



# OVERVIEW OF FINANCE AND DEBT

SCHOOL MODERNIZATION COMMITTEE  
JANUARY 6, 2020

Jim Jaskot  
Finance Director

**Town of Cheshire, Connecticut**  
**Credit Rating History**

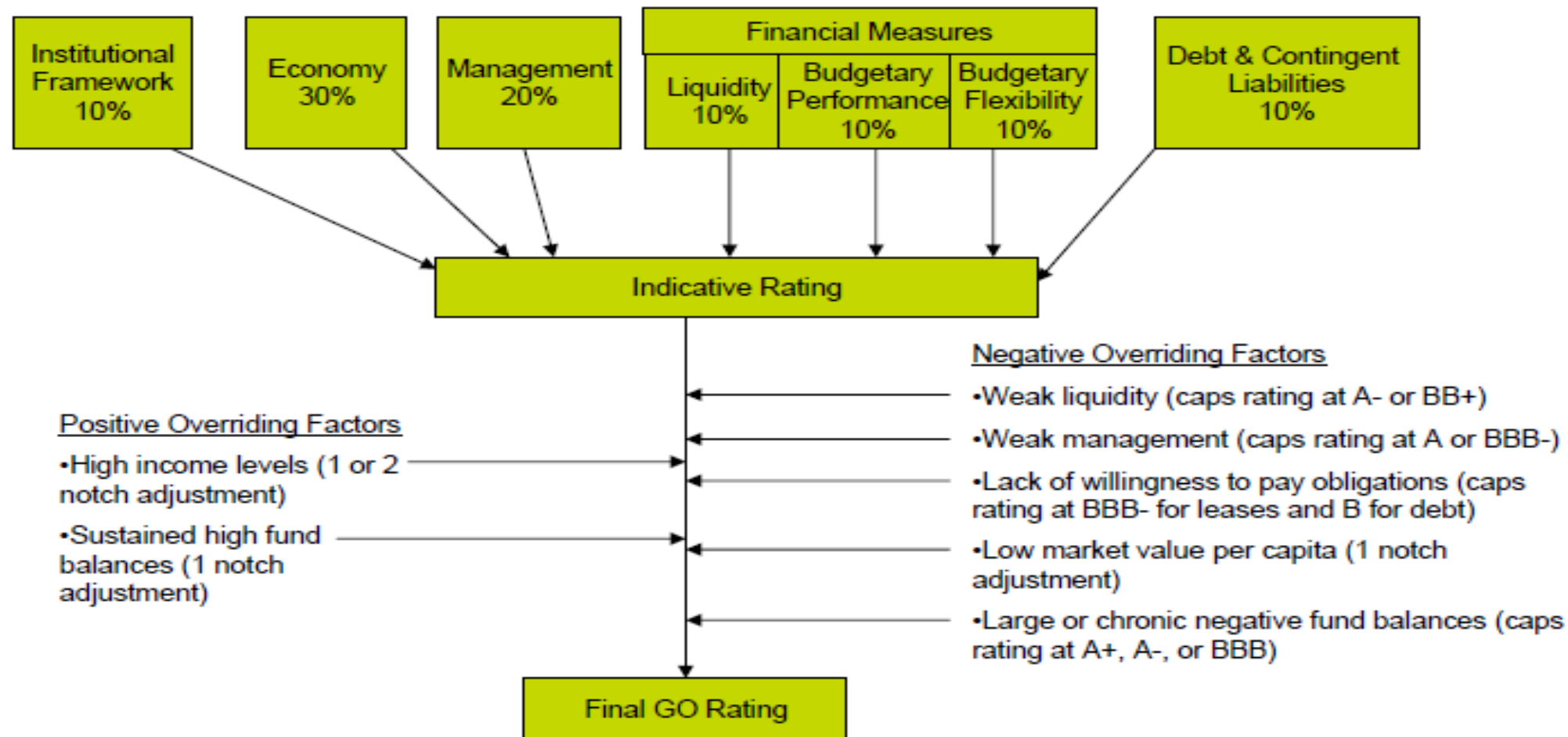
<i>Issue</i>	<i>Moody's</i>	<i>Fitch</i>	<i>Standard &amp; Poor's</i>
2015 Refunding	-	AAA	AAA
2015 New Money	-	AAA	AAA
2014 Refunding	Aa1	AAA	-
2013 New Money	Aa1	AAA	-
2012 Refunding	Aa1	AAA	-
2011 New Money	Aa1	AAA	-
2010 New Money	Aa1	AAA	-
2010 Refunding	Aa1	AAA	-
	Recalibration		Recalibration
2009 New Money	Aa2	AA+	-
	Upgrade		Upgrade
2006 New Money	Aa3	AA	-
2005 New Money	Aa3	AA	-
2004 Refunding	Aa3	AA	-
2002 New Money	Aa3	AA	-
2001 New Money	Aa3	AA	-

## SUMMARY OF BOND RATING GRADES

	BEST	HIGH			UPPER MEDIUM			MEDIUM		
MOODY'S (no longer rates Cheshire)	Aaa	Aa1	Aa2	Aa3	A1	A2	A3	Baa1	Baa2	Baa3
FITCH IBCA	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-
S&P	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-

Town of Cheshire ratings indicated in blue.

