

Town of Reading FY - 2009 Budget

Debt Service

Budget Summary (Form A)

Debt Service - 710

Summary: D1 & D2

<u>Budget Summary</u>	Actual Expenditures FY - 2006	Actual Expenditures FY - 2007	Annual Adopted Budget (Revised) FY - 2008	Recommended Budget FY - 2009	One Year Percent Change
Salaries and Wages (Form B)	\$ 0	\$ 0	\$ 0	\$ 0	
Expenses (Form C)	<u>6,816,399</u>	<u>6,731,166</u>	<u>6,594,457</u>	<u>6,959,654</u>	5.54%
Totals	<u>6,816,399</u>	<u>6,731,166</u>	<u>6,594,457</u>	<u>6,959,654</u>	5.54%
<u>Revenue and Staffing</u>					
Revenues	<u> </u>	<u> </u>	<u> </u>	<u> </u>	
Staffing	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	

Commentary

FY09 Significant Additions: The Town permanently financed the Downtown Improvements (\$650,000), a new fire engine (\$410,000), the artificial turf field at Parker MS (\$375,000), and the full-time buy-in to the MWRA (\$7.8 million) in November 2007. In March 2008 the Town permanently financed the building of the Birch Meadow tennis courts (\$485,000), demolition of the Water Treatment Plant and the chlorination project (the remaining \$800,000 authorized), and purchase of a new ladder truck (\$800,000). The Town expects to use temporary financing in the summer of 2008 for the \$1.25 million in technology projects that are underway and any additional funding required by the chlorination project. Permanent financing of these activities will not occur until the final costs are known - probably in 12-18 months from now.

Overview: The debt service is expected to decline over time, in the absence of significant new projects. Strategically, the use of debt for projects paid inside the tax levy will be constrained in the future, and when coupled with declining existing debt service will gradually allow more 'cash capital' projects.

Changes: In March 2008 the Town refinanced some existing school debt (Parker, Joshua Eaton, Birch Meadow), and received a substantial lump sum payment from the MSBA on these projects. This allowed the debt sold to represent only the Town's remaining share of these projects. At the November 2008 Town Meeting, when the temporary costs mentioned above are known, this debt budget will be modified to reflect this refinancing activity as well as any other actions by Town Meeting.

Outlook: Items in the capital plan that may require future debt financing include an additional fire engine, public safety technology, Imagination Station, and a Cemetery garage.

Town of Reading FY - 2008 Budget

Debt Service

Expenses (Form C)

Debt Service - 710

Summary: D1 & D2

Classification	Actual Expenditures FY - 2006 \$	Actual Expenditures FY - 2007 \$	Annual Adopted Budget (Revised) FY - 2008 \$	Recommended Budget FY - 2009 \$	One Year Percent Change
General Fund:					
Repayment of Principal:					
Within Levy Limit	2,580,000	2,565,000	2,592,000	2,970,000	14.6%
Debt Exclusion	1,305,000	1,345,000	1,442,000	1,480,000	2.6%
Interest on Long-Term Debt:					
Within Levy Limit	1,386,308	1,228,983	1,129,479	1,146,321	1.5%
Debt Exclusion	1,376,696	1,367,200	1,353,878	1,316,583	-2.8%
Interest on Temporary Debt:					
Within Levy Limit	187,106	195,180	77,100	46,750	-39.4%
Debt Exclusion	61,399	24,996			
Retirement of Debt (B.A.N.S.)					
Within Levy Limit					
Debt Exclusion					
Interest on Refunded Taxes	19,891	5,321			
Water Fund:					
Repayment of Principal	100,000	100,000	756,000	1,295,000	71.3%
Interest on Long Term Debt	64,306	172,157	549,579	634,769	15.5%
Interest on Temporary Debt	46,529	141,706			
Retirement of Debt (B.A.N.S.)		526,000			
Sewer Fund:					
Repayment of Principal	83,677	83,677	156,677	239,277	52.7%
Interest on Long Term Debt			23,725	13,875	-41.5%
Debt Service Issuance Costs	9,740				
Totals	7,220,651	7,755,220	8,080,438	9,142,575	13.1%
Source of Funding	%	%	%	%	
Water Fund	4.3%	12.1%	16.2%	21.1%	
Sewer Fund	1.2%	1.1%	2.2%	2.8%	
Bond Premium	0.1%	0.0%			
General Fund (Form A)	6,816,399	6,731,166	6,594,457	6,959,654	5.5%