



**Rating Agency Presentation  
February 17, 2017**

***Township of Clark***

**\$15,600,000**

**General Obligation Bonds, Series 2017**

# Issue Details

## Key Dates

- Rating Due Date: Tuesday, February 28, 2017
- Anticipated Bond Sale: Tuesday, March 7, 2017

## Issuer Contacts

- Mayor Salvatore Bonaccorso
- John F. Laezza, Jr., Business Administrator, (732) 388-3666
- Terance J. O'Neill, Chief Financial Officer, (732) 388-3194

## Financial Advisor Contacts

- Sherry L. Tracey, (609) 291-0130, [stracey@muniadvisors.com](mailto:stracey@muniadvisors.com)
- Bryan Morris, (609) 291-0130, [bmorris@muniadvisors.com](mailto:bmorris@muniadvisors.com)

## Bond Counsel Contact

- Steven Rogut, (908) 931-1150, [slr@rogutmccarthy.com](mailto:slr@rogutmccarthy.com)

## Moody's Investors Service – Lead Analyst

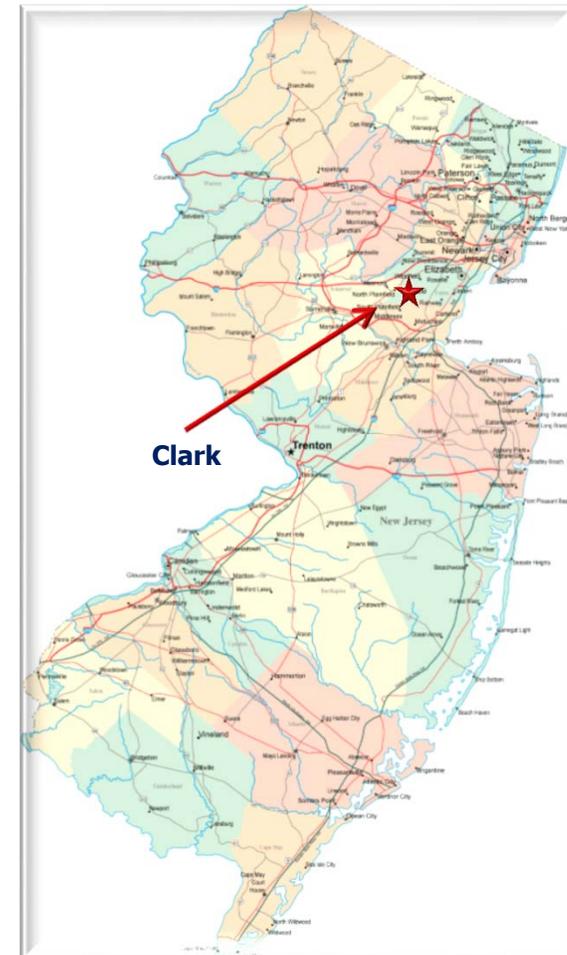
- Douglas Goldmacher, (212) 553-1477, [douglas.goldmacher@moodys.com](mailto:douglas.goldmacher@moodys.com)

# Proposed Issue

- Proposed Bonds:
  - \$15,600,000 General Obligation Bonds, Series 2017, consisting of:
    - \$15,100,000 General Improvement Bonds
    - \$500,000 Sewer Utility Bonds
- Maturities:
  - General Improvement Bonds: March 15, 2018 through 2027
  - Sewer Utility Bonds: March 15, 2018 through 2022
- Purpose:
  - Currently refund \$15,078,000 of the Township's \$15,373,000 Bond Anticipation Notes maturing March 17, 2017
  - Provide \$522,000 of new money to finance certain unfunded projects

# Overview

- Located in Union County, New Jersey.
- Approximately 4.5 square miles.
- 15,535 residents (2015 estimate).
- Traversed by the Garden State Parkway and in close proximity to Routes 27 and 28.
- Located approximately 20 miles from New York City.
- NJ Transit bus service is available to New York City.



# Education

- The Township's public school system serves students in grades K through 12<sup>th</sup> grade.
- The district has a total of four (4) schools: two elementary schools, one middle school, and one high school.
- For the 2015-16 fiscal year, total student enrollment was 2,230 students.

# Management Highlights

Current administration has made significant progress over the past 16 years:

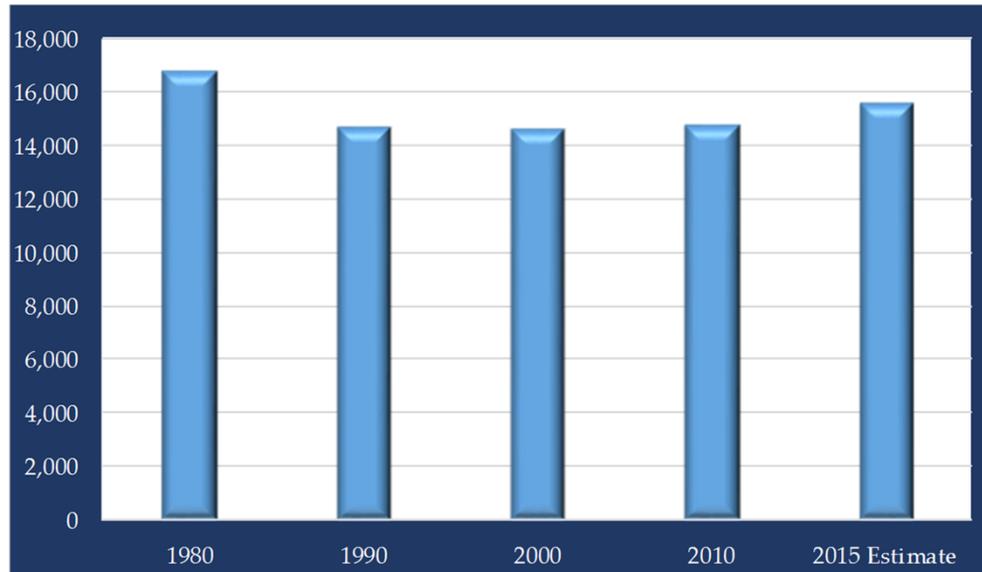
- Reduced manpower through attrition
- Eliminated uncontrolled accumulated sick time and compensated balances
- Reorganization of all departments
- Never had a furlough or lay-off
- Always met labor contract needs within adopted budget
- Consistently added services to residents
- Instituted a full-time recreation program
- Instituted an aggressive capital infrastructure program
- Settled affordable housing program through 2025; revised Master Plan set for adoption in 2017
- Created sewer utility to more fairly distribute costs through user fees

Recent economic development:

- Property assessments have increased from \$705 million to \$757 million since 2001
- Multiple commercial properties are making significant capital improvements, which will increase assessments
- 2<sup>nd</sup> phase of Clark Developers LLC completed in 2016 (\$5 million ratable increase)
- 230 new units expected to be on tax rolls for 2018
- Master Plan calls for 1,200 new units through 2025

# Population

- The Township's population has remained consistent over the past 10 years.
- Population Density: 3,431 people per square mile\*.



