



# Lincoln Finance Committee

**Campus Projects Update – Article 26**

**Annual Town Meeting**

March 24, 2018

# How Much Can Lincoln Borrow?



*Town of Lincoln  
Finance Committee*

***No hard and fast answers, and not a Fincom recommendation, but...***

**Preliminary discussions with the Town's Bond Advisor indicate we should be able to issue up to \$100 million in new debt (and possibly more).**

- With 30 year debt financing, the debt service burden would remain within a normal range for municipalities of our size.
- By formalizing our management policies and continuing to keep adequate cash reserves, we should be able to maintain Lincoln's AAA rating from S&P.
- For \$50 million or more, we need to get a 2<sup>nd</sup> rating (e.g. from Moody's), and the lower of the two ratings is used for pricing. We do not yet know what rating we will get from Moody's.

**The State has a statutory limit on Town debt (Ch44 S10) of approximately \$106 million currently, of which we have about \$97 million remaining.**

- Limit is 5% of "equalized valuation" (ie. total value of taxable property in Town).
- Need to get approval from municipal oversight board before exceeding this limit, which only a few small western MA towns have done.
- Town's Bond Advisor opines that we would have a reasonable case for exceeding the limit for a school building project *IF the Town strongly supported it.*

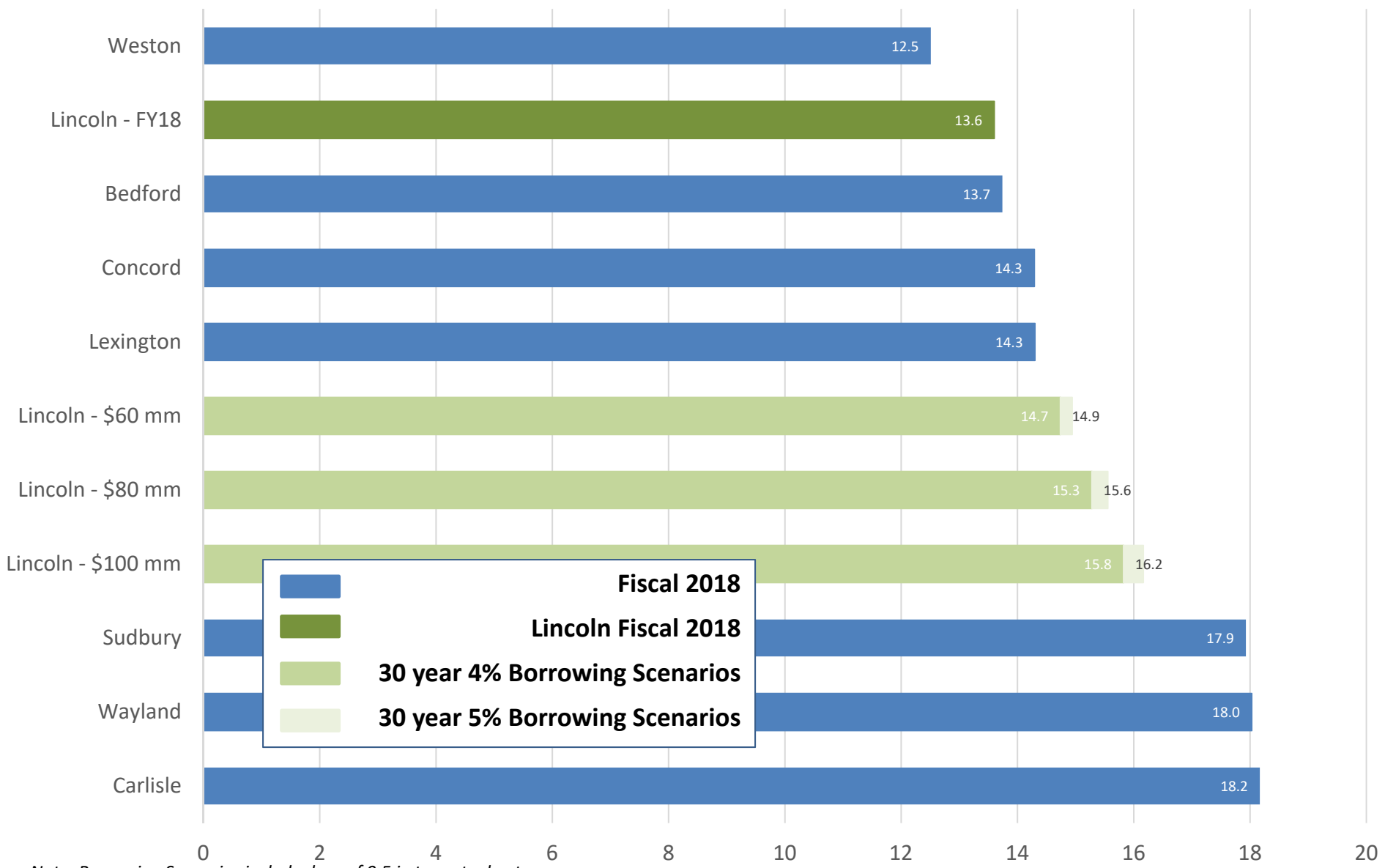
# Annual Tax Bill Increase for Various Borrowing Scenarios