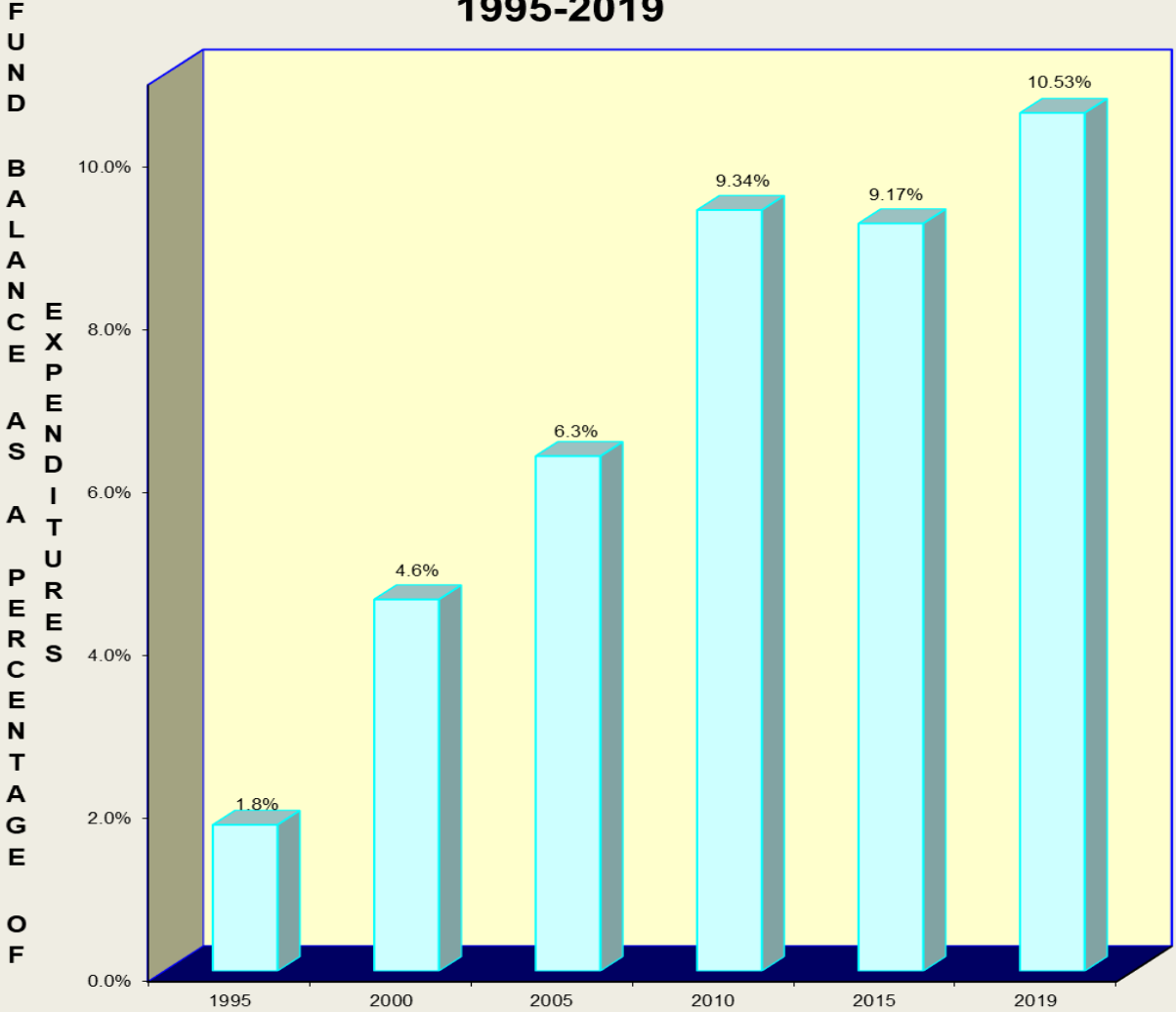
# Analytical Framework for Local GO Ratings



Source: Standard & Poor's Ratings Services.

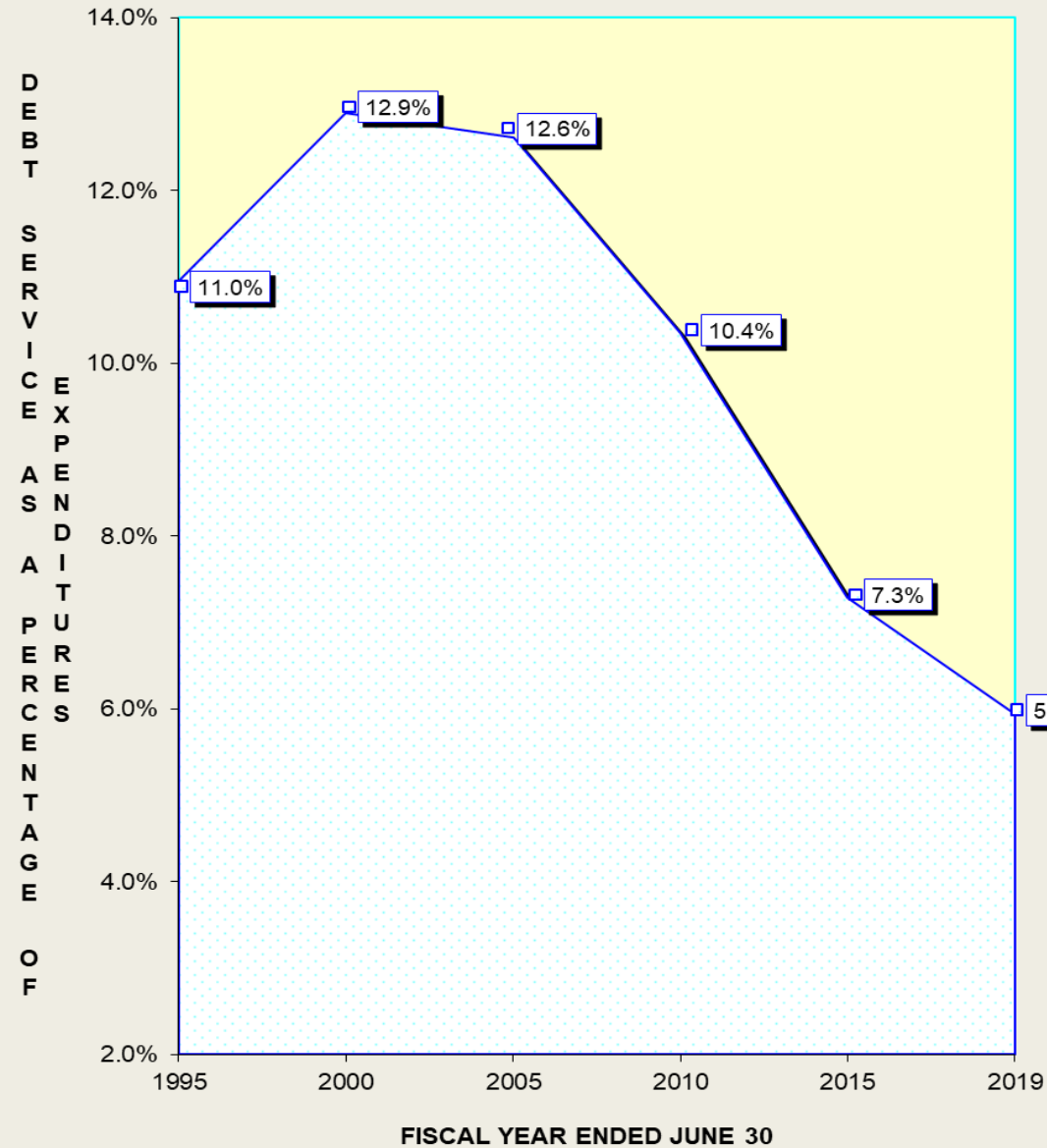
Permission to reprint or distribute any content from this presentation requires the prior written approval of Standard & Poor's.

