

**REPORT  
ON  
DEBT OBLIGATIONS AND BOND ISSUES  
OF THE NEWLY CONSOLIDATED THE MUNICIPALITIES**

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**PREFACE**

During the process of analyzing the individual debt obligations of both Sussex Boro and Wantage Township, research was done to determine the present debt obligations that each municipality has incurred and its associated payment structure. Through various discussions with officials and representatives of both municipalities as well as the state Department of Community Affairs and the local school districts, the following guidelines are provided which take into the account the present debt obligations of the various governmental agencies and the ability to incur additional debt in the interim period between a positive referendum vote on consolidation and the actual time that newly consolidated municipality is installed with its elected officials.

**RECOMMENDATIONS**

Time period between positive referendum vote and election of new municipal officers.

If Sussex Boro and Wantage Township were to Consolidate through a positive referendum vote, there would be strict limitations to the ability of either participating municipality for debt obligations to be authorized and issued by either participating municipality with some limitations on the constituent school districts between date of a positive referendum and the election of new officers for the consolidated municipality.

If one of the constituent municipalities requires a debt ordinance to be passed in this interim period, a sub-committee will be formed constituting the municipality administrator, mayoral representative, and CFO from each municipality. This sub-committee of six will decide the needs and specifics of the debt obligation and make presentations to each of their respective municipal bodies for consideration. The debt obligation would need to have a positive vote by both municipal governing bodies for the debt to be accepted and properly apportioned to the newly consolidated municipality.

Time period between election of new municipal officers and installation of newly elected officials.

If Sussex Boro and Wantage Township were to Consolidate through a positive referendum vote, no new debt obligations, excepting emergency notes issued pursuant to N.J.S. 40A:4-51, would be authorized and issued by any of the participating municipality with some limitations on the constituent school districts between date of election of new officers for the consolidated municipality, and the date of consolidation. These guidelines would be pursuant to the Statutes 40:43-66.70.

This would mean that after election, the governing body of either Municipality could not authorize any debt for any project or purchase, 5 year life or longer, from date of the election to the date that the new municipality is organized. However, if either municipality has an **EMERGENCY** such as a snow

and/or water storm causes a road deterioration or a DPW Truck breaks down and there is a need for road improvement and a new truck needs to be purchased, debt could be authorize in which debt is issued in the municipality it happen. Any emergency debt that is deemed necessary by one of the constituent municipality would need to be agreed by majority vote by the other municipality.

#### Sussex-Wantage School District

Since the Sussex-Wantage school district is already a consolidated governmental agency of the two municipalities, the general guidelines for passage of any debt obligation notes would remain the same.

#### High Point Regional High School District

If the High Point Regional High School District requires debt obligation bonds to be issued during the time period of a positive referendum vote and the installation of the new municipality's elected officials, the school district would need to obtain the positive vote of both town's populations individually in order for the debt obligation to be passed. This means that a majority vote of both Sussex Boro and Wantage Township would be required for passage. Even if the combined numbers of both municipalities presents a majority vote, both individual municipalities would need their own individual majority vote; regardless of the vote in the other municipal constituents of the High Point Regional School District.

#### Sussex Boro Water and Sewer System

Since the debt service of the water and sewer systems of Sussex Boro is paid through user fees and not through any taxes levied by the boro, it would not be affected in the consolidation of the two municipalities. The entity would continue to pay its debt obligations by the present and future users of its services.

Any improvements in infrastructure that would be required between the positive referendum vote and the installation on the new consolidated government would need approval by both communities governing bodies as described in the section of this report "Time period between positive referendum vote and election of new municipal officers".

#### Consolidation of Present Debt Obligations

Apportment of Debt Service of Boro of Sussex and Township of Wantage -2008 tax Rate of each Municipality

#### Borough of Sussex-

Debt Service Appropriate 2008 Budget:

Bond Principal:	\$30,000
*BAN'S Principal:	\$32,000
Bond Interest:	\$12,083

\*BAN'S Interest: \$15,884  
Green Acre's Loan: \$8,445

Total debt service- 2008 budget: \$98,712

2008 Net Valuation Taxable (NVT) \$79,675,912

\$98,712- divided by \$796,759.12 = \$0.171 per one hundred of NVT

Township of Wantage:

Debt Service Appropriated in Township 2008 Budget:

Bond Principal: \$440,000  
Bond Interest: \$157,000  
Green Acre's Loan: \$83,706

Total Debt Service -2008 \$680,906

2008 Net Valuation taxable (NVT) \$14,485,187.93

\$680,906- divided by \$14,485,187.93 = \$0.047 per one hundred NVT

**\*\*CONSOLIDATED COMMUNITIES:**

Debt Service Appropriated 2008 Budget:

Bond Principal: \$470,000  
Bond Interest: \$169,083  
\*BAN'S Principal: \$32,300  
\*BAN'S Interest: \$15,884  
Green Acre's Loan: \$92,151

Total Debt Service- 2008 Budget: \$779,418

\*\*Estimated Net Valuation Taxable Using 2008 Assessment (NVT) \$1,568,771,859

\$779,418 divided by \$15,687,718.59 = \$0.050 per one hundred NVT

\*BAN'S: Bond Anticipation Notes

\*\*Information extracted from the State of New Jersey Aspects of Consolidating Sussex Borough and Township of Wantage Report Revised February 2009.