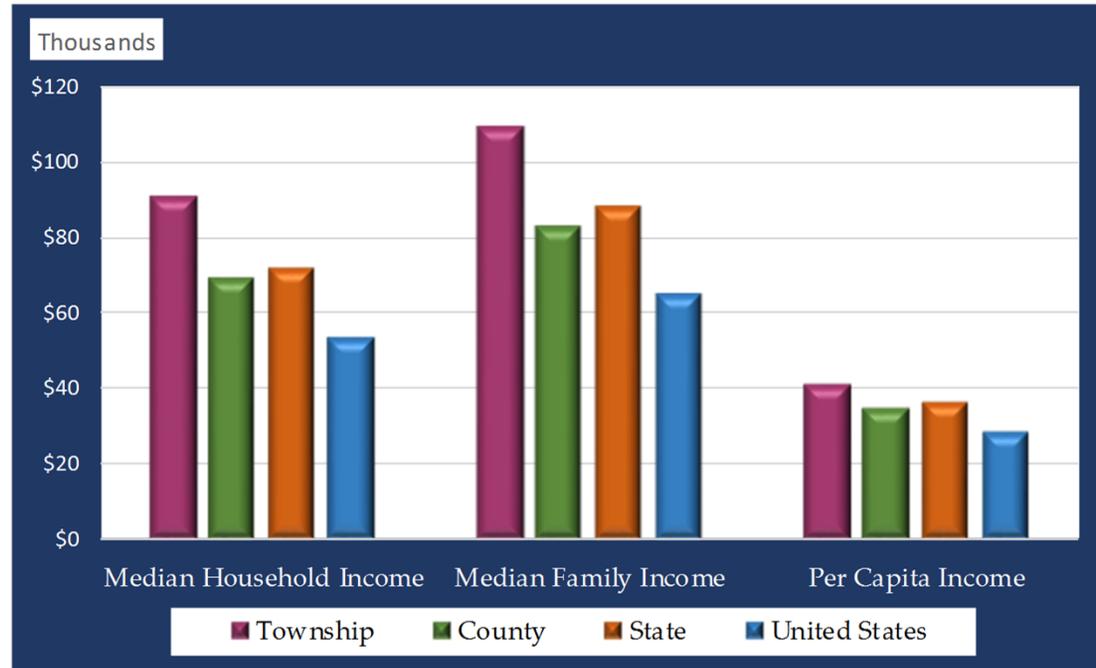
Year	Population	% Change
2015 Estimate	15,535	5.28%
2010	14,756	1.09
2000	14,597	-0.22
1990	14,629	-12.40
1980	16,699	-11.31

Source: US Census Bureau

\*State of New Jersey average density is 1,195.5 people per square mile.

# Wealth and Income

- Township wealth and income levels exceed County, State and National averages.

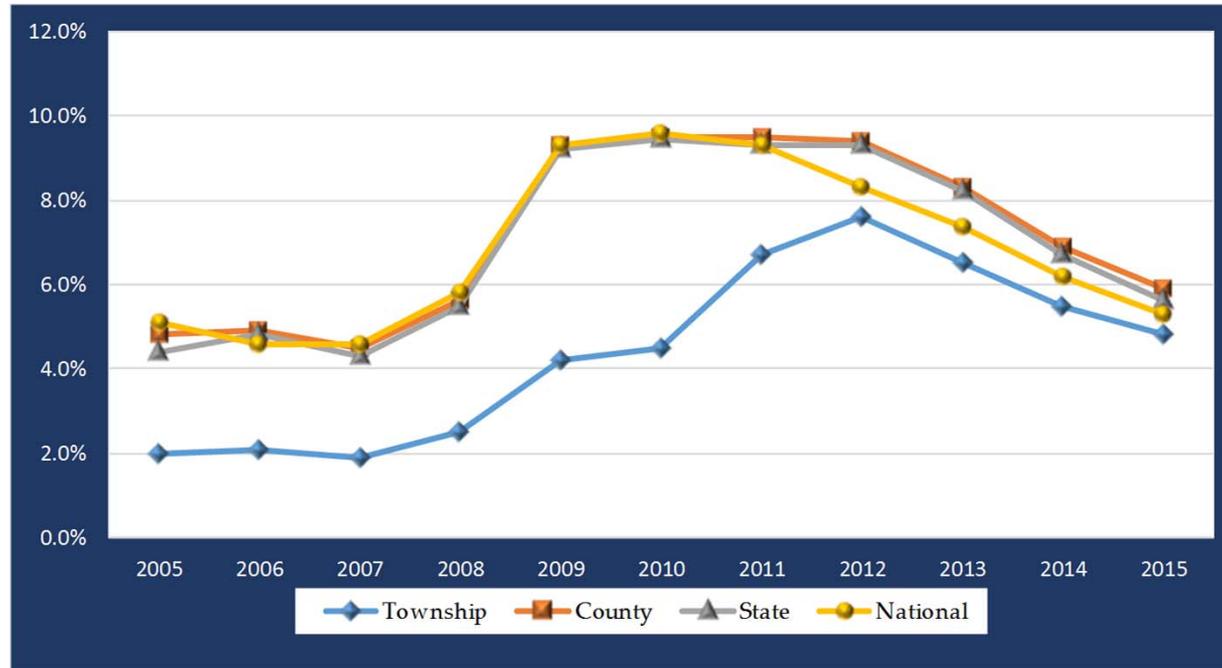


Wealth and Income			
	Median Household Income	Median Family Income	Per Capita Income
Township	\$90,956	\$109,635	\$41,459
County	69,594	83,430	35,308
State	72,093	88,335	36,582
United States	53,482	65,443	28,555

