



# Town of Portsmouth School Project Debt Analysis

June 14, 2021

---

PFM Financial  
Advisors LLC

---

100 High Street  
23<sup>rd</sup> Floor  
Boston, MA 02110

---

[pfm.com](http://pfm.com)

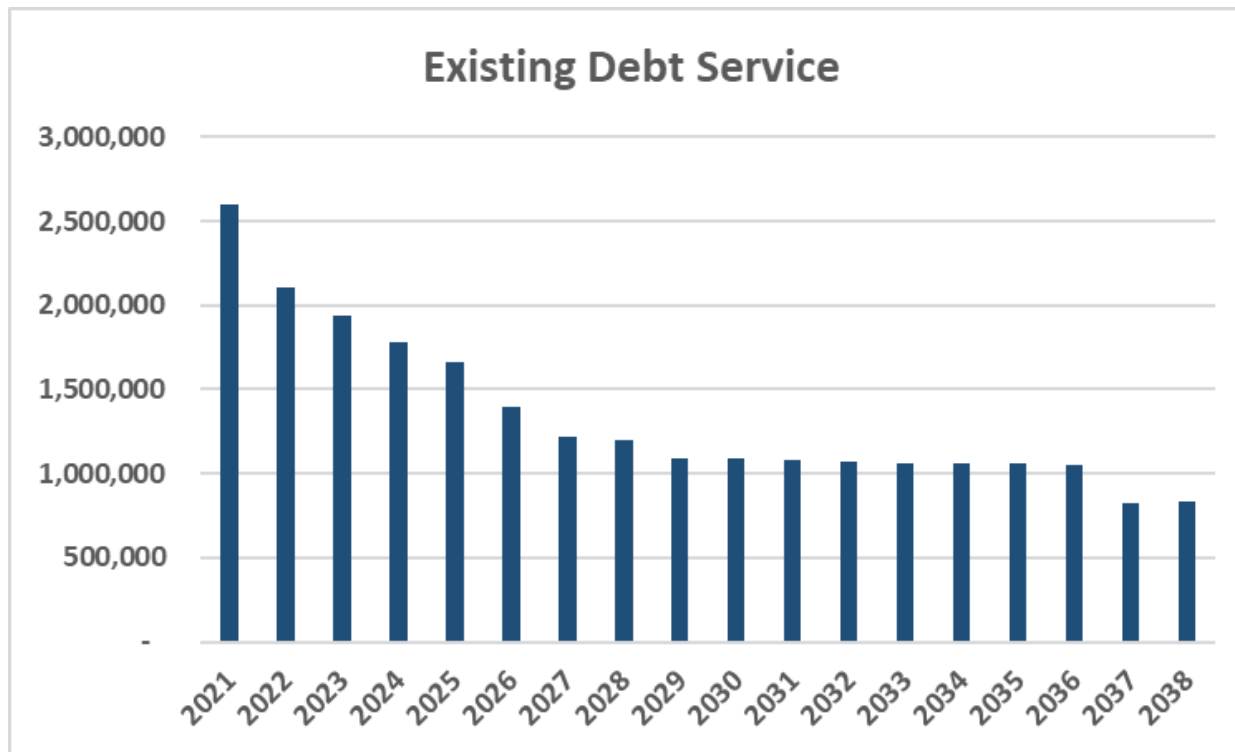


# Existing Debt Profile



## Existing Debt Profile

- ◆ The Town is currently rated AAA by S&P and Aa2 by Moody's.
- ◆ As of June 30, 2020, the Town had outstanding general fund debt of \$18,890,334.