**TOWN OF CHESHIRE  
GENERAL FUND  
UNASSIGNED FUND BALANCE AS A  
PERCENTAGE OF ACTUAL BUDGETARY  
EXPENDITURES  
1995-2019**

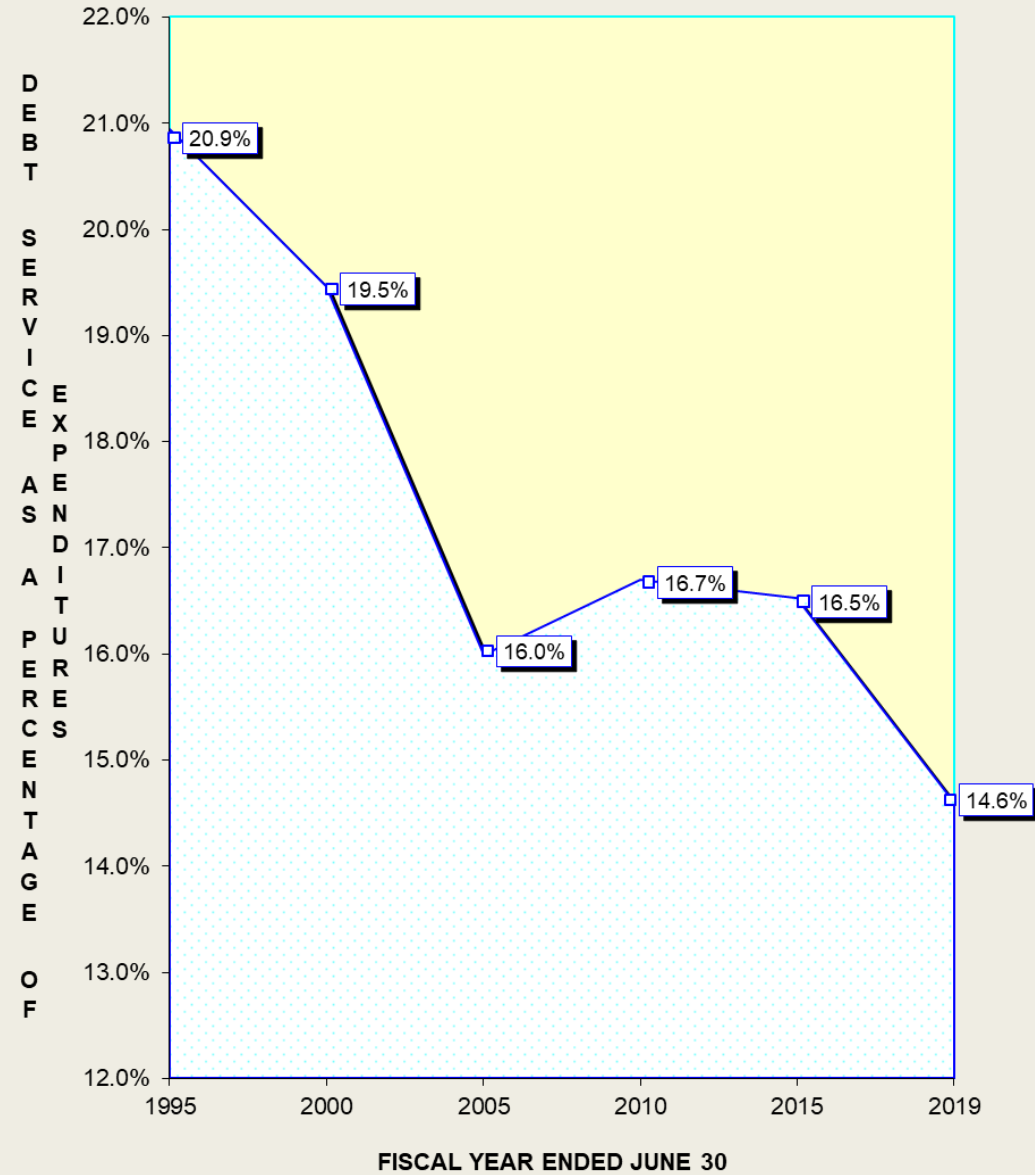


FOR THE YEAR ENDED JUNE 30

TOWN OF CHESHIRE  
GENERAL FUND LONG-TERM DEBT SERVICE  
AS A PERCENTAGE OF  
GENERAL FUND ACTUAL BUDGETARY EXPENDITURES  
1995-2019

