

# Township of South Orange Village

## Debt & Finance Presentation

Phoenix Advisors, LLC

Finance and Capital  
Committee Meeting

May 9, 2024



# Current Debt Profile & Assumptions

Township of South Orange Village Essex County, New Jersey				
Borrowing Analysis Summary - General Improvement May 9, 2024				
<b>Outstanding Debt (12/31/2023):</b> <i>(per information on hand)</i>	<u>Bonds</u>	<u>Loans</u>	<u>Notes</u>	<u>Total</u>
	\$31,410,000	\$324,327	\$20,507,314	\$52,241,641
<b>2024 Total Debt Service:</b> <i>(per adopted Budget)</i>	<u>Bonds</u>	<u>Loans</u>	<u>Notes</u>	<u>Total</u>
	\$5,676,700	\$46,090	\$1,707,250	\$7,430,040
<b>Expected New Debt:</b>	1) ABNI (as of 12/31/23): \$19.3 of \$30.2 million (excludes JMEUC and \$7M library) 2) 2024 Bond Ordinance - \$4.8 million 3) 2025-2030 Capital Program - Estimated at \$3 million/year (\$18 million total)			
<b>Borrowing Analysis Scenario:</b>	1) Roll BANs with voluntary/required pay downs for new money in between bond issues 2) Issue \$12,325,000 bonds in 2024 3) Issue \$23,570,000 bonds in 2028 4) Issue \$21,740,000 bonds in 2031			
<b>Interest Rate Assumptions:</b>	Based on "AA" S&P credit rating (last affirmed in June 2023) Initial bond rate of 3.50% and initial note rate of 3.75% Note rates assumed to increase 0.25% per year Bond rates assumed to increase 0.25% per year			
<b>Tax Base Assumptions:</b>	Total Assessed Valuation:		\$4,268,895,600	
	Average Home Value:		\$879,423	



# 2024 Proposed Borrowing

---

- The Village has \$20,507,314 Bond Anticipation Notes coming due on June 28<sup>th</sup>.
- The CFO has identified the need to fund \$14 million of new money from authorized but not issued bond ordinances in order to replenish the cash position for capital projects.
- The CFO has budgeted a \$685,000 principal pay down and can cancel \$1.14 million of debt that was included in the notes (Hurricane Ida).
- The proposed 2024 borrowing consists of: \$12,526,000 General Improvement Bonds and \$20,143,000 Bond Anticipation Notes.
- After this borrowing, the Village will have a total of \$21 million of remaining authorized but not issued debt, of which approximately \$7 million will be grant funded (library) and \$3.8 million will be NJIB funded (JMEUC).
- The MA and CFO update a debt plan annually to make sure the debt is managed in the most cost-effective way possible given market conditions, future debt authorizations and current capital needs.