## Moody's MFRA Peer Analysis as of June 30, 2020

| <b>Selected Financials and Datapoints</b>                    | <b>Portsmouth,<br/>RI</b> | <b>Aa2 RI<br/>Median</b> | <b>England<br/>Median</b> | <b>Aa2 National<br/>Median</b> |
|--|---------------------------|--------------------------|---------------------------|--------------------------------|
| Current Senior Most Rating                                   | Aa2                       | Aa2                      | Aa2                       | Aa2                            |
| <b>Debt Statistics and Ratios</b>                            |                           |                          |                           |                                |
| Direct Net Debt Outstanding (\$000) <sup>(1)</sup>           | 20,560                    | 25,858                   | 27,970                    | 30,124                         |
| Direct Net Debt as % of Full Value                           | 0.6 %                     | 0.6 %                    | 1.1 %                     | 1 %                            |
| Direct Net Debt Per Capita (\$)                              | 1,184                     | 1,368                    | 1,916                     | 1,619                          |
| Debt Service as % of Operating Expenditures                  | 3.9 %                     | 4.2 %                    | 5.5 %                     | 6.9 %                          |
| Payout, 10 Years, All Tax-Supported Debt (%), Current Value  | 63.4%                     | 83.3 %                   | 78 %                      | 79.5 %                         |
| Payout, 10 Years, General Obligation Debt (%), Current Value | 63.4%                     | 83.3 %                   | 78 %                      | 79.7 %                         |
| Source: Moody's MFRA   |                           |                          |                           |                                |
| Population under 50,000                                      |                           |                          |                           |                                |
| (1) Includes self-supporting enterprise debt and leases.     |                           |                          |                           |                                |



# Proposed School Bonds



# School Bond Summary Statistics and Debt Service

**Project Amount:** \$ 21,439,299

State Base Share Ratio: 35%

State Aid Ratio with Bonus: 40%

Total Aid: \$ 12,834,566

Pay-Go Amount: \$ 1,599,299

Annual Reimbursement: \$ 11,235,267

**Bond Amount:** \$ **19,840,000**

Issue Date: 3/15/2022

Interest Rate: 3.50%

Structure: 22 Years

50% Project Completion Date: 6/30/2024

50% Project Completion Date: 6/30/2025

| 2022 School Bonds |                      |                     |                        |                      |
|-------------------|----------------------|---------------------|------------------------|----------------------|
| Period Ending     | Principal            | Interest            | State Aid              | Net Debt Service     |
| 6/30/2023         | \$ -                 | \$ 694,400          | \$ -                   | \$ 694,400           |
| 6/30/2024         | -                    | 694,400             | -                      | 694,400              |
| 6/30/2025         | 650,000              | 694,400             | (528,191)              | 816,209              |
| 6/30/2026         | 1,515,000            | 671,650             | (1,373,331)            | 813,319              |
| 6/30/2027         | 720,000              | 618,625             | (518,048)              | 820,577              |
| 6/30/2028         | 745,000              | 593,425             | (517,970)              | 820,455              |
| 6/30/2029         | 775,000              | 567,350             | (519,489)              | 822,861              |
| 6/30/2030         | 800,000              | 540,225             | (518,667)              | 821,558              |
| 6/30/2031         | 830,000              | 512,225             | (519,441)              | 822,784              |
| 6/30/2032         | 855,000              | 483,175             | (517,874)              | 820,301              |
| 6/30/2033         | 885,000              | 453,250             | (517,903)              | 820,347              |
| 6/30/2034         | 920,000              | 422,275             | (519,460)              | 822,815              |
| 6/30/2035         | 950,000              | 390,075             | (518,609)              | 821,466              |
| 6/30/2036         | 985,000              | 356,825             | (519,152)              | 822,673              |
| 6/30/2037         | 1,015,000            | 322,350             | (517,421)              | 819,929              |
| 6/30/2038         | 1,055,000            | 286,825             | (519,152)              | 822,673              |
| 6/30/2039         | 1,090,000            | 249,900             | (518,407)              | 821,493              |
| 6/30/2040         | 1,130,000            | 211,750             | (519,123)              | 822,627              |
| 6/30/2041         | 1,165,000            | 172,200             | (517,363)              | 819,837              |
| 6/30/2042         | 1,210,000            | 131,425             | (518,997)              | 822,428              |
| 6/30/2043         | 1,250,000            | 89,075              | (518,088)              | 820,987              |
| 6/30/2044         | 1,295,000            | 45,325              | (518,572)              | 821,753              |
| <b>Totals</b>     | <b>\$ 19,840,000</b> | <b>\$ 9,201,150</b> | <b>\$ (11,235,259)</b> | <b>\$ 17,805,891</b> |