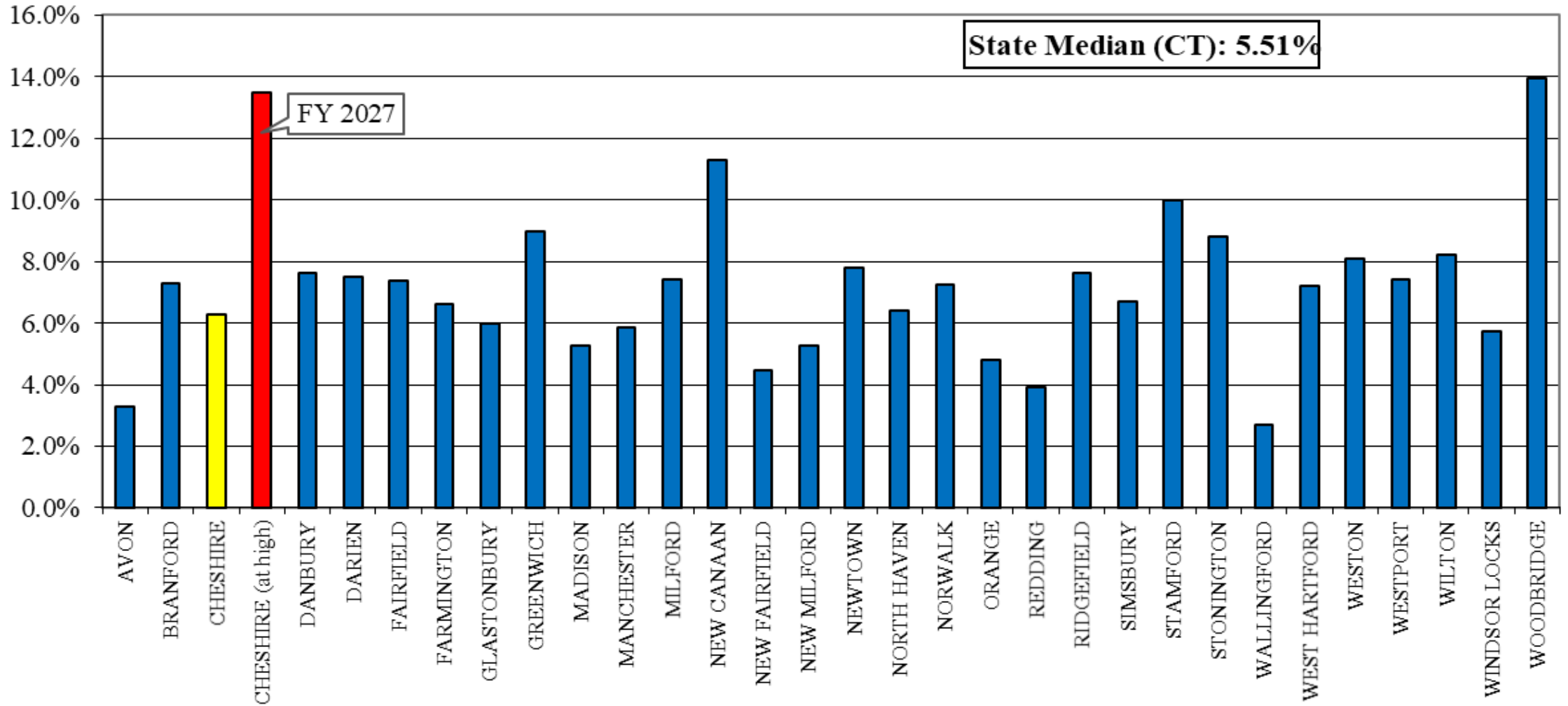


TOWN OF CHESHIRE  
GENERAL FUND ACTUAL STATE REVENUES  
AS A PERCENTAGE OF  
TOTAL ACTUAL REVENUES  
1995-2019



# Debt Service as a % of Budget

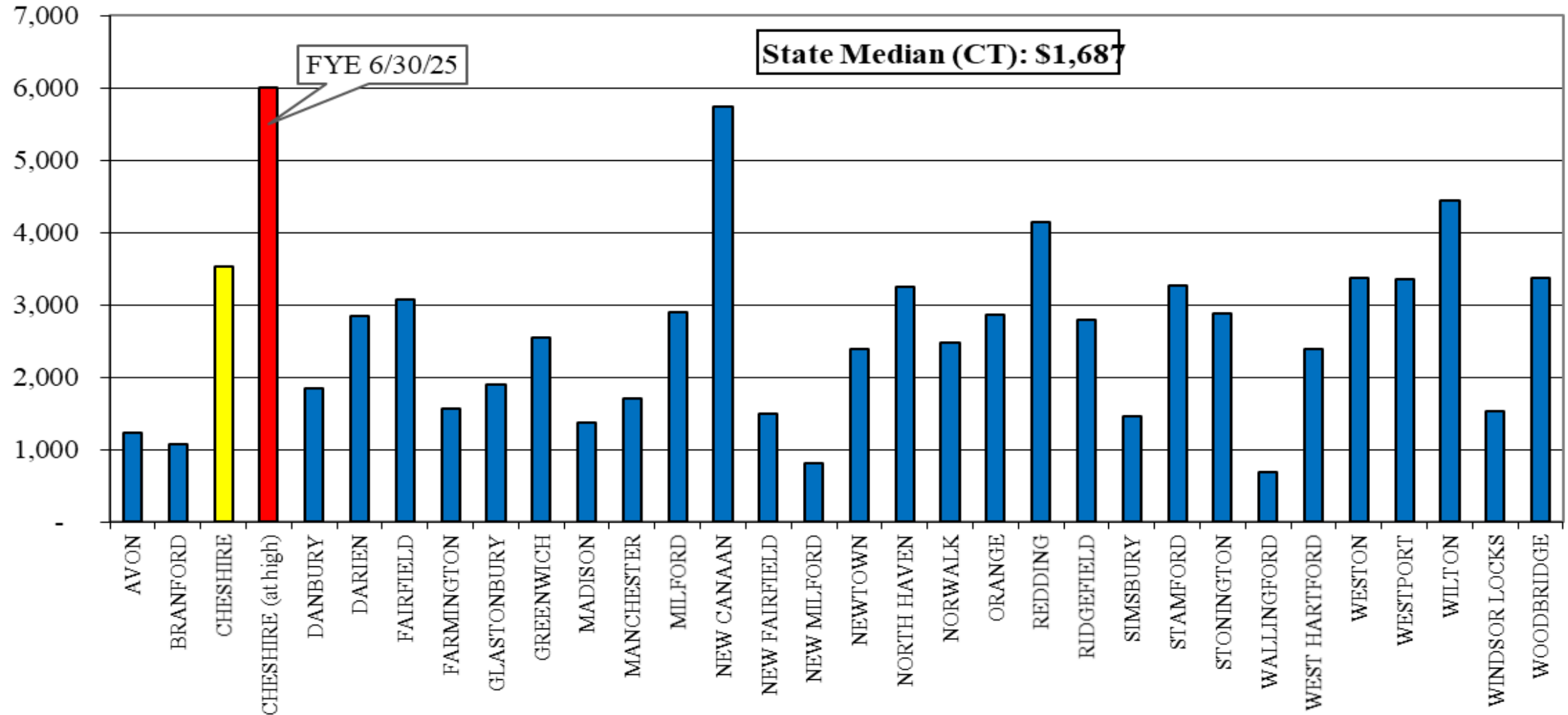
*Cheshire Versus Similarly Rated Communities*





