COUNTY OF CUMBERLAND, NEW JERSEY

NOTICE OF SALE FOR
A $13,060,000 BOND ANTICIPATION NOTE

Pursuant to the Preliminary Official Statement dated October 24, 2019, proposals for the purchase of a $13,060,000 Bond Anticipation Note (the "Note") of the County of Cumberland, New Jersey (the "County") will be received on **Thursday, October 31, 2019 (the "Bid Date") until 11:30 a.m.** by:

(i) Telecopy or e-mail (with the completed bid form scanned and attached) to Anthony Inverso, Phoenix Advisors, LLC, Bordentown, New Jersey, Municipal Advisor to the County, FAX NO. (609) 291-9940, e-mail address: ainverso@muniadvisors.com; or

(ii) Electronic submission (via Parity) in the manner described below under the heading "Procedures Regarding Electronic Bidding".

Bids submitted by telecopy or e-mail are the sole responsibility of the bidder and must be received by 11:30 a.m. The County accepts no responsibility for the failure of any telecopied or e-mailed bids to be received on time for whatever reason. No bids will be received after 11:30 a.m. A determination as to the award will be made no later than 2:00 p.m. on the Bid Date.

Each bid must offer to purchase the entire Note issue being offered at a price of not less than par and must specify a single rate of interest offered for the Note. Interest shall be calculated on a 30-day month/360-day year basis. The Treasurer/Chief Financial Officer expects to award the Note to the bidder specifying the lowest net interest payable by the County. However, the Treasurer/Chief Financial Officer reserves the right to reject all bids or to award the Note to a bidder other than the lowest bidder. The bidder, by submitting a bid agrees to accept the determination of the Treasurer/Chief Financial Officer.

SPECIFICATIONS OF THE NOTE

Principal Amount	$13,060,000
Dated	November 14, 2019
Maturity Date	November 13, 2020
Interest Rate Per Annum	Specified by successful bidder
Tax Matters	Federal and State Tax-Exempt
Bank Qualified	Not Bank Qualified
Legal Opinion	McManimon, Scotland & Baumann, LLC, Roseland, NJ
Paying Agent	The County will act as paying agent

Closing	
a. date	November 14, 2019
b. location	McManimon, Scotland & Baumann, LLC, 75 Livingston Avenue, 2nd Floor, Roseland, New Jersey or at such other place as agreed to by the Treasurer/Chief Financial Officer
Denominations	Any integral multiple of $5,000 specified by successful bidder
Payment	Immediately available funds received prior to 11:30 a.m. on the date of closing

The Note will be a non-callable general obligation of the County payable ultimately from *ad valorem* taxes levied upon all the taxable property within the County to the extent that payment is not otherwise provided.

Each bidder may, on the attached bid sheet, designate the Note as "Direct Purchase, Not Reoffered". If a bidder makes such designation and is awarded the Note, such winning bidder shall certify at closing that (i) it has not reoffered the Note to the public and does not expect to do so and (ii) it has purchased the Note for its own account (or the account of a related party) and not with a view to resell or distribute.

In the event the winning bidder designates the Note as "Direct Purchase, Not Reoffered", then the issue price for the Note shall be the purchase price offered by the winning bidder.

Otherwise, in the event the County receives at least three (3) bids for the Note, then the issue price for the Note shall be established based on the reasonably expected initial offering price of the Note as of the Bid Date (the "Expected Offering Price"). The Expected Offering Price shall consist of the price of the Note used by the winning bidder in formulating its bid to purchase the Note. The winning bidder shall be required to deliver on the closing date a certificate to such effect and provide to the County, in writing, the Expected Offering Price as of the Bid Date.