# Tax Rate Impact



## Tax Rate Impact

| PROJECT AMOUNT                                      | \$21,439,299     |                  |                  |
|---|------------------|------------------|------------------|
| HOME VALUE  | 250,000          | 300,000          | 350,000          |
| SHARE OF STATE AID                                  | 40.00%           | 40.00%           | 40.00%           |
| TOTAL NET DS  | \$ 17,805,891    | \$ 17,805,891    | \$ 17,805,891    |
| MAX ANNUAL NET DS                                   | \$ 822,861       | \$ 822,861       | \$ 822,861       |
| NET ASSESSED VALUES <sup>(1)</sup>                  | \$ 3,627,931,523 | \$ 3,627,931,523 | \$ 3,627,931,523 |
| ESTIMATED TAX RATE IMPACT/PER \$1000 <sup>(2)</sup> | \$ 0.23          | \$ 0.23          | \$ 0.23          |
| ESTIMATED TAX RATE IMPACT/PER HOME                  | \$ 56.70         | \$ 68.04         | \$ 79.38         |

### Assumptions:

22 Year Bond Issued in FY2022.

Interest Rate of 3.50%

(1) Net Assessed Value comprised of residential and commercial values as of 12/31/2019.

(2) Calculation:  $\$822,861 / (\$3,627,931,523 / 1,000) = .23$





# Other Town Needs



# Sample Bond Debt Service

**Project Amount:** \$10,000,000  
**Issue Date:** 5/15/2022  
**Interest Rate:** 3.50%  
**Structure:** 20 Years

| 2022 Sample Bond Schedule |                      |                     |                      |
|---------------------------|----------------------|---------------------|----------------------|
| Period Ending             | Principal            | Interest            | Debt Service         |
| 6/30/2023                 | \$ 355,000           | \$ 350,000          | \$ 705,000           |
| 6/30/2024                 | 365,000              | 337,575             | 702,575              |
| 6/30/2025                 | 380,000              | 324,800             | 704,800              |
| 6/30/2026                 | 390,000              | 311,500             | 701,500              |
| 6/30/2027                 | 405,000              | 297,850             | 702,850              |
| 6/30/2028                 | 420,000              | 283,675             | 703,675              |
| 6/30/2029                 | 435,000              | 268,975             | 703,975              |
| 6/30/2030                 | 450,000              | 253,750             | 703,750              |
| 6/30/2031                 | 465,000              | 238,000             | 703,000              |
| 6/30/2032                 | 480,000              | 221,725             | 701,725              |
| 6/30/2033                 | 500,000              | 204,925             | 704,925              |
| 6/30/2034                 | 515,000              | 187,425             | 702,425              |
| 6/30/2035                 | 535,000              | 169,400             | 704,400              |
| 6/30/2036                 | 555,000              | 150,675             | 705,675              |
| 6/30/2037                 | 575,000              | 131,250             | 706,250              |
| 6/30/2038                 | 590,000              | 111,125             | 701,125              |
| 6/30/2039                 | 615,000              | 90,475              | 705,475              |
| 6/30/2040                 | 635,000              | 68,950              | 703,950              |
| 6/30/2041                 | 655,000              | 46,725              | 701,725              |
| 6/30/2042                 | 680,000              | 23,800              | 703,800              |
| <b>Totals</b>             | <b>\$ 10,000,000</b> | <b>\$ 4,072,600</b> | <b>\$ 14,072,600</b> |



## Existing and Sample \$10 Million Debt Service