# Overall Net Debt Per Capita

## *Cheshire Versus Similarly Rated Communities*

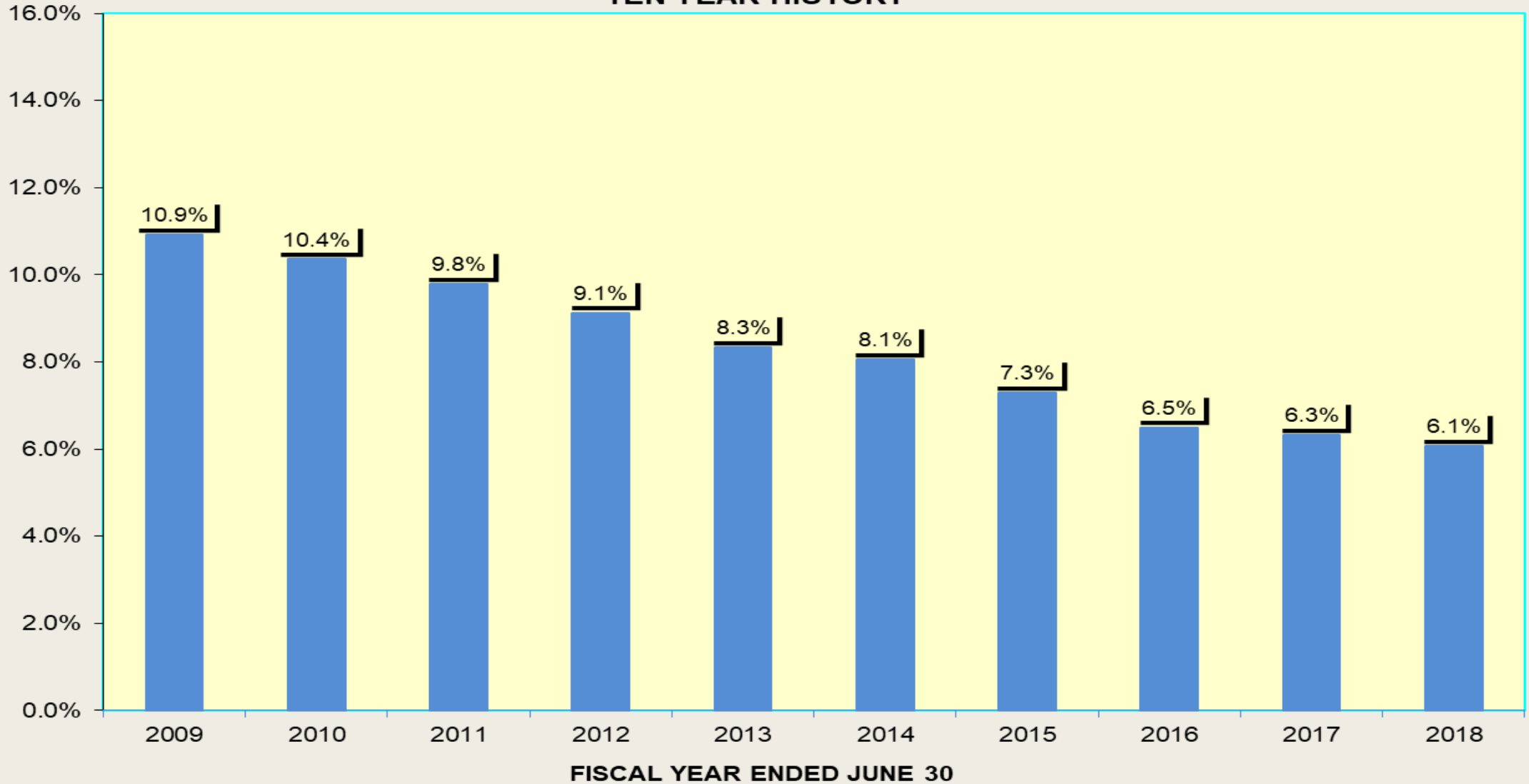


**FIVE YEAR CAPITAL EXPENDITURE PLAN  
FISCAL YEARS 2020 TO 2024  
PROJECTED DEBT ANALYSIS - GENERAL FUND  
TOWN COUNCIL APPROVED (AUGUST 27, 2019) AND REFERENDUM (NOVEMBER 5, 2019)**

