



Town of Belmont
Town Administration's Fiscal Year 2017 Budget Recommendation

February 22, 2016

DEBT SERVICE

OVERVIEW:

FY16 Budget	FY17 Budget	\$ Change	% Change
\$ 4,400,919	\$ 4,690,532	\$ 289,613	6.58%

The primary purpose of this allotment is to finance the debt service on all Town issued bonds with the exception of the Belmont Municipal Light Department (BMLD), which is managed by the Board of Selectmen acting as the Light Board. Improvements to the electrical system, including the future substation on Flanders Rd. are funded through the Light Department budget. However the bonds issued for the substation project are issued by the Town of Belmont.

In addition, principal and interest costs for water and sewer projects are budgeted within the water and sewer enterprise funds.

The funds budgeted in these costs cover debt service on a wide variety of projects, most all of which were approved by the voters as a part of debt exclusion overrides.

PROJECTS:

The following is a list of major projects that the Town is currently carrying debt for:

- Wellington Elementary School construction
- Beech Street Center construction
- Belmont Center Fire Station construction
- Belmont Fire Headquarters Station construction
- Town Hall Complex renovation

RE-FINANCING:

Debt is managed in the Town Treasurer's Office who has the authority to re-finance Town debt. When it is in the best interest of the Town, the Treasurer has used this authority to re-finance current debt to achieve significant savings on several projects.

MATURING BONDED DEBT:

This allotment covers the cost of the principle payments on the Town's existing bonded debt with the exception of the Municipal Light Department, which budgets the debt service in the rate. The FY17 Budget for Principle Debt payments is \$3,072,919, which reflects the new debt issues for the Belmont High School Fire Alarm System and Public Safety Communication System.

INTEREST ON BONDS:

This allotment covers the cost of interest payments on the Town's existing bond debt. The interest that the Town pays on its debt is determined primarily by the market conditions and the supply of bonds at the time of issue, the maturity schedule of the issue and the Town's credit ratings. The FY17 Budget Interest on bonds is \$1,565,113.

INTEREST ON TEMPORARY BORROWING:

This allotment covers the interest cost for short-term borrowing that the Town incurs on occasion prior to issuing permanent debt and is budgeted at \$52,500.