

Montclair Is Chipping Away At Its Debt, Town CFO Says



Montclair is chipping away at its debt.

That was the message from Montclair CFO Padmaja Rao during last week's Township Council meeting, who reported that the municipality had managed to reduce its debt obligation by \$40 million since 2011.

According to Rao, Montclair's debt decreased from \$223 million in 2011 to less than \$183 million as of November of this year, yielding an 18 percent reduction over the four-year period.

More than \$11.5 million was paid down this year alone through the budgetary process, Rao added.

- See related article: [Montclair Town Council Passes 2015 Budget](#)

Montclair is currently using only 31 percent of its maximum legal borrowing power, and its annual debt service is currently 13 percent of the operating budget, a decrease from a peak of 18 percent in 2013, according to Rao.

More from Montclair Patch

- See related article: [S&P Upgrades Township's GO Debt Outlook to 'Positive'](#)

According to statistics provided by the township, the municipality saw the following debt reductions over the past four years:

- General Obligation – Went from \$84.41 million in 2011 to \$69.69 million in 2015
- Local School District – Went from \$98.79 million in 2011 to \$79.18 million in 2015
- Water Utility – Went from \$20.24 million in 2011 to \$16.14 million in 2015
- Sewer Utility – Went from \$4.24 million in 2011 to \$3.51 million in 2015
- Parking Utility – Went from \$15.5 million in 2011 to \$14.19 million in 2015

“Capital investments are necessary to maintain infrastructure and quality of life for the residents,” Rao said. “While debt is an effective way to finance these capital investments, excessive reliance on debt can lead to financial strain. Our annual debt service payments are currently at a level that allows us excellent flexibility with operating priorities for the municipality. The direction the Township Council and management took in reducing the overall debt burden puts the municipality in a position of long-term fiscal stability and growth.”

Send Montclair news tips and press releases to eric.kiefer@patch.com