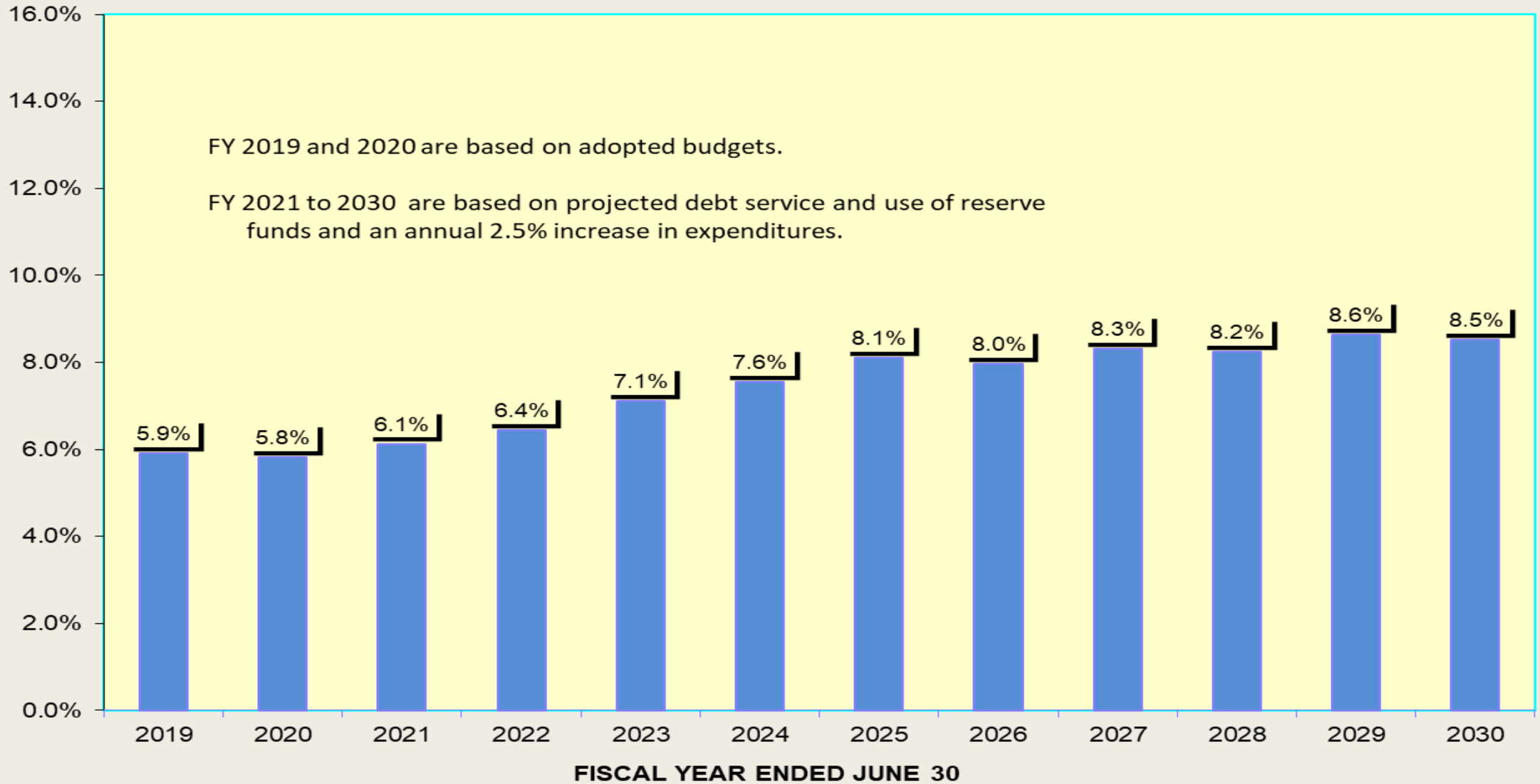
GROSS DEBT								
FISCAL YEAR	(1) EXISTING BONDED DEBT	(2) UNISSUED DEBT FOR EXISTING CEP	(3) PROJECTED NEW CEP DEBT	GENERAL FUND DEBT BEFORE USE OF RESERVES	(4) LESS USE OF VARIOUS RESERVE FUNDS	GENERAL FUND DEBT TOTAL	INCREASE/ (DECREASE)	
							OVER PRIOR YEAR	OVER FY 2020 BASE YEAR
2020	8,905,071	-	-	8,905,071	(2,264,885)	6,640,186		
2021	8,842,112	-	-	8,842,112	(1,676,131)	7,165,981	525,795	525,795
2022	8,602,813	130,497	595,503	9,328,813	(1,605,163)	7,723,650	557,669	1,083,464
2023	7,967,563	329,563	1,503,917	9,801,043	(1,068,546)	8,732,497	1,008,847	2,092,311
2024	7,266,537	322,075	2,253,899	9,842,511	(324,549)	9,517,962	785,465	2,877,776
2025	7,061,511	314,587	3,415,917	10,792,015	(324,549)	10,467,466	949,505	3,827,280
2026	6,587,033	307,099	3,980,617	10,874,749	(324,549)	10,550,200	82,733	3,910,014
2027	6,420,048	299,611	4,883,639	11,603,298	(324,549)	11,278,749	728,549	4,638,563
2028	5,986,895	292,123	5,503,352	11,782,369	(324,549)	11,457,820	179,072	4,817,634
2029	5,845,166	284,635	6,509,708	12,639,509	(324,549)	12,314,960	857,139	5,674,774
2030	5,404,450	277,146	7,087,198	12,768,795	(324,549)	12,444,246	129,286	5,804,060
	<u>69,984,128</u>	<u>2,557,336</u>	<u>35,733,749</u>	<u>108,275,213</u>	<u>(6,621,683)</u>	<u>101,653,530</u>		

- (1) Based on actual debt service at June 30, 2019, General Fund only - excludes debt being paid from the WPCD Fund.
- (2) Unissued debt relates to capital projects already authorized, but bonds/notes have not yet been issued - excludes authorized and unissued debt to be paid by the WPCD. An interest rate of 4.00% was used for all bonded debt projections.
- (3) Projected CEP debt resulting from 5 - Year Capital Expenditure Plan (CEP) as approved by the Town Council on August 27, 2019 and Referendum on November 5, 2019. For subsequent years 6 - 10, the 5 - Year CEP average annual projected borrowing requirement was used. An interest rate of 4.0% was used for all bonded debt projections.
- (4) Based on the proposed use of reserve funds from the FY 2020 operating budget workshops as follows:  
Includes \$5,470,618 Debt Service Reserve Fund allocated from FY 19 to FY 23, \$300,000 Energy Rebate to FY 19, \$300,000 Water Pollution Control Fund balance allocated from FY 19 to FY 20, and \$1,453,607 Department of Corrections settlement allocated from FY 19 to FY 22.  
Assumes that the \$324,549 increase in revenue from the FY 2018 sewer use rate revision will continue to defray General Fund debt service subsequent to FY 2018.

