

Why do we issue Debt/borrow funds?:

Towns must sometimes acquire a facility or piece of equipment that is so expensive it is preferable or necessary to pay for it over several years. State laws regulate the purposes for which towns may borrow, and how long such loans may last.

Debt Service:

The yearly payments of Principal and Interest on the borrowed sum

Interest Rates:

Are determined at the time the borrowing occurs.

They remain fixed for the life of the loan period.

Types of Debt borrowing:

Short Term (usually one to four years); also known as Temporary/Interim Financing

Orleans utilizes Bond Anticipation Notes (BANs)

Long Term (five years or longer); also known as Permanent Financing

Orleans utilizes bonding (BONDS)

Borrowing Term (How long may such loans last?):

MA General Law determines the maximum term that we can borrow for, as detailed within their Asset Useful Life Schedules and Maximum Borrowing Term Schedules.