Source: US Bureau of the Census, 2015 American Community Survey 5-Year Estimates

# Unemployment Rates

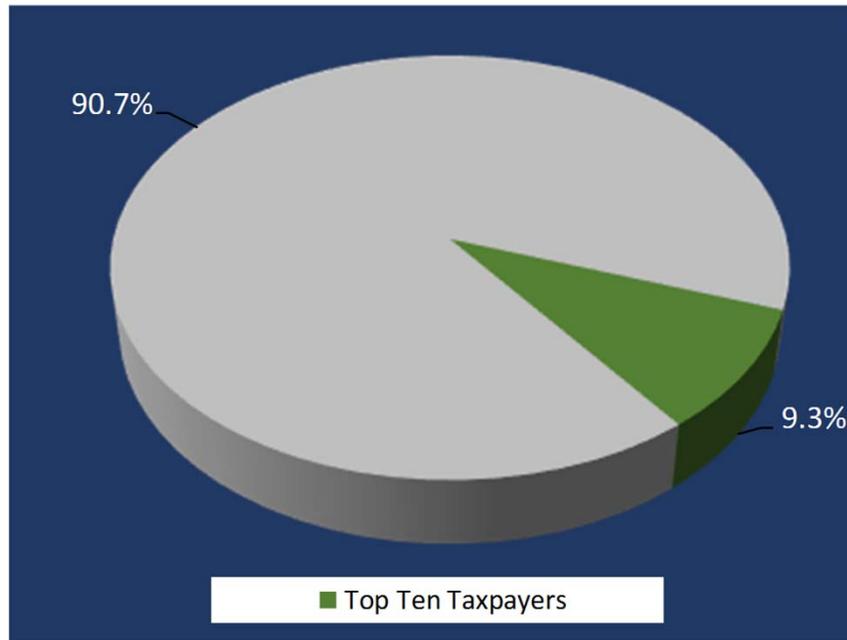
- Township unemployment has consistently trended below County, State and National averages.



Unemployment Rates											
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Township</b>	2.0%	2.1%	1.9%	2.5%	4.2%	4.5%	6.7%	7.6%	6.5%	5.5%	4.8%
<b>County</b>	4.8%	4.9%	4.5%	5.6%	9.3%	9.5%	9.5%	9.4%	8.3%	6.9%	5.9%
<b>State</b>	4.4%	4.8%	4.3%	5.5%	9.2%	9.5%	9.3%	9.3%	8.2%	6.7%	5.6%
<b>National</b>	5.1%	4.6%	4.6%	5.8%	9.3%	9.6%	9.3%	8.3%	7.4%	6.2%	5.3%

Source: NJ Department of Labor, Division of Labor Market and Demographic Research, Bureau of Labor Force Statistics

# Top Ten Taxpayers



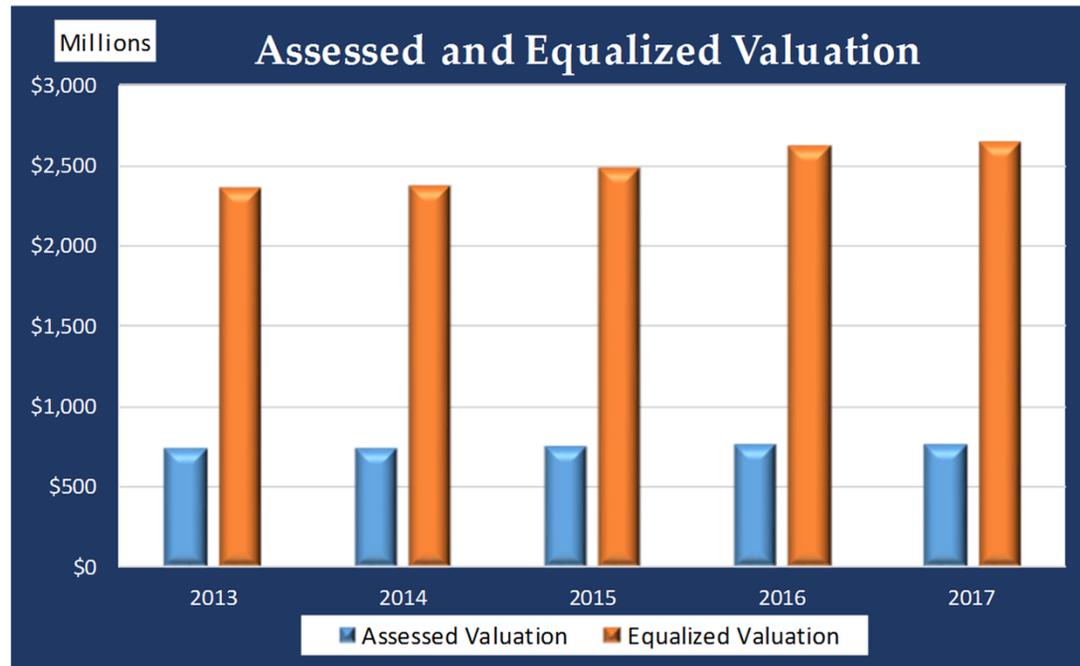
- Top Ten Taxpayers represent 9.3% of total tax base.
- No major tax appeals. \$250,000 in reserve.
- Largest tax appeal settled in 2016 and funded by Emergency Note payable in 2017 Budget.
- Among the top ten taxpayers are real estate developers, retail, and a hotel.

2017 Top Ten Taxpayers		
Taxpayers	Assessed Valuation	% of Total A. V.
Clark Developers LLC	\$17,100,000	2.26%
Clark Commons LLC	14,927,000	1.97%
100 Walnut LLC	7,831,800	1.03%
Clark 1709 LLC	5,647,500	0.75%
Target Corp.	5,443,200	0.72%
Lexington Village Associates	4,707,800	0.62%
Holiday Clark LLC	4,656,800	0.62%
Mastertaste Inc.	3,698,200	0.49%
Halsted Realty, LLC	3,378,100	0.45%
Hillcrest Associates	3,368,700	0.44%
	<b>\$70,759,100</b>	<b>9.35%</b>

2010 Top Ten Taxpayers		
Taxpayers	Assessed Valuation	% of Total A. V.
C. W. Association	\$8,000,000	1.10%
Feil	6,000,000	0.82%
Lexington Village	5,199,200	0.71%
Target Corp.	4,717,500	0.65%
Feil	4,573,400	0.63%
Largo Clark	4,521,800	0.62%
General Motors	4,473,000	0.61%
U.S. Gypsum Co.	3,917,800	0.54%
Ivy Park	3,710,000	0.51%
Hillcrest Association	3,700,000	0.51%
	<b>\$48,812,700</b>	<b>6.69%</b>

