Budget orientation note — debt structure and management

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Draft handed over for the town council meeting of 12 February 2027 · fictional document

Fictional document — demonstration example

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Fictional document, produced for the demonstration. **The note is a draft: it exists only once presented by the mayor and debated by the town council. Every figure carries the contract, the account or the resolution it is drawn from, with its date.**

What the text requires, and where the note answers it

What article L. 2312-1 of the French general local authorities code requires	Where it is dealt with in the note	State
A report on the budget orientations	Parts 1 and 2 — revenue, operating expenditure, investment programme	**Written**
The multi-year commitments envisaged	**Part 3 — the three programme authorisations in progress and their payment appropriations**	**Written — page added this year**

What article L. 2312-1 of the French general local authorities code requires	Where it is dealt with in the note	State
The structure and management of the debt	**Part 4 — the 9 loans, the fixed/revisable split, the instalment schedule, the four ratios, loan no. 4**	**Written**
Presentation within two months preceding the examination of the budget	Council of 12 February; budget voted on 26 March	**Inside the window — 42 days**

The « multi-year commitments » page is what is new in this edition. It takes up **the three programme authorisations in progress — €2.86m — and the payment appropriations entered for 2027 — €1.12m**, year by year out to 2030. **The text asks for it; it did not appear in either of the two previous years. The department keeps it or drops it; either way, the note is complete the day it is read.**

Part 4 — the structure of the debt, on one page

Item	Value at 01/01/2027	Source quoted in the note
Total outstanding	**€4.20m across 9 loans**	Amortisation tables of loans no. 1 to 9
Split by rate type	**7 fixed-rate loans for €3.15m — 75 %; 2 revisable-rate loans for €1.05m — 25 %**	Loans no. 4 and no. 9
2027 debt service	**€512,000, of which €414,000 of principal and €98,000 of interest**	Contractual instalment schedules
Weighted average rate	**2.10 %**	Reproducible calculation, loan-by-loan detail
Debt repayment capacity	**5.3 years**	Outstanding debt ÷ 2026 gross savings from the annual financial statement

Item	Value at 01/01/2027	Source quoted in the note
Debt run-off	Final instalment in 2081; 78 % of the outstanding debt extinguished by 2036	Consolidated run-off profile of the 9 loans
New loans drawn since 2024	**0**	2024 and 2025 annual financial statements, 2026 execution

The four charts built for the meeting

Chart	What it shows	What it lets you say in the meeting
Debt run-off profile, 2027-2081	Principal outstanding year by year, loan by loan	**When the town regains headroom to borrow**
Split of principal and interest within the debt service	The breakdown of the €512,000	That 81 % of the debt service is deleveraging, not cost
Series of the four ratios over three financial years	The trend and the threshold set by resolution	**That the improvement comes from amortisation, and that savings call for vigilance**
Weight of debt service in actual operating revenue	4.4 % → 4.3 % → 4.2 %	The headroom available for a new project

The three options on loan no. 4 — costed, to be weighed

Option	What it costs	What it avoids	Effect on the profile	Decision
A — let the phase unwind	**€0 of fees**	Nothing	**+€9,800 in 2027, +€14,700 in 2028, €39,200 in total**	______

Option	What it costs	What it avoids	Effect on the profile	Decision
B — ask the lender for a rate reset before 30 June	**Reset fee to be costed by the lender — the contract sets no figure**	**All or part of the €39,200, depending on the rate obtained**	Unchanged	______
C — partial early repayment of €400,000 on 1 July	**Actuarial penalty under article 9 of the contract — statement requested from the lender**	**€46,800 of interest over the remaining years**	**The loan is extinguished in 2028 instead of 2030**	______

> **What is missing to decide, and the exact protocol to obtain it. The early repayment penalty is written down nowhere: article 9 of loan no. 4 defines it as actuarial, with no capped figure, and its amount depends on the reinvestment rate on the day of the request. The request for a statement is drafted** — contract number, article cited, value date sought, and the three alternative amounts to be costed: full repayment, partial repayment of €400,000, rate reset. **Signed today, it comes back within 48 hours, and the three options replay with the real figure. A borrowing decision falls under the delegation the town council gives the mayor under article L. 2122-22, 3°, of the French general local authorities code, within the limits it has set.**

To be settled before the meeting

Budget orientation note settled by the head of finance on: ______

« Multi-year commitments » page kept or dropped: ______

Option chosen on loan no. 4, once the lender's statement is received: ______

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