Using FY2018 Valuations

Borrowing Amount	Interest Rate	Property Value						
		\$ 500,000	\$ 750,000	\$ 997,500	\$ 1,250,000	\$ 1,500,000	\$ 2,000,000	Percentage
\$ 12,000,000	4%	\$ 163	\$ 245	\$ 325	\$ 408	\$ 489	\$ 652	2.4%
	5%	\$ 183	\$ 275	\$ 366	\$ 459	\$ 550	\$ 734	2.7%
\$ 15,000,000	4%	\$ 204	\$ 306	\$ 407	\$ 510	\$ 612	\$ 816	3.0%
	5%	\$ 229	\$ 344	\$ 457	\$ 573	\$ 688	\$ 917	3.4%
\$ 16,500,000	4%	\$ 224	\$ 336	\$ 447	\$ 561	\$ 673	\$ 897	3.3%
	5%	\$ 252	\$ 378	\$ 503	\$ 631	\$ 757	\$ 1,009	3.7%
\$ 50,000,000	4%	\$ 680	\$ 1,019	\$ 1,356	\$ 1,699	\$ 2,039	\$ 2,719	10.0%
	5%	\$ 764	\$ 1,146	\$ 1,525	\$ 1,911	\$ 2,293	\$ 3,057	11.2%
\$ 60,000,000	4%	\$ 816	\$ 1,223	\$ 1,627	\$ 2,039	\$ 2,447	\$ 3,262	12.0%
	5%	\$ 917	\$ 1,376	\$ 1,830	\$ 2,293	\$ 2,752	\$ 3,669	13.5%
\$ 70,000,000	4%	\$ 951	\$ 1,427	\$ 1,898	\$ 2,379	\$ 2,854	\$ 3,806	14.0%
	5%	\$ 1,070	\$ 1,605	\$ 2,135	\$ 2,675	\$ 3,210	\$ 4,280	15.7%
\$ 80,000,000	4%	\$ 1,087	\$ 1,631	\$ 2,169	\$ 2,719	\$ 3,262	\$ 4,350	16.0%
	5%	\$ 1,223	\$ 1,834	\$ 2,440	\$ 3,057	\$ 3,669	\$ 4,892	18.0%
\$ 90,000,000	4%	\$ 1,223	\$ 1,835	\$ 2,441	\$ 3,058	\$ 3,670	\$ 4,893	18.0%
	5%	\$ 1,376	\$ 2,064	\$ 2,745	\$ 3,439	\$ 4,127	\$ 5,503	20.2%
\$ 100,000,000	4%	\$ 1,359	\$ 2,039	\$ 2,712	\$ 3,398	\$ 4,078	\$ 5,437	20.0%
	5%	\$ 1,529	\$ 2,293	\$ 3,050	\$ 3,822	\$ 4,586	\$ 6,115	22.5%