# Tax Base

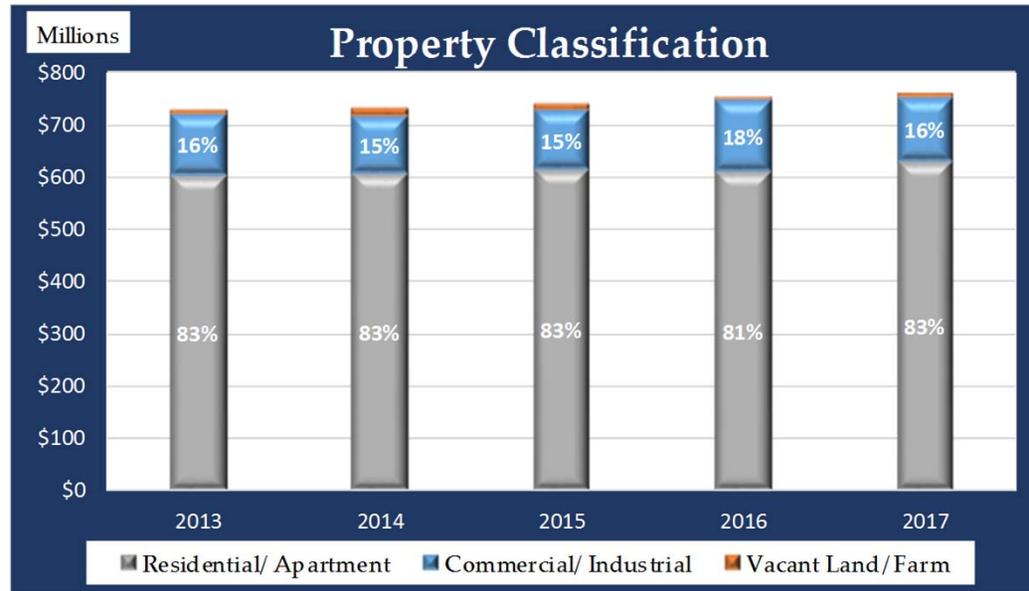
- The Township maintains a sizeable tax base with very strong market value per capita.
- The Township will conduct a revaluation of property in 2018, effective for 2019.



Assessed and Equalized Valuation					
	2013	2014	2015	2016	2017
<b>Assessed Valuation</b>	\$728,344,700	\$729,514,700	\$736,384,800	\$751,305,500	\$756,747,200
<b>Equalized Valuation</b>	2,350,640,589	2,365,767,864	2,478,042,490	2,617,164,886	2,636,814,713
<b>Market Value Per Capita*</b>	159,275	160,306	167,914	177,343	178,675
<b>*Based on the 2010 census population of 14,756</b>					

# Property Classification

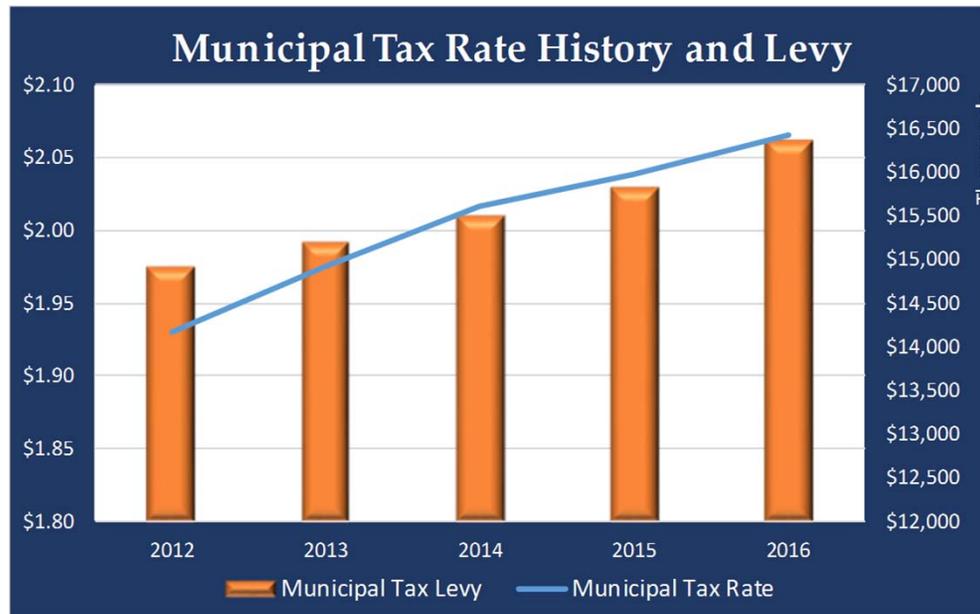
- The tax base is primarily residential, accounting for 83% of the total assessment.



	2013	2014	2015	2016	2017
Vacant Land	\$8,244,500	\$13,999,600	\$11,044,900	\$5,402,800	\$5,394,500
Residential	586,452,800	587,465,700	587,334,700	591,176,900	594,456,200
Farm	0	0	0	0	0
Commercial	89,972,000	89,165,200	89,071,000	115,793,400	100,864,100
Industrial	27,317,700	22,526,500	22,526,500	22,574,700	22,574,700
Apartments	<u>16,357,700</u>	<u>16,357,700</u>	<u>26,407,700</u>	<u>16,357,700</u>	<u>33,457,700</u>
<b>Total</b>	<u>\$728,344,700</u>	<u>\$729,514,700</u>	<u>\$736,384,800</u>	<u>\$751,305,500</u>	<u>\$756,747,200</u>

# Tax Rates and Tax Levy

- Tax levy and tax rate have grown consistently over the past five years.
- Significant tax increase planned for 2017 – Municipal Tax Rate increased to \$2.226 and Total Municipal Levy increased to \$17.7 million.



Year	Municipal	Municipal Library	Local School	County	Total	Municipal Tax Levy
2016	\$2.065	\$0.110	\$4.109	\$1.822	\$8.106	\$16,340,933
2015	2.038	0.107	4.123	1.756	8.024	15,802,971
2014	2.016	0.108	4.029	1.702	7.855	15,494,426
2013	1.975	0.111	3.997	1.664	7.747	15,194,849
2012	1.930	0.116	3.962	1.605	7.613	14,917,414

# Tax Levies and Collections

- The Township's current tax collections averaged 98.8% over the past five years.