In the event the County receives fewer than three (3) bids for the Note, then the issue price for the Note shall be established based on the following method as selected by the winning bidder on the Bid Date:

<u>10% Sold</u>: The issue price for the Note shall be established based on the first price at which at least 10% of the Note was sold to the Public (as defined herein). The winning bidder shall be required to deliver on the closing date a certificate to such effect and provide to the County, in writing, evidence satisfactory to Bond Counsel to the County of such sale price for the Note. In the event that the winning bidder has not sold at least 10% of the Note to the Public as of the closing date, the winning bidder shall (i) provide to the County, in writing, on the closing date, the Expected Offering Price for the Note and a certificate regarding same and (ii) have a continuing obligation to provide to the County, in writing, evidence satisfactory to Bond Counsel to the County of the first price at which at least 10% of the Note is sold to the Public, contemporaneous with each such sale.

<u>Hold-the-Price</u>: The issue price for the Note shall be established based on the initial offering price of the Note to the Public as of the Bid Date, provided that the winning bidder shall, in writing, (i) confirm that the Underwriters (as defined herein) have offered or will offer the Note to the public on or before the Bid Date at the offering price set forth in the bid submitted by the winning bidder and (ii) agree, on behalf of the Underwriters participating in the purchase of the Note, that the Underwriters will neither offer nor sell the Note to any person at a price that is higher than the initial offering price to the Public during the period starting on the Bid Date and ending on the earlier of: (1) the close of the fifth (5th) business day after the sale date; or (2) the date on which the Underwriters have sold at least 10% of the Note to the Public at a price that is no higher than the initial offering price to the Public.

"Public" means any person (including an individual, trust, estate, partnership, association, company or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly. "Underwriter" means (i) any person that agrees pursuant to a written contract with the County (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Note to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Note to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Note to the Public).

At delivery of the Note, the County will furnish to the winning bidder customary closing documents, including (1) a certificate executed by the officials who execute the Note stating that no litigation of any kind is now pending or, to their knowledge, threatened to restrain or enjoin the issuance or the delivery of the Note or the levy or collection of taxes to pay the principal of or interest due on the Note, or in any manner questioning the authority or the proceedings for the issuance of the Note or the levy or the collection of taxes, or affecting the validity of the Note or the levy or the collection of taxes, and (2) the approving legal opinion of McManimon, Scotland & Baumann, LLC, Bond Counsel to the County.

Procedure Regarding Electronic Bidding:

Bids may be submitted electronically via PARITY® in accordance with this Notice of Sale, until 11:30 a.m., New Jersey time on the Bid Date, but no bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in PARITY® conflict with this Notice of Sale, the terms of this Notice of Sale shall control. For further information about PARITY®, potential bidders may contact Anthony Inverso of Phoenix Advisors, LLC, at ainverso@muniadvisors.com or PARITY® at (212) 404-8102. In the event that a bid for the Note is submitted via PARITY®, the bidder further agrees that:

1. The County may regard the electronic transmission of the bid through PARITY® (including information about the purchase price of the Note, the interest rate or rates to be borne of the Note and any other information included in such transmission) as though the same information were submitted on the Proposal for Note provided by the County and executed and submitted by a duly authorized representative of the bidder. If the bid submitted electronically via PARITY® is accepted by the County, the terms of the bid for the Note and this Notice of Sale, as well as the information that is electronically transmitted through PARITY®, shall form a contract and the Successful Bidder(s) shall be bound by the terms of such contract.

2. PARITY® is not an agent of the County, and the County shall have no liability whatsoever based on any bidder's use of PARITY®, including but not limited to any failure by PARITY® to correctly or timely transmit information provided by the County or information provided by the bidder.

3. The County may choose to discontinue use of electronic bidding via PARITY® by issuing a notification to such effect via Thomson News Service ("TM3") no later than 3:00 p.m. (New Jersey time) on the last business date prior to the Bid Date.

4. Once the bids are communicated electronically via PARITY® to the County, as described above, each bid will constitute a bid to the Note and shall be deemed to be an irrevocable offer to purchase the Note on the terms provided in this Notice of Sale. For purposes of submitting bids for the Note electronically via PARITY®, the time maintained on PARITY® shall constitute the official time.