Median Taxpayer: ~\$271-305 per \$10 mm increase on 2018 Tax Bill of \$13,566

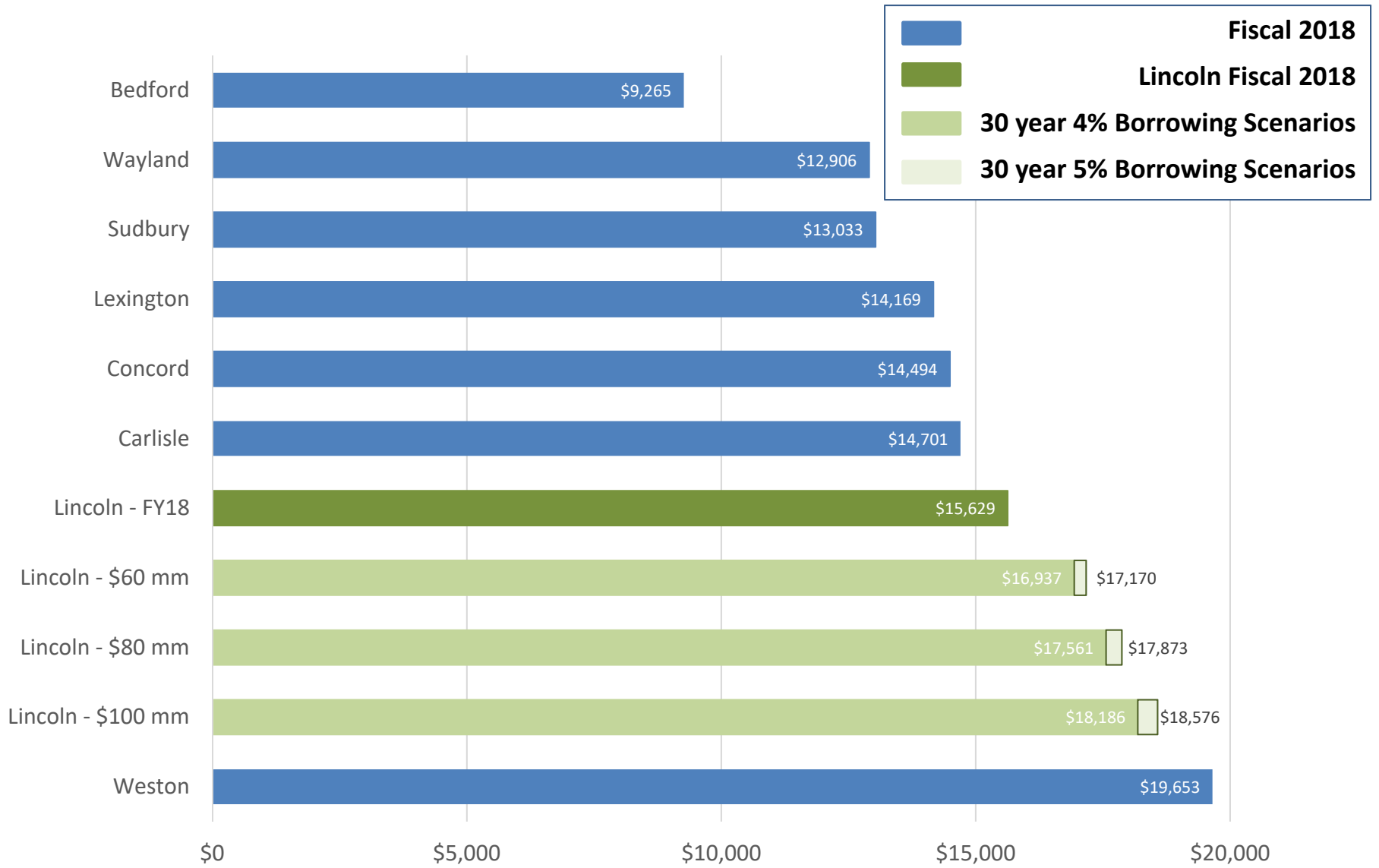
# Residential Tax Rate



Note: Borrowing Scenarios include drop of 0.5 in tax rate due to retiring existing debt

\$ / 1,000 Assessed Value

# Average Single Family Tax Bill



Note: Borrowing Scenarios include drop of \$567 in Tax Bill due to retiring existing debt

# Debt Service as % of Operating Budget

## Excludes Use of Stabilization