Tax Collections						
Year	Tax Levy	Current Collections	Collection % of Levy	Delinquent Collections	Delinquent % of Levy	Total %
2016U	\$61,249,763	\$60,355,802	98.54%	\$514,036	0.84%	99.38%
2015	59,635,461	59,002,031	98.94%	452,315	0.76%	99.70%
2014	57,670,778	57,136,408	99.07%	595,916	1.03%	100.11%
2013	56,617,203	55,784,455	98.53%	587,907	1.04%	99.57%
2012	55,606,836	54,991,233	98.89%	425,555	0.77%	99.66%

U = unaudited

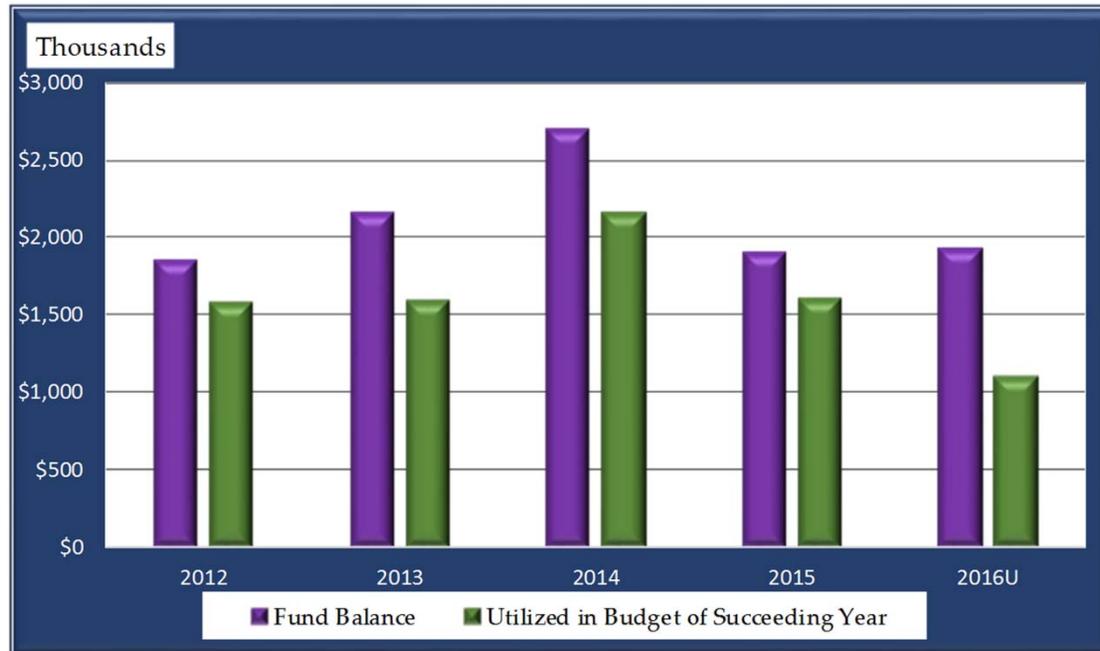
# Comparison of Budgets (2013-2017)

<b>Anticipated Revenues</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017*</b>
Fund Balance Utilized	\$1,580,000	\$1,592,000	\$2,150,000	\$1,600,000	\$1,100,000
Miscellaneous Revenues	3,513,245	3,831,834	3,606,264	3,738,818	3,208,813
Receipts from Delinquent Taxes	500,000	500,000	460,000	430,000	430,000
Amount to be Raised by Taxation	<u>15,194,849</u>	<u>15,494,426</u>	<u>15,802,971</u>	<u>16,340,933</u>	<u>17,725,827</u>
Total Revenue:	<u>\$20,788,094</u>	<u>\$21,418,260</u>	<u>\$22,019,235</u>	<u>\$22,109,751</u>	<u>\$22,464,640</u>
<b>Appropriations</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017*</b>
General Appropriations	\$15,530,340	\$15,836,501	\$16,321,234	\$16,630,723	\$16,922,270
Operations (Excluded from CAPS)	1,598,351	1,604,487	1,722,686	1,628,957	1,661,715
Deferred Charges and Statutory Expenditures	180,000	0	0	0	541,318
Capital Improvement Fund	100,000	100,000	100,000	45,000	100,000
Municipal Debt Service	2,529,404	3,015,272	3,000,315	3,005,071	2,239,337
Reserve for Uncollected Taxes	<u>850,000</u>	<u>862,000</u>	<u>875,000</u>	<u>800,000</u>	<u>1,000,000</u>
Total Appropriations:	<u>\$20,788,094</u>	<u>\$21,418,260</u>	<u>\$22,019,235</u>	<u>\$22,109,751</u>	<u>\$22,464,640</u>

\*The 2017 Budget is expected to be introduced on February 21, 2017.

# Fund Balance – Current Fund

- Current Fund Balance is currently equal to 9% of expenditures.

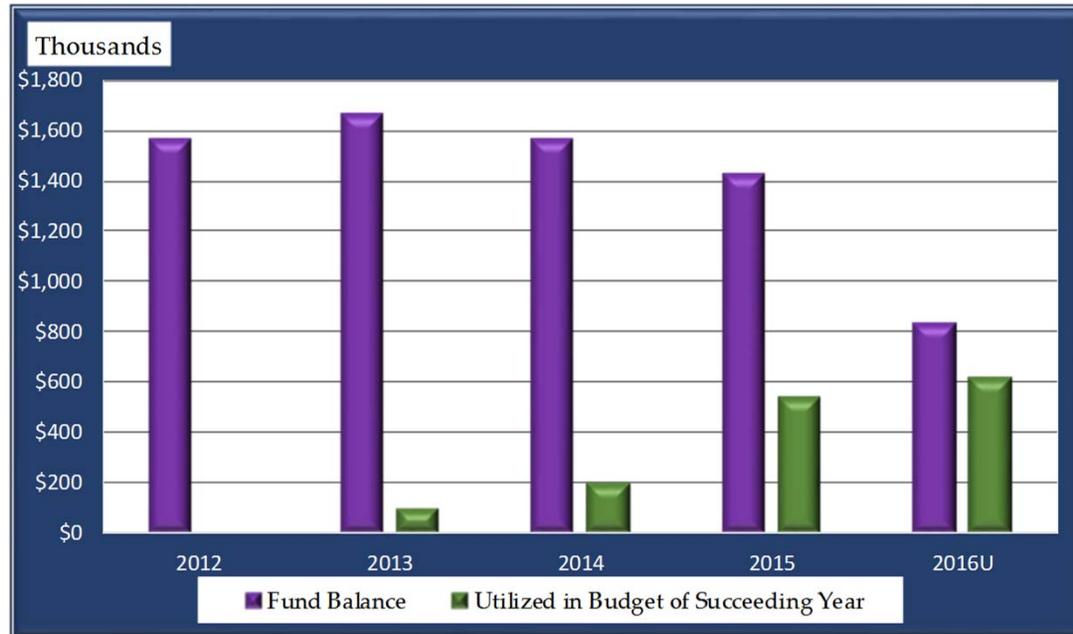


Fund Balance - Current Fund				
Year	Fund Balance	Utilized in Budget of Succeeding Year	% Utilized	Fund Balance As % of Expenditures
2016U	\$1,931,841	\$1,100,000	56.94%	8.95%
2015	1,910,310	1,600,000	83.76%	9.04%
2014	2,705,911	2,150,000	79.46%	13.20%
2013	2,163,552	1,592,000	73.58%	10.85%
2012	1,857,219	1,580,000	85.07%	9.72%

U = unaudited

# Fund Balance – Sewer Utility

- Sewer Utility Fund Balance is currently equal to 30% of expenditures.
- Sewer Fees were increased 25% in 2017.