5. Each bidder shall be solely responsible to make necessary arrangements to access PARITY® for purposes of submitting its bid in a timely matter and in compliance with the requirements of this Notice of Sale. Neither the County, the financial management, nor PARITY® shall have any duty or obligation to provide or assure access to any bidder, and neither the County, the financial management nor PARITY® shall be

responsible for the proper operation of, or have any liability for any delays or interruptions of, or any damages caused by, PARITY®. The County is using PARITY® as a communication mechanism, and not as the County's agent, to conduct the electronic bidding for the Note. By using PARITY®, each bidder agrees to hold the County harmless for any harm or damages caused by such bidder in connection with its use of PARITY® for bidding on the Note.

CUSIP:

The request for the assignment of the CUSIP identification number shall be the responsibility of the County's Municipal Advisor and the CUSIP Service Bureau charge for such CUSIP identification number therefor shall be the responsibility of and shall be paid for by the successful bidder. The CUSIP number must be communicated to McManimon, Scotland & Baumann, LLC, Bond Counsel to the County, within 24 hours of the award of the Note in order to have the CUSIP number printed on the Note.

Preliminary Official Statement:

A Preliminary Official Statement has been prepared in connection with the Note by the County and is "deemed final" in accordance with Rule 15c2-12 of the Securities and Exchange Commission. The winning bidder shall be responsible for providing a reoffering yield within 24 hours of award, which yield will appear on the front cover of the Preliminary Official Statement. The County, at its expense, will make available to the winning Bidder a reasonable number of Final Official Statements, within seven (7) business days following the date of acceptance of the Bid.

Gerald C. Seneski, Treasurer/Chief Financial Officer
Dated: October 24, 2019

COUNTY OF CUMBERLAND, NEW JERSEY

NOTICE OF SALE FOR
A $13,060,000 BOND ANTICIPATION NOTE

TO:	Anthony Inverso	DATE: October 31, 2019
FAX NO.:	(609) 291-9940	
E-MAIL ADDRESS:	ainverso@muniadvisors.com;	
PHONE NO.:	(609) 291-0130	

PROPOSAL

Amount of Note	Price	Rate of Interest
$13,060,000	$________________	______% per annum

Name of Bidder: ________________________ Authorized Signature: __________________________

Phone Number __________________ Print Name:_________________________

PLEASE COMPLETE THE FOLLOWING:

Interest Payable on Note	$________________
Less: Premium (if any)	$________________
Net Interest Payable	$________________
Net Interest Cost %	__________________%
Purchased and Reoffered for Sale	_____ yes _____no
Direct Purchase, Not Reoffered	_____ yes _____no

THIS PORTION OF THE PROPOSAL IS NOT PART OF THE BID

NEW ISSUE – Book-Entry-Only **RATING: S&P: "SP-1+"**
(See "RATING" herein)

PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 24, 2019

In the opinion of McManimon, Scotland & Baumann, LLC, Bond Counsel, assuming compliance by the County (as defined herein) with certain tax covenants described herein, under existing law, interest on the Note (as defined herein) is excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and interest on the Note is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax. Based upon existing law, interest on the Note and any gain on the sale thereof are not included in gross income under the New Jersey Gross Income Tax Act. See "TAX MATTERS" herein.

COUNTY OF CUMBERLAND
NEW JERSEY
$13,060,000 BOND ANTICIPATION NOTE
(BOOK-ENTRY-ONLY)/(NON-CALLABLE)/
(NOT BANK QUALIFIED)

Interest Rate: ___%
Yield: ___%
CUSIP No.*: ________

Dated: Date of Delivery **Maturing: November 13, 2020**

The $13,060,000 Bond Anticipation Note (the “Note”) of the County will be issued in the form of one certificate for the aggregate principal amount of the Note. Upon issuance of the Note, it will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository (the “Securities Depository”). Interest on the Note will be credited to the participants of DTC as listed on its records as of the close of business on the date of maturity, as shown above. See "THE NOTE – Book-Entry-Only System" herein.

The Note is a valid and legally binding obligation of the County and, unless paid from other sources, is payable from *ad valorem* taxes levied upon all the taxable real property within the County for the payment of the Note and the interest thereon without limitation as to rate or amount.

