/30/2022	With Bond
Gross Assessed Value- (Taxpayer's Property)	3,619,962,306.00	4,159,861,835.00	4,176,557,769.00	4,176,557,769.00
Less: Exempt Property	(149,097,578.00)	(166,861,413.00)	(173,675,332.00)	(173,675,332.00)
Total Taxable Assessed Value	3,470,864,728.00	3,993,000,422.00	4,002,882,437.00	4,002,882,437.00
Debt Limit- 3% of Total Assessed Value	3.00%	3.00%	3.00%	3.00%
State of Rhode Island Debt Limit	104,125,941.84	119,790,012.66	120,086,473.11	120,086,473.11
Amount of debt applicable to debt limit:				
<i>Less : GO Bonds only</i>	(31,645,000.00)	(30,060,000.00)	(28,385,000.00)	(28,385,000.00)
<i>Less : GO Bonds only</i>				(81,235,000.00)
State of Rhode Island Legal Debt Margin	72,480,941.84	89,730,012.66	91,701,473.11	10,466,473.11

Does this proposal pass the Litmus Test?

Litmus test is a test in which a single factor is decisive.
(an effective and definitive way of proving or measuring it)

Is this really needed?

Is this the best solution for the problem?

Is this a good, responsible use of tax dollars?

Will this serve the public interest?

Will this be sustainable?

Will this be a meaningful and impactful investment of limited public funds?

Will this investment help reduce the tax burden?