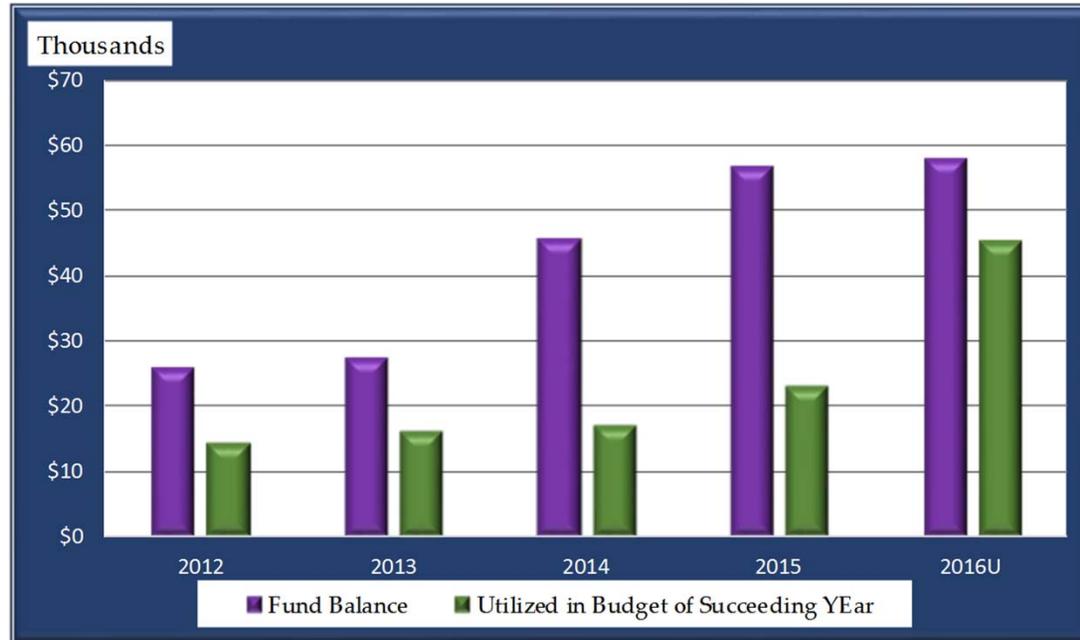


Fund Balance - Sewer Utility Operating Fund				
Year	Fund Balance	Utilized in Budget of Succeeding Year	% Utilized	Fund Balance As % of Expenditures
2016U	\$836,090	\$617,106	73.81%	29.39%
2015	1,428,282	536,073	37.53%	48.67%
2014	1,568,111	193,564	12.34%	54.24%
2013	1,668,111	100,000	5.99%	51.78%
2012	1,571,072	0	0.00%	50.81%

U = unaudited

# Fund Balance – Swimming Pool Utility

- Swimming Pool Utility Fund Balance is currently equal to 18% of expenditures.
- Swimming Pool Fees will be increased in Spring 2017.



Fund Balance - Swim Pool Utility Operating Fund				
Year	Fund Balance	Utilized in Budget of Succeeding Year	% Utilized	Fund Balance As % of Expenditures
2016U	\$58,123	\$45,300	77.94%	17.64%
2015	56,709	23,100	40.73%	16.71%
2014	45,797	17,052	37.23%	14.60%
2013	27,499	16,100	58.55%	9.29%
2012	26,037	14,400	55.31%	8.14%

U = unaudited

# Labor Contracts

- All contracts settled for 2% increases per year until expiration.

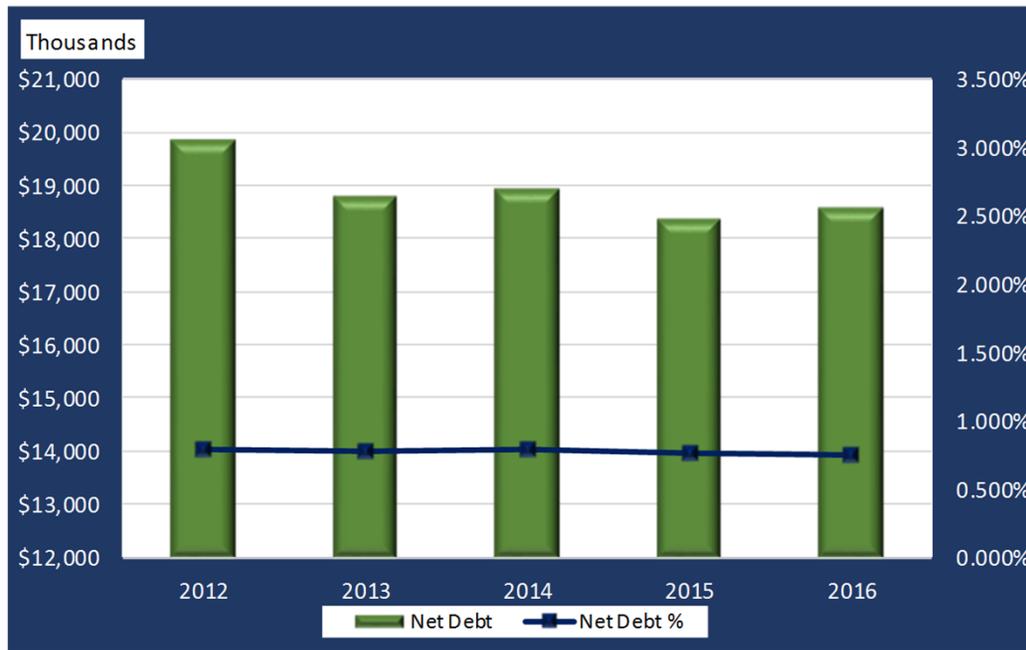
Type of Employee	Union	Contract Expiration
Police	Policemen's Benevolent Association - Local 125	12/31/19
White Collar	Union Council No. 8, I.F.P.T.E., AFL-CIO	12/31/19
Communications Operators	Union Council No. 8, I.F.P.T.E., AFL-CIO	12/31/20
Blue Collar	Union Council No. 8, I.F.P.T.E., AFL-CIO	12/31/17

# Policies and Practices

- Fund Balance Policy
  - Adopted fund balance policy.
- Debt Policy
  - No formal debt policy.
- Investment Policy
  - Adopted cash management plan that specifies permitted investments, which conforms to State guidelines.
- Budget Status Reports
  - Monthly budget status reports are provided to the governing body.
- Budget Forecasting
  - No formal budget forecast and surplus projections.
- Capital Plan
  - Maintains a 6 year capital plan that is updated annually and included in the operating budget.

