



# Amortization and Tax Impact

2025 Referendum



# Assumptions in Draft Amortization

- Interest Rate is currently estimated at 4.25%. We expect a better
- The term (Payback period) of the bond is 25 years.
- We show NO growth in the ratable base. The ratable base over 20 years has been positive on average.
- Payments are shown as being feathered into existing debt. We can modify this to some extent. The following pages show only the “New Debt”.

See next page for amount to be borrowed.



# Bond:

|   | Funding  | Notes   |
|---|--|---|
| Project Cost  | \$98,900,000   | Total Cost of project   |
| Less: Capital Reserve   | <u>-\$4,000,000</u>  | Down Payment  |
| Amount to Bond  | \$94,900,000   | Amount LTPS Borrows   |
| LTPS <u>and</u> The State of New Jersey makes payments each year. | <b>State aid</b> is Received for Mortgage Payments<br><b>See</b> “State Aid” on following page | The <b>State of New Jersey</b> helps with <i>Principal AND Interest</i> payments each year.<br><b>See</b> “State Aid” on following page |



# Repayment Schedule (DRAFT)

| Year | Principal           | Interest            | Total DS             | State Aid            | Net DS               | Average Net DS       |
|------|---------------------|---------------------|----------------------|----------------------|----------------------|----------------------|
| 2027 |                     | 6,049,875           | 6,049,875            | -715,934             | 5,333,941            | 5,430,152            |
| 2028 | 2,250,000           | 3,985,438           | 6,235,438            | -737,893             | 5,497,545            | 5,430,152            |
| 2029 | 2,250,000           | 3,889,813           | 6,139,813            | -726,577             | 5,413,236            | 5,430,152            |
| 2030 | 2,750,000           | 3,783,563           | 6,533,563            | -773,173             | 5,760,390            | 5,430,152            |
| 2031 | 2,800,000           | 3,665,625           | 6,465,625            | -765,133             | 5,700,492            | 5,430,152            |
| 2032 | 2,800,000           | 3,546,625           | 6,346,625            | -751,051             | 5,595,574            | 5,430,152            |
| 2033 | 2,850,000           | 3,426,563           | 6,276,563            | -742,760             | 5,533,803            | 5,430,152            |
| 2034 | 3,000,000           | 3,302,250           | 6,302,250            | -745,800             | 5,556,450            | 5,430,152            |
| 2035 | 4,500,000           | 3,142,875           | 7,642,875            | -904,447             | 6,738,428            | 5,430,152            |
| 2036 | 4,500,000           | 2,951,625           | 7,451,625            | -881,815             | 6,569,810            | 5,430,152            |
| 2037 | 4,500,000           | 2,760,375           | 7,260,375            | -859,183             | 6,401,192            | 5,430,152            |
| 2038 | 4,500,000           | 2,569,125           | 7,069,125            | -836,551             | 6,232,574            | 5,430,152            |
| 2039 | 4,500,000           | 2,377,875           | 6,877,875            | -813,918             | 6,063,957            | 5,430,152            |
| 2040 | 4,500,000           | 2,186,625           | 6,686,625            | -791,286             | 5,895,339            | 5,430,152            |
| 2041 | 4,500,000           | 1,995,375           | 6,495,375            | -768,654             | 5,726,721            | 5,430,152            |
| 2042 | 4,500,000           | 1,804,125           | 6,304,125            | -746,021             | 5,558,104            | 5,430,152            |
| 2043 | 4,500,000           | 1,612,875           | 6,112,875            | -723,389             | 5,389,486            | 5,430,152            |
| 2044 | 4,500,000           | 1,421,625           | 5,921,625            | -700,757             | 5,220,868            | 5,430,152            |
| 2045 | 4,500,000           | 1,230,375           | 5,730,375            | -678,125             | 5,052,250            | 5,430,152            |
| 2046 | 4,500,000           | 1,039,125           | 5,539,125            | -655,492             | 4,883,633            | 5,430,152            |
| 2047 | 4,500,000           | 847,875             | 5,347,875            | -632,860             | 4,715,015            | 5,430,152            |
| 2048 | 4,500,000           | 656,625             | 5,156,625            | -610,228             | 4,546,397            | 5,430,152            |
| 2049 | 4,500,000           | 465,375             | 4,965,375            | -587,596             | 4,377,779            | 5,430,152            |
| 2050 | 4,500,000           | 274,125             | 4,774,125            | -564,963             | 4,209,162            | 5,430,152            |
| 2051 | 4,200,000           | 89,250              | 4,289,250            | -507,584             | 3,781,666            | 5,430,152            |
|      | <b>\$94,900,000</b> | <b>\$59,075,002</b> | <b>\$153,975,002</b> | <b>-\$18,221,190</b> | <b>\$135,753,812</b> | <b>\$135,753,800</b> |

| Legend     | Item                                       | Amount          | Notes  |
|------------|--|-----------------|--|
| A          | Average Annual Payment (Draft)             | \$5,430,152     | Local Share (After receiving <u>statutory</u> State Aid) |
| B          | Current Ratable Base (Current Only)        | \$4,721,546,000 | Total Taxable Value (Held constant/No Growth)            |
| C (=A / B) | Tax rate per every dollar of taxable value | \$0.00115       | Equation: A/B  |
| D          | Average Assessed Home                      | \$285,767       | Validated by Township of Lawrence                        |
| E (=C x D) | Tax Impact                                 | \$329           | Draft Annual Tax Impact                                  |

We are using “Average Net DS (Debt Service)” in our calculations because we have not made a final decision on the actual amortization schedule.

Notice that the total repayment between actual and are equal for modeling purposes.



Questions, Please contact:

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