Proposed Scenario I - Bonding

Loan amount	$ 789,000.00
Annual interest rate	3.50%
Loan period in years	20
Start date of loan	1/12/25
Monthly payment	$ 4,575.88
Number of payments	240
Total interest	$ 309,211.72
Total cost of loan	$ 1,098,211.72

- Issue a bond for the entire cost of the new fire engine ($789,000)
- Assumes a 3.5% annual interest rate and borrowing over a 20-year period
- Annual payments of $54,910
- Total interest paid of $309,212
- Analysis doesn't include any potential administrative costs associated with issuing the bond

Proposed Scenario I *- Bonding

Loan amount	$ 789,000.00
Annual interest rate	3.50%
Loan period in years	10
Start date of loan	1/15/25
Monthly payment	$ 7,802.09
Number of payments	120
Total interest	$ 147,251.39
Total cost of loan	$ 936,251.39

Proposed Scenario II – Current Cash & Lease

Loan amount	$ 500,000.00
Annual interest rate	5.75%
Loan period in years	5
Start date of loan	1/15/25
Monthly payment	$ 9,608.38
Number of payments	60
Total interest	$ 76,503.05
Total cost of loan*	$ 865,503.05

*plus $289,000

- Use fund balance for $289,000 down payment on the new fire engine, lease the balance of $500,000 ($789,000)
- Assumes a 5.75% annual interest rate and a 5-year term for the lease
- Annual payments of $115,301
- Total interest paid of $76,503
- Analysis doesn't include any potential administrative costs associated with lease

In years 1-5 scenario II has a greater annual tax impact of $60,390. In years 6-20, scenario I has a greater annual tax impact of $54,910.
In aggregate, scenario I will cost $232,708 more than scenario II.
Scenario I* shortens the duration of the bond from 20 to 10 years, reducing the interest paid.