# Net Debt

- The Township expects to authorize approximately \$2-3 million each year for typical capital expenses (roads, sewer, etc.).
- No variable rate debt.

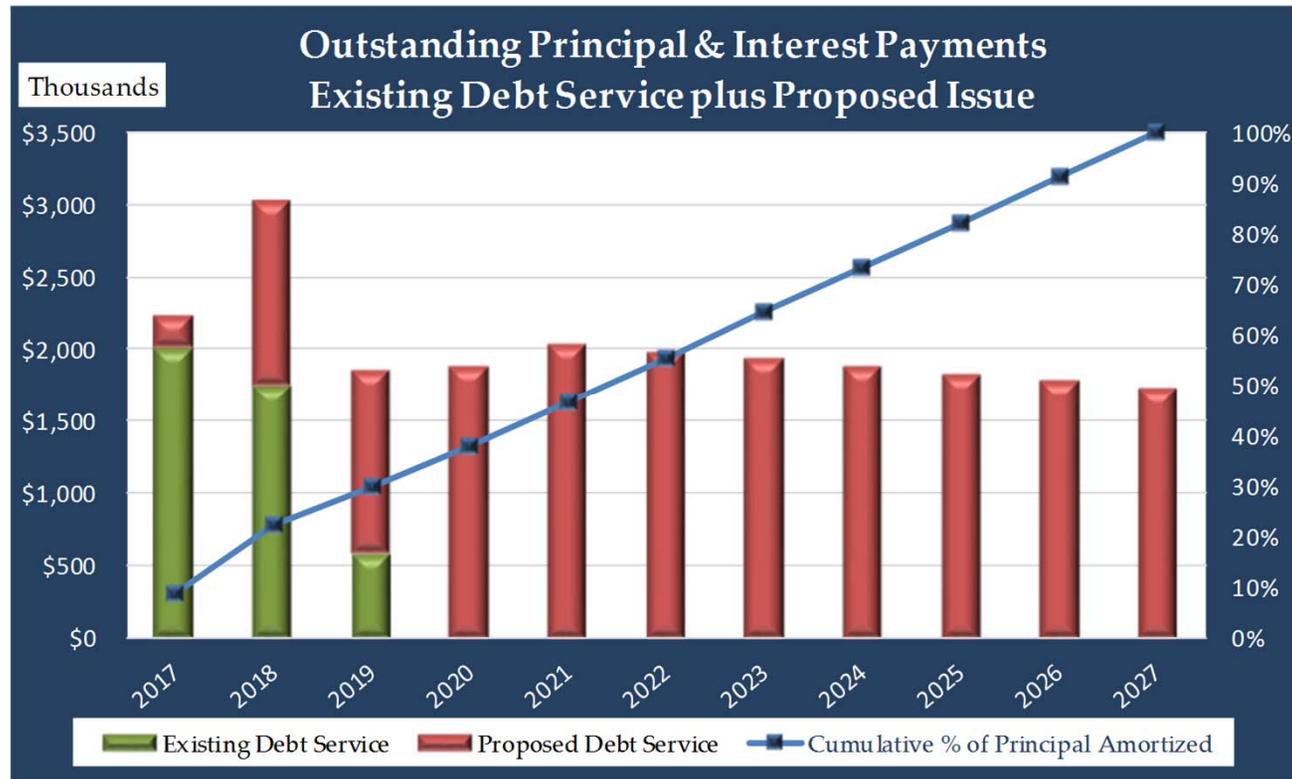


Net Debt %					
Year	2012	2013	2014	2015	2016
Average Equalized Valuation Basis	\$2,488,122,998	\$2,429,541,712	\$2,375,421,823	\$2,397,826,978	\$2,486,700,383
Net Debt	\$19,808,000	\$18,753,000	\$18,913,000	\$18,345,000	\$18,568,000
Net Debt %	0.796%	0.772%	0.796%	0.765%	0.747%
Remaining Borrowing Power	\$67,276,305	\$66,280,960	\$64,226,764	\$65,578,944	\$68,466,513
Net Debt per Capita*	\$1,342	\$1,271	\$1,282	\$1,243	\$1,258

\*Based on the 2010 census population of 14,756

# Debt Service (General Improvement Bonds)

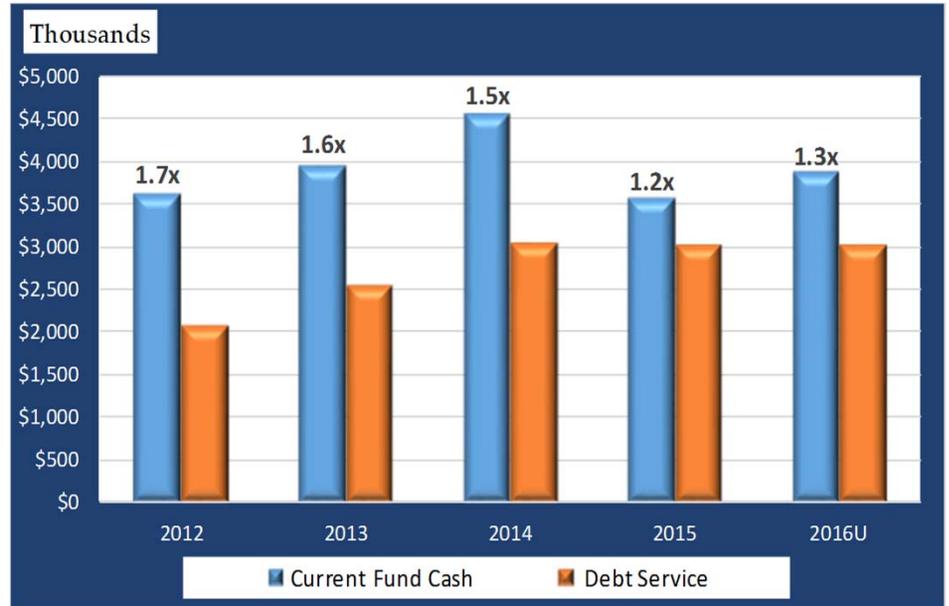
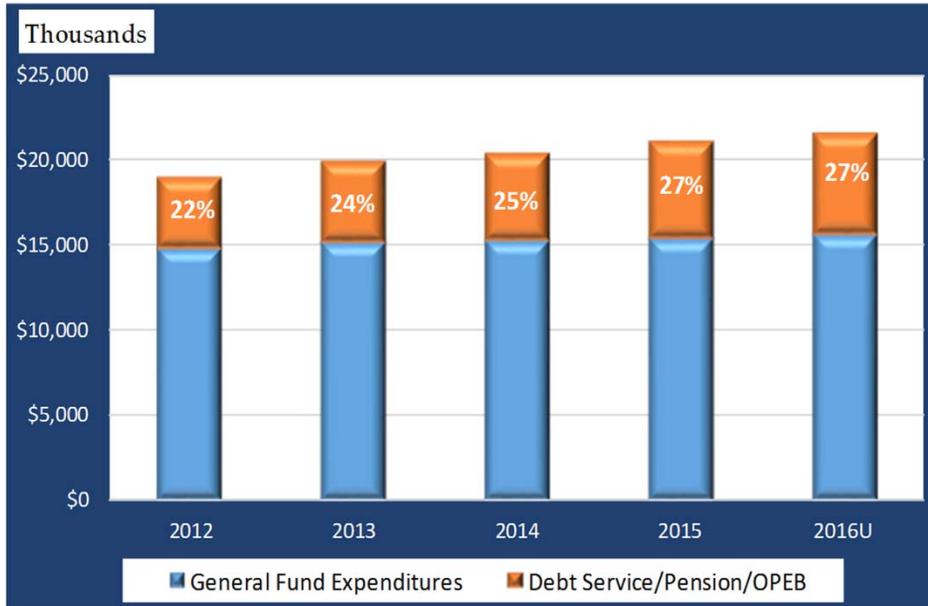
- The Proposed Issue will permanently finance all of the Township's outstanding BANs.
- 100% of principal will be amortized over the next 10 years.