**TOWN OF CHESHIRE  
GENERAL FUND LONG-TERM DEBT SERVICE  
AS A PERCENTAGE OF  
GENERAL FUND ACTUAL BUDGETARY EXPENDITURES  
TEN YEAR HISTORY**

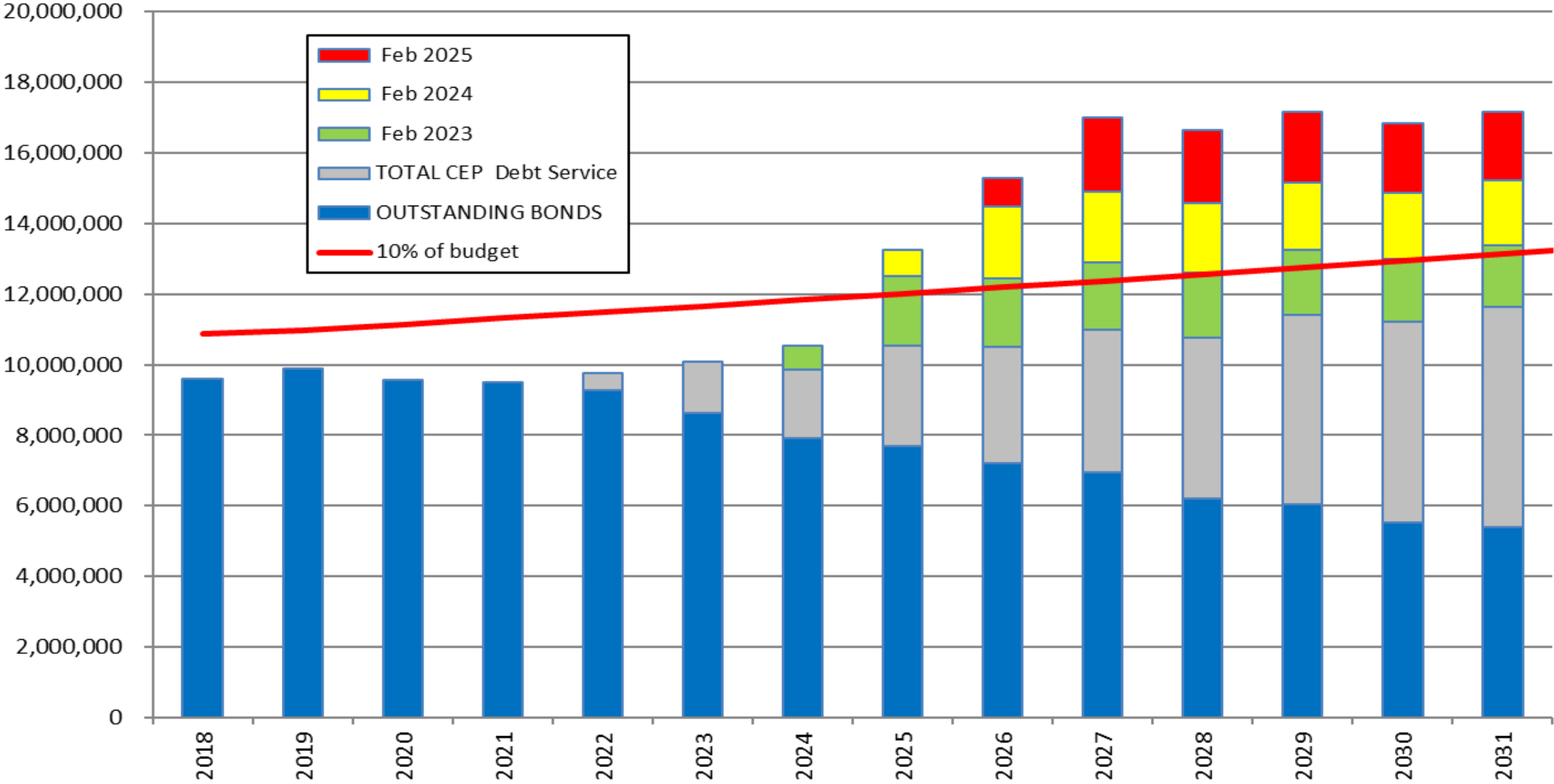


**TOWN OF CHESHIRE  
PROJECTED GENERAL FUND LONG-TERM  
DEBT SERVICE AS A PERCENTAGE OF PROJECTED  
GENERAL FUND BUDGETARY EXPENDITURES  
FISCAL YEARS 2019 TO 2030**



