



Town of Belmont
Town Administration's Fiscal Year 2014 Budget Recommendation

DEBT SERVICES

OVERVIEW:

The primary purpose of this allotment is to finance the debt service on all Town issued bonds. The lone exception to this is the Belmont Municipal Light Department (BMLD), who is an independent department 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 projects that the Town is currently carrying debt for:

- Chenery Middle School construction
- Wellington Elementary School construction
- Beach 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 and saved the Town a great deal of money on several projects. A more detailed account of re-financing can be found in the Treasurer's Section of this report under the General Government tab.

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, who as mentioned above, has their debt included with their budget.

INTEREST ON BONDS:

This allotment covers the cost of interest payments on the Town's existing bondage 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.

INTEREST ON TEMPORARY BORROWING:

This allotment covers the interest cost for short-tem borrowing that the Town incurs on occasion prior to issuing permanent debt.



February 11, 2013

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