\*Existing Debt Service consists of the Township's General Obligation Refunding Bonds, Series 2016, which was issued as a private placement.

# Financial Ratios

- The Township's cash position has remained stable over the last five years.

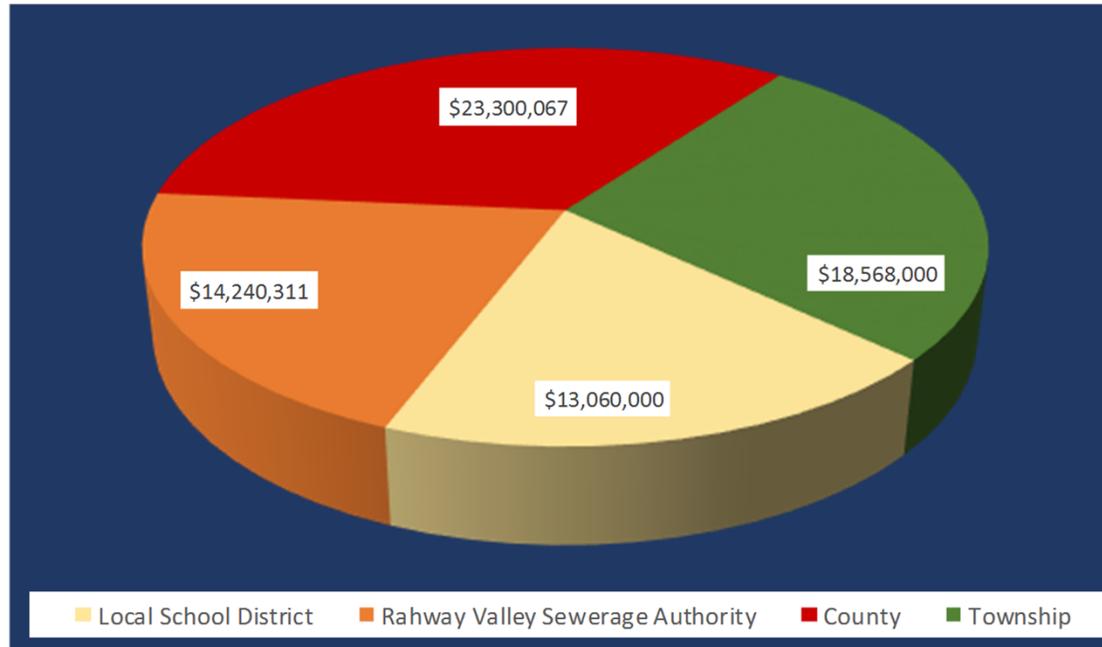


Year	Current Fund			General Fund Expenditures	Cash to Debt Service	Cash as a % of Exp.	Debt Service/ Pension/OPEB as a % of Exp.	
	Cash	Debt Service	Pension / OPEB				Debt Service as a % of Exp.	Pension/OPEB as a % of Exp.
2016U	\$3,871,988	\$3,005,071	\$2,903,312	\$21,577,475	1.3x	17.9%	13.93%	27.38%
2015	3,558,658	3,000,315	2,704,831	21,143,162	1.2x	16.8%	14.19%	26.98%
2014	4,542,019	3,015,271	2,198,069	20,496,036	1.5x	22.2%	14.71%	25.44%
2013	3,942,445	2,528,933	2,184,315	19,948,482	1.6x	19.8%	12.68%	23.63%
2012	3,605,447	2,073,836	2,125,542	19,109,330	1.7x	18.9%	10.85%	21.98%

U = unaudited

# Net Direct and Overlapping Debt

- Total Net Direct and Overlapping Debt per capita is \$4,700.



(As of 12/31/2016)	Township's Share		
	Outstanding Amount	Percent	Amount
Local School District	\$13,060,000	100.00%	\$13,060,000
Rahway Valley Sewerage Authority	152,849,784	9.32%	14,240,311
County	582,124,790	4.00%	23,300,067
Township	18,568,000	100.00%	18,568,000
<b>Total Net Direct and Overlapping Debt</b>			<b>\$69,168,378</b>

\*Municipality's percentage of County debt is based on the municipality's share of total equalized valuation in the County. Municipality's percentage of local authority debt is based on the Municipality's share of annual service charges.

# Summary

- The Township has a sizeable, diverse tax base, comprised of 83% residential and 16% commercial/industrial. The Top Ten Taxpayers represent 9.3% of the total assessment.
- Unemployment has consistently trended below the County, State, and National averages. Wealth and Income levels exceed County, State, and National averages.
- A history of strong tax collection in excess of 98% per year.
- Fund Balance has remained consistent in recent years and currently represents 9% of expenditures. 2017 Budget reflects a large tax increase to offset the loss of revenue and continue to build fund balance.
- Strong financial management.
- Low debt burden with rapid repayment of principal. Township informally strives to keep debt authorizations at or below the amount being retired.
- Accumulated absence liability of \$885,000 is 75% funded as of 12/31/16. Paid out a large amount of sick/vacation liability and revised accumulation rules.



# **Township of Clark**

**430 Westfield Avenue**

**Clark, NJ 07066**