This cover page contains information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement, including the Appendices, to obtain information essential to the making of an informed investment decision.

The Note is offered when, as and if issued and delivered to the Underwriter (as defined herein), subject to prior sale, to withdrawal or modification of the offer without notice and to approval of legality by the law firm of McManimon, Scotland & Baumann, LLC, Roseland, New Jersey, and certain other conditions described herein. Certain legal matters will be passed upon for the County by its Counsel, Theodore E. Baker, Esq., Bridgeton, New Jersey. Phoenix Advisors, LLC, Bordentown, New Jersey, served as Municipal Advisor to the County in connection with the Note. The Note is expected to be available for delivery in definitive form to the Securities Depository in New York, New York, on or about November 14, 2019.

ELECTRONIC SUBMISSIONS FOR THE NOTE WILL BE RECEIVED
UNTIL 11:30 A.M. ON OCTOBER 31, 2019.
FOR MORE DETAILS ON HOW TO BID ELECTRONICALLY,
VIEW THE NOTICE OF SALE POSTED AT WWW.GOVDEBT.NET

* "CUSIP" is a registered trademark of the American Bankers Association. CUSIP numbers are provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by Standard & Poor’s Capital IQ. The CUSIP Numbers listed above are being provided solely for the convenience of Noteholders only at the time of issuance of the Note and the County does not make any representations with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specified maturity is subject to being changed after the issuance of the Note as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Note.

COUNTY OF CUMBERLAND, NEW JERSEY
164 West Broad Street
Bridgeton, New Jersey 08302

BOARD OF CHOSEN FREEHOLDERS

Joseph Derella .... Freeholder Director
Darlene Barber...Deputy Freeholder Director
Carol Musso ....Freeholder
Joseph Sparacio ....Freeholder
George Castellini ....Freeholder
Jack Surrency ....Freeholder
James Quinn ....Freeholder

COUNTY OFFICIALS

Kimberly Wood
County Administrator/Clerk of the Board of Chosen Freeholders

Gerald Seneski
County Treasurer/Chief Financial Officer

Theodore E. Baker, Esq.
County Counsel

AUDITOR

Bowman & Company LLP
Voorhees, New Jersey

BOND COUNSEL

McManimon, Scotland & Baumann, LLC
Roseland, New Jersey

MUNICIPAL ADVISOR

Phoenix Advisors, LLC
Bordentown, New Jersey

No broker, dealer, salesperson or other person has been authorized by the County to give any information or to make any representations with respect to the Note other than those contained in this Official Statement and, if given or made, such information or representations must not be relied upon as having been authorized by the County. The information contained herein has been provided by the County and other sources deemed reliable; however, no representation or warranty is made as to its accuracy or completeness and such information is not to be construed as a representation or warranty by any underwriter or, as to information from sources other than itself, by the County. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in any of the information herein since the date hereof, or the date as of which such information is given, if earlier. This Official Statement is submitted in connection with the sale of the Note referred to herein and may not be used, in whole or in part, for any other purpose.

References in this Official Statement to laws, rules, regulations, bond ordinances, agreements, reports and other documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein, and copies of which may be inspected at the offices of the County during normal business hours.

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, this document, as the same may be supplemented or amended by the County from time to time (collectively, the "Official Statement"), may be treated as a "Final Official Statement" with respect to the Note described herein that is deemed final as of the date hereof (or of any such supplement or amendment) by the County.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE TERMS OF THIS OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. NO REGISTRATION STATEMENTS RELATING TO THE OBLIGATIONS HAVE BEEN FILED WITH THE SEC OR ANY STATE SECURITIES AGENCY. THE OBLIGATIONS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SEC OR ANY STATE SECURITIES AGENCY, NOR HAS THE SEC OR ANY STATE SECURITIES AGENCY PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Note in any jurisdiction in which it is unlawful for any person to make such an offer, solicitation or sale.