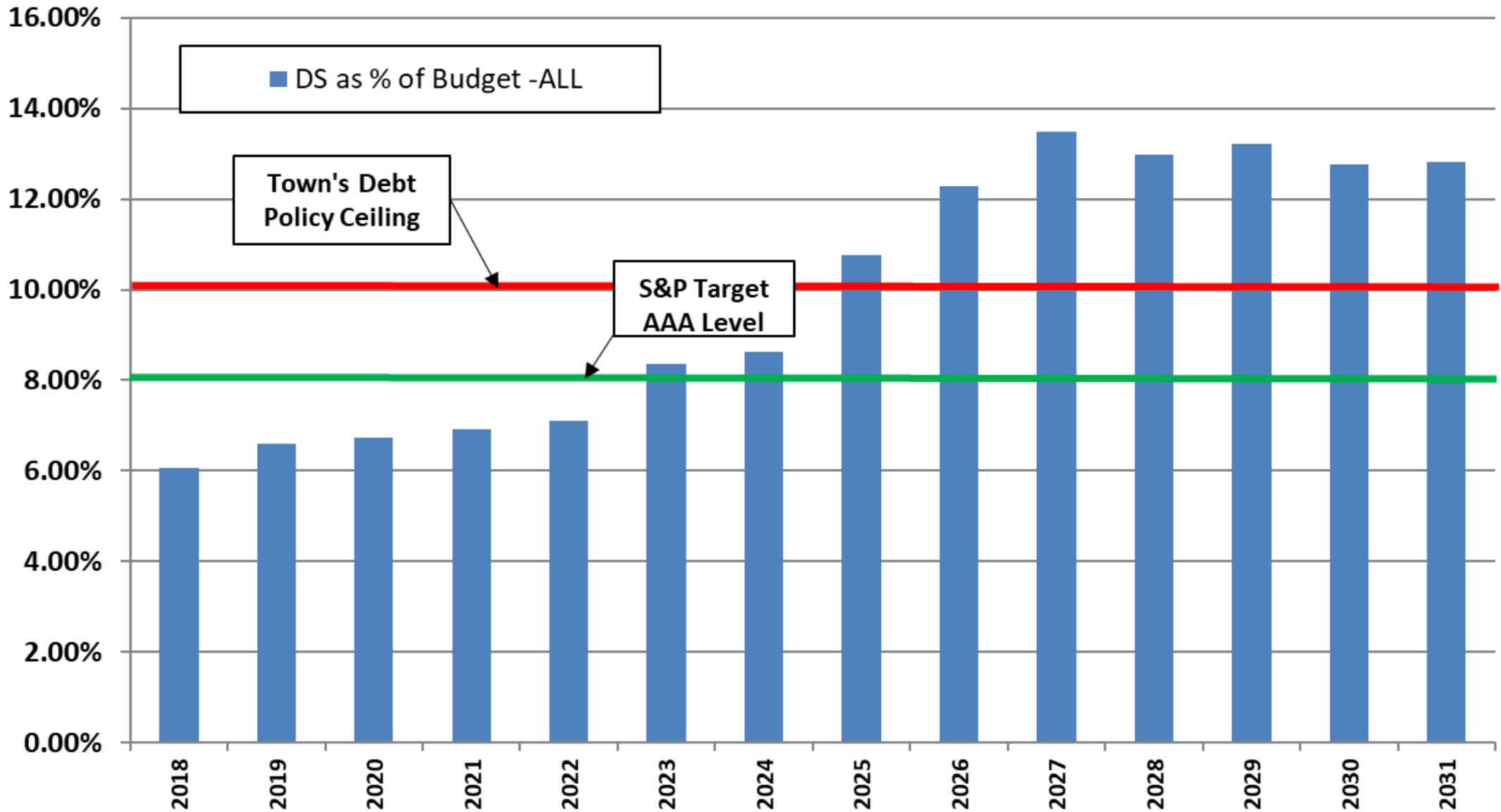
# Town of Cheshire, CT

## *Debt Service Projections (est)*



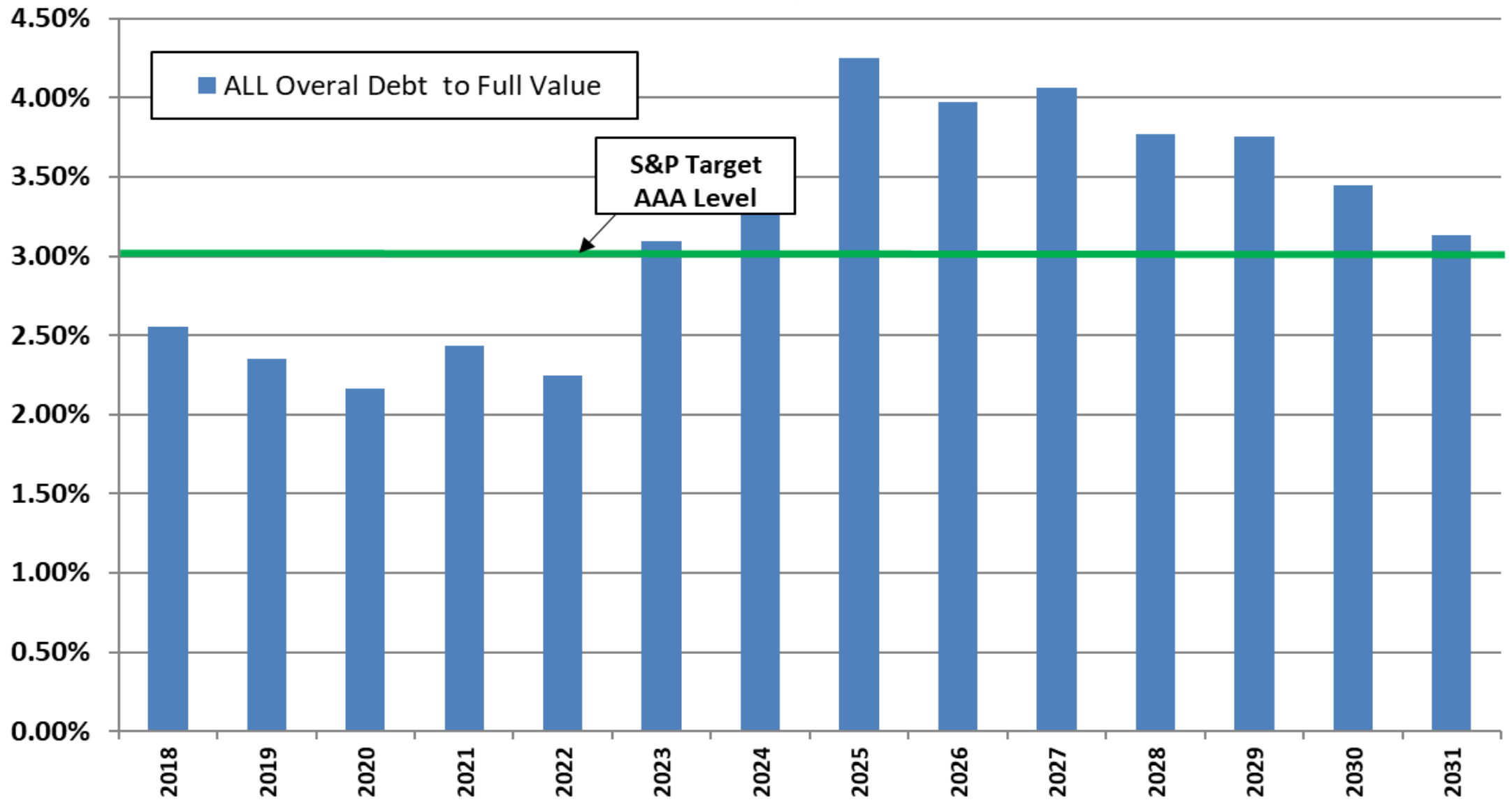
# Town of Cheshire, CT

## Debt Service Projections



# Town of Cheshire, CT

## *Debt Service Projections*



QUESTIONS?