# Aggregate Debt Projections

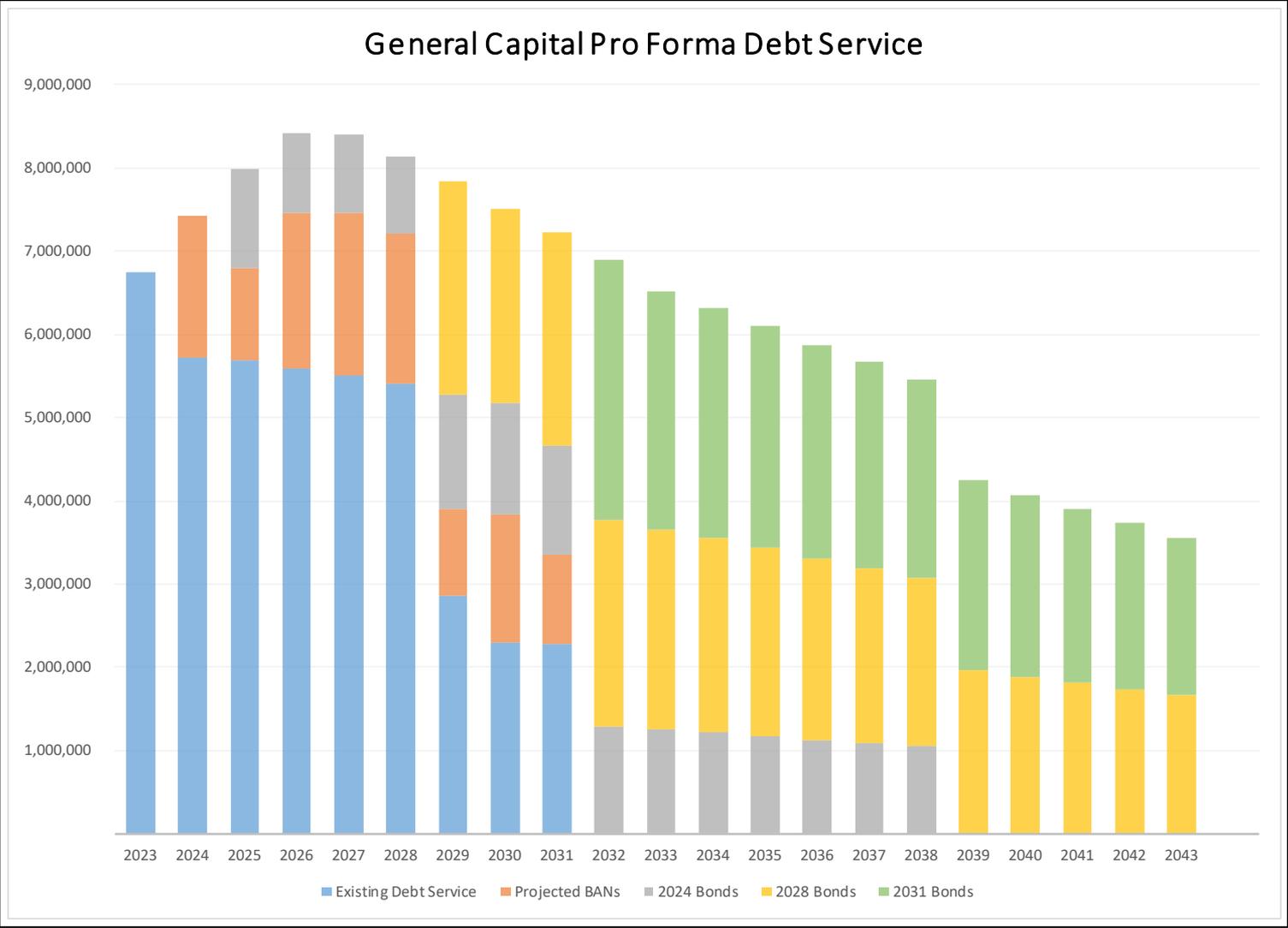
PROJECTED AGGREGATE DEBT SERVICE							
a) 2024-2031: Roll BANs with Voluntary/Required Pay Downs				c) 2028: \$23.6MM Bonds (15 years)			
b) 2024: \$12.5MM Bonds (14 years)				d) 2031: \$21.7MM Bonds (12 years)			
FY Ending 12/31	Existing Debt Service <sup>1</sup>	Note Rolls + New Bonds <sup>2</sup>			New + Existing Debt Service	Percentage Increase	Est. Incr. Tax Impact <sup>3</sup>
		Principal	Interest	Total Debt Service			
2023	6,754,296				6,754,296		
2024	5,722,790	684,250	1,023,000	1,707,250	7,430,040	10.0%	0.016
2025	5,680,723	921,000	1,386,846	2,307,846	7,988,569	7.5%	0.013
2026	5,585,899	1,471,000	1,365,632	2,836,632	8,422,531	5.4%	0.010
2027	5,505,788	1,221,000	1,672,246	2,893,246	8,399,034	-0.3%	
2028	5,402,238	684,500	2,044,342	2,728,842	8,131,080	-3.2%	
2029	2,851,363	2,297,000	2,697,301	4,994,301	7,845,664	-3.5%	
2030	2,293,988	2,963,000	2,255,732	5,218,732	7,512,720	-4.2%	
2031	2,276,988	2,670,550	2,273,108	4,943,658	7,220,646	-3.9%	
2032	18,251	4,120,000	2,753,263	6,873,263	6,891,514	-4.6%	
2033	18,251	4,515,000	1,986,294	6,501,294	6,519,545	-5.4%	
2034	18,251	4,515,000	1,779,631	6,294,631	6,312,883	-3.2%	
2035	18,251	4,510,000	1,573,056	6,083,056	6,101,308	-3.4%	
2036		4,510,000	1,366,569	5,876,569	5,876,569	-3.7%	
2037		4,505,000	1,160,194	5,665,194	5,665,194	-3.6%	
2038		4,505,000	953,931	5,458,931	5,458,931	-3.6%	
2039		3,475,000	765,694	4,240,694	4,240,694	-22.3%	
2040		3,475,000	595,481	4,070,481	4,070,481	-4.0%	
2041		3,475,000	425,269	3,900,269	3,900,269	-4.2%	
2042		3,475,000	255,056	3,730,056	3,730,056	-4.4%	
2043		3,470,000	84,975	3,554,975	3,554,975	-4.7%	
<b>Total:</b>	<b>\$42,147,078</b>	<b>\$61,462,300</b>	<b>\$28,417,619</b>	<b>\$89,879,919</b>	<b>\$132,026,996</b>		
<b>Max Annual Debt Service:</b>					<b>\$8,422,531</b>		
<b>Avg Annual Debt Service:</b>					<b>\$6,263,635</b>		

(1) Includes all General Improvement debt including: GI bonds, GT/NJIB loans and debt service on BANs for 2023.

(2) Rates assumed to increase 0.25% for bonds and notes each year. Includes voluntary principal pay downs on notes that are subject to change.

(3) Represents the annual tax impact per \$100 of assessed valuation. Calculation based on Total Taxable Valuation of \$4,268,895,600. Reflects tax increases versus highest previous year. No change in tax rate shown for years with debt service declines.

# Aggregate Debt Projections



# The Water Utility

---

- The Water Utility has \$9,688,686 Bond Anticipation Notes coming due on June 28<sup>th</sup>.
- The CFO has identified the need to fund \$2.4 million of new money from authorized but not issued bond ordinances in order to replenish the cash position for capital projects.
- The CFO has budgeted a \$118,000 principal pay down and can cancel \$760,000 of debt that was included in the notes.
- The proposed 2024 borrowing consists of \$11,158,000 Bond Anticipation Notes.
- After this borrowing, the Village will have a total of \$8.5 million of remaining authorized but not issued debt, of which approximately \$6.4 million will be financed through the NJIB.
- Pending the potential sale of the Water Utility, the debt will remain in short-term notes until a final decision is made.