

## **Debt Service Repayment Schedules**

**Level Debt:** Much like your home mortgage, car loan, or installment loan, there are equal monthly/yearly payments made. During the early years there is a small portion of principal paid and a greater portion of interest paid within each payment. During the later years there is a greater portion of principal paid, and a smaller portion of interest paid within each payment.

**Declining Debt (also known as Level Principal):** These yearly debt service payments decline over time. Each amount paid in a year is a lesser sum than in the previous year. This allows faster paydown of debt AND lower total interest paid over the life of the loan. However, the payments over the first several years are higher than those under a Level Debt schedule (and less than Level Debt in the later years).

## **Refinancing Opportunities:**

Bonds cannot be refinanced or prepaid until a 10-year time period has elapsed. Bonds with a maturity date of less than 10 years do not qualify for refinancing.

## **Rating Services**

They examine the creditworthiness of a community and its ability to sustain repayment of its obligations. In January 2022 the Standard & Poor's Rating Service (S&P) re-examined and re-affirmed the strong financial standing of Town of Orleans by assigning us the highest possible 'AAA' credit rating for our debt issuance. Some of the positive factors cited included consistent and prudent financial management policies and practices; financial flexibility to absorb additional debt without pressuring budgetary performance; and having a five-year Capital Improvement Plan in place, among others.