THE ORDER AND PLACEMENT OF MATERIALS IN THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES, ARE NOT TO BE DEEMED TO BE A DETERMINATION OF RELEVANCE, MATERIALITY OR IMPORTANCE, AND THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES, MUST BE CONSIDERED IN ITS ENTIRETY. THE OFFERING OF THE OBLIGATIONS IS MADE ONLY BY MEANS OF THIS ENTIRE OFFICIAL STATEMENT.

McManimon, Scotland & Baumann, LLC has not participated in the preparation of the financial or statistical information contained in this Official Statement nor have they verified the accuracy or completeness thereof, and, accordingly, they express no opinion with respect thereto.

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OFFICIAL STATEMENT

Relating to

$13,060,000 BOND ANTICIPATION NOTE
(BOOK-ENTRY-ONLY)/(NON-CALLABLE)/(NOT BANK QUALIFIED)
OF THE
COUNTY OF CUMBERLAND, NEW JERSEY

INTRODUCTION

This Official Statement, which includes the cover page, the front cover page and the appendices attached hereto, has been prepared by the County of Cumberland (the "County"), New Jersey (the "State") in connection with the sale and the issuance by the County of its $13,060,000 Bond Anticipation Note (the "Note") dated its date of delivery and maturing as shown on the front cover page of this Official Statement. This Official Statement has been executed by and on behalf of the County by its County Treasurer/Chief Financial Officer and may be distributed in connection with the sale of the Note described herein.

THE NOTE

General Description

The Note will be issued in the principal amount of $13,060,000 in fully registered book-entry-only form in denominations of $5,000 or integral multiples thereof. The Note shall bear interest at the rate shown on the front cover page, calculated on the basis of twelve (12) thirty (30) day months in a three hundred sixty (360) day year.

The Note will be dated and will mature as shown on the front cover page. Payment of the principal of and interest on the Note will be paid at maturity.

So long as The Depository Trust Company, New York, New York ("DTC") or its nominee, Cede & Co., is the registered owner of the Note, payments of the principal of and interest on the Note will be made directly to Cede & Co., as nominee of DTC. Disbursements of such payments to the participants of DTC ("DTC Participants") is the responsibility of DTC and disbursements of such payments to the Beneficial Owners (as hereinafter defined) of the Note is the responsibility of the DTC Participants and not the Paying Agent, the County, or its hereafter designated paying agent for the Note, if any.

Redemption Provisions

The Note is **not** subject to redemption prior to the stated maturity.

Book-Entry-Only System [1]

The description which follows of the procedures and record keeping with respect to beneficial ownership interests in the Note, payment of principal and interest, and other payments on the Note to DTC Participants or Beneficial Owners (as each such terms is hereinafter defined), confirmation and transfer of beneficial ownership interests in the Note and other related transactions by and between DTC, DTC Participants and Beneficial Owners, is based on certain information furnished by DTC to the County. Accordingly, the County does not make any representations as to the completeness or accuracy of such information.

The DTC will act as securities depository for the Note. The Note will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. The Note will be issued in the form of one certificate for the aggregate principal amount of the Note and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Note under the DTC system must be made by or through Direct Participants, which will receive a credit for the Note on DTC's records. The ownership interest of each actual purchaser of the Note ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written

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[1] Source: The Depository Trust Company

confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Note are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Note, except in the event that use of the book-entry system for the Note is discontinued.

To facilitate subsequent transfers, all the obligations deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Note with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Note; DTC's records reflect only the identity of the Direct Participants to whose accounts such Note is credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices, if applicable, shall be sent to DTC. If less than all of the Note within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Note unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County or the Paying Agent, if any, as soon as possible after the applicable Record Date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Note is credited on the applicable Record Date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and distributions on the Note, if applicable, will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the County or the Paying Agent, if any, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the County or the Paying Agent, if any, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and distributions to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County or the Paying

Agent, if any, disbursement of such payments to Direct Participants will be the responsibility of DTC and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Note at any time by giving reasonable notice to the County or the Paying Agent, if any. Under such circumstances, in the event that a successor securities depository is not obtained, a Note certificates are required to be printed and delivered.

The County may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Note certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the County believes to be reliable, but neither the County nor the Underwriters (as hereinafter defined) take any responsibility for the accuracy thereof.

NEITHER THE COUNTY NOR THE PAYING AGENT, IF ANY, WILL HAVE THE RESPONSIBILITY OR OBLIGATION TO THE DIRECT PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENTS TO OR PROVIDING OF NOTICE FOR THE DIRECT PARTICIPANTS, OR THE INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE NOTE, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE NOTEHOLDERS OR REGISTERED OWNERS OF THE NOTE (OTHER THAN UNDER THE HEADINGS "TAX MATTERS" AND “SECONDARY MARKET DISCLOSURE”) SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE NOTE.

Discontinuance of Book-Entry-Only System

In the event that the book-entry-only system is discontinued and the Beneficial Owners become registered owners of the Note, the following provisions would apply: (i) the Note may be exchanged for an equal principal amount of the Note in other authorized denominations and of the same maturity, upon surrender thereof at the offices of the County or the Paying Agent, if any; (ii) the transfer of the Note may be registered on the books maintained by the County or the Paying Agent, if any, for such purposes only upon the surrender thereof to the County or the Paying Agent, if any, together with the duly executed assignment in form satisfactory to the County or the Paying Agent, if any; and (iii) for every exchange or registration of transfer of the Note, the County or the Paying Agent, if any, may make a charge sufficient to reimburse for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer of the Note. Interest on the Note will be payable by check or draft, mailed on the maturity date of the Note, to the registered owners thereof as of the close of business on the maturity date of the Note.

AUTHORIZATION AND PURPOSE FOR THE NOTE

The Note is authorized by and is being issued pursuant to: (i) the Local Bond Law of the State of New Jersey, N.J.S.A. 40A:2-1 *et seq*. (the "Local Bond Law"); and (ii) bond ordinances of the County set forth below, finally adopted by the County Board of Chosen Freeholders.

Bond Ordinance No.	**Description**	**Amount to Be Issued**
2018-1	Various capital improvements, finally adopted March 27, 2018.	$6,365,000
2019-2	Various capital improvements, finally adopted March 26, 2019.	6,080,000
2019-3	Renovations and improvements to a County owned building to expand services for drug and alcohol treatment, finally adopted March 26, 2019.	615,000

The proceeds of the Note will be used to provide funds (i) to currently refund $6,365,000 of the County's $6,365,000 Bond Anticipation Note, dated December 5, 2018 and maturing December 4, 2019, (ii) provide new money in the amount of $6,695,000 to provide for various capital improvements, and (iii) pay certain costs and expenses incidental to the issuance and delivery of the Note.

SECURITY AND SOURCE OF PAYMENT

The Note is a valid and legally binding general obligation of the County, and the County has pledged its full faith and credit for the payment of the principal of and interest on the Note. The County is required by law to levy *ad valorem* taxes upon all the taxable real property within the County for the payment of the principal and the interest on the Note without limitation as to rate or amount.

GENERAL INFORMATION REGARDING THE COUNTY

General

General information concerning the County, including economic, financial, demographic and other relevant data, is set forth in Appendix "A" to this Official Statement.

Financial

Appendix "B" to this Official Statement contains audited financial statements of the County for the years ending December 31, 2018, 2017, 2016, 2015 and 2014. The audited financial data was provided by Bowman & Company LLP, Voorhees, New Jersey, and is included herein in reliance upon the authority of such firm. Bowman & Company LLP, New Jersey, has consented to the inclusion of their report in this Official Statement. Copies of the complete Reports of Audit may be obtained upon request to the office of the County Treasurer/Chief Financial Officer of the County.

MUNICIPAL FINANCE - FINANCIAL REGULATION OF COUNTIES AND MUNICIPALITIES

Local Bond Law (N.J.S.A. 40A:2-1 et seq.)

The Local Bond Law governs the issuance of bonds and notes to finance certain general municipal and utility capital expenditures. Among its provisions are requirements that bonds must mature within the statutory period of usefulness of the projects bonded and that bonds be retired in serial installments. A 5% cash down payment is generally required toward the financing of expenditures for municipal purposes. All bonds and notes issued by the County are general full faith and credit obligations.

The authorized bonded indebtedness of the County for municipal purposes is limited by statute, subject to the exceptions noted below, to an amount equal to 2% of its average equalized valuation basis. The average for the last three years of the equalized value of all taxable real property and improvements and certain Class II railroad property within the boundaries of County, as annually determined by the State Director of Taxation is shown in Appendix "A".

Certain categories of debt are permitted by statute to be deducted for purposes of computing the statutory debt limit, including school bonds that do not exceed the school bond borrowing margin and certain debt that may be deemed self-liquidating.

As shown in Appendix "A", the County has not exceeded its statutory debt limit.

The County may exceed its debt limit with the approval of the Local Finance Board, a State regulatory agency, and as permitted by other statutory exceptions. If all or any part of a proposed debt authorization would exceed its debt limit, the County may apply to the Local Finance Board for an extension of credit. If the Local Finance Board determines that a proposed debt authorization would not materially impair the credit of the County or substantially reduce the ability of the County to meet its obligations or to provide essential public improvements and services, or if it makes certain other statutory determinations, approval is granted. In addition, debt in excess of the statutory limit may be issued by the County to fund certain notes, to provide for self-liquidating purposes, and, in each fiscal year, to provide for purposes in an amount not exceeding 2/3 of the amount budgeted in such fiscal year for the retirement of outstanding obligations (exclusive of utility and assessment obligations).

The County may sell short-term "bond anticipation notes" to temporarily finance a capital improvement or project in anticipation of the issuance of bonds if the bond ordinance or a subsequent resolution so provides. Bond anticipation notes for capital improvements may be issued in an aggregate amount not exceeding the amount specified in the ordinance creating such capital expenditure, as it may be amended and supplemented. A local unit's bond anticipation notes may be issued for periods not greater than one year. Generally, bond anticipation notes may not be outstanding for longer than ten years. An additional period may be available following the tenth anniversary date equal to the period from the notes' maturity to the end of the tenth fiscal year in which the notes mature plus 4 months (May 1) in the next following fiscal year from the date of original issuance. Beginning in the third year, the amount of notes that may be issued is decreased by the minimum amount required for the first year's principal payment for a bond issue.

Local Budget Law (*N.J.S.A.* 40A:4-1 *et seq*.)

The foundation of the State's local finance system is the annual cash basis budget. Every local unit must adopt an annual operating budget in the form required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Certain items of revenue and appropriation are regulated by law and the proposed operating budget must be certified as approved by the Director of the Division (the "Director") prior to final adoption of the budget by the local unit. The Local Budget Law requires each local unit to appropriate sufficient funds for payment of current debt service, and the Director is required to review the adequacy of such appropriations. Among other restrictions, the Director must examine the budget with reference to all estimates of revenue and the following appropriations: (a) payment of interest and debt redemption charges, (b) deferred charges and statutory expenditures, (c) cash deficit of preceding year, (d) reserve for uncollected taxes, and (e) other reserves and nondisbursement items. Taxes levied are a product of total appropriations less non-tax revenues plus a reserve predicated on the prior year's collection experience. Anticipated non-tax revenues are limited to the amount actually realized during the previous year unless the Director certifies a higher figure. The Director is empowered to permit a higher level of anticipation, however, there should be sufficient statutory or other evidence to substantiate that such anticipation is reasonable.

The Director has no authority over individual operating appropriations, unless a specific amount is required by law, but the review functions, focusing on anticipated revenues, serve to protect the solvency of all local units. Local budgets, by law and regulation, must be in balance on a "cash basis," i.e., the total of anticipated revenues must equal the total appropriations (N.J.S.A. 40A:4-22).

In accordance with the Local Budget Law and related regulations, each local unit must adopt and annually revise a six-year capital program. The capital program, when adopted, does not constitute the appropriation of funds, but sets forth a plan of capital expenditures which the local unit may contemplate over the six year period. Expenditures for capital purposes may be made either by ordinances adopted by the governing body which set forth the items and the methods of financing, or from the annual operating budget.

The Local Budget Law also permits the issuance of tax anticipation notes which are limited in amount by such law and must mature within 120 days of the close of the fiscal year (six months in the case of counties).

Revenue

The County derives its revenue from State and Federal Aid, departmental fees and tax levy on real property. The primary source of revenue is the County taxes, which are apportioned among the constituent municipalities in proportion to their share of equalized, assessed valuation.

The municipalities in the County make quarterly payments of the County taxes on February 15, May 15, August 15 and November 15 of each year.

Tax Levy Cap (N.J.S.A. 40A:4-45.44, *et seq.*)

Chapter 62 of P.L. 2007 imposes limitations on increases in the tax levies of counties subject to various exclusions. Beginning with the preparation of Fiscal 2008 budget, the amount to be raised by taxation by a local unit shall not exceed the sum of new ratables, the adjusted tax levy, and the total of waivers approved by the Local Finance Board in the Division of Local Government Services in the State Department of Community Affairs ("Local Finance Board") pursuant to section 11 of P.L. 2007, c.62 (C.40A:4-45.46). "New Ratables" means the product of the taxable value of any new construction or improvements times the tax rate of the local unit for its previous tax year. "Adjusted tax levy" means an amount not greater than the amount to be raised by taxation of the previous fiscal year, less any waivers from a prior fiscal year multiplied by 1.04, to which the sum of exclusions defined in subsection b. of section 10 of P.L. 2007, c.62 (C:40A:4-45.45) shall be added. The following exclusions shall be added to the calculation of the adjusted tax levy: increases in amounts required to be raised by taxation for capital expenditures, including debt service as defined by law; increases in pension contributions and accrued liability for pension contributions in excess of 2.0%; increases in health care costs equal to that portion of the actual increase in total health care costs for the budget year that is in excess of 2.0% of the total health care costs in the prior year, but is not in excess of the product of the total health care costs in the prior year and the average percentage increase of the State Health Benefits Program, P.L. 1961, c.49 (C.52:14-17.25 et seq.), as annually determined by the Division of Pensions and Benefits in the Department of the Treasury; and extraordinary costs incurred by a local unit directly related to a declared emergency, as defined by regulation promulgated by the Commissioner of the Department of Community Affairs, in consultation with the Commissioner of Education, as appropriate. If there are no exclusions, then the amount of the difference shall reduce the adjusted tax levy by that amount. Any cancelled or unexpended appropriations for any exclusion pursuant to this subsection or waiver, also shall be deducted from the sum of the exclusions listed above or directly reduce the adjusted tax levy if there are no exclusions.

Levy Cap of 1977

A provision of law known as the New Jersey "Cap Law" (N.J.SA 40A:4-45.1 et seq.) imposes limitations on increases in county tax levy subject to various exceptions. The payment of debt service is an exception from this limitation. The Cap formula is somewhat complex, but basically, it permits a county to increase its tax levy by the lesser of 2.5% or the "Index Rate" if the index rate is greater than 2.5%. The "Index Rate" is the rate of annual percentage increase, rounded to the nearest one-half percent, in the Implicit Price Deflator for State and Local Government purchases of goods and services computed by the U.S. Department of Commerce. Exceptions to the limitations imposed by the Cap Law also exist for other things including capital expenditures; extraordinary expenses approved by the Local Finance Board for implementation of an interlocal services agreement; expenditures mandated as a result of certain emergencies; and certain expenditures for services mandated by law. Counties by ordinance approved by a majority of the full membership of the governing body may increase the tax levy up to 3.5% over the prior years' tax levy in years when the Index Rate is 2.5% or less.

Levy Cap of 2010

Additionally, legislation constituting P.L. 2010, c. 44, effective July 13, 2010, imposes a two percent (2%) cap on the tax levy of a county, with certain exceptions and subject to a number of adjustments. The exclusions from the limit include increases required to be raised for capital expenditures, including debt service, increases in pension contributions in excess of 2%, certain increases in health care over 2%, and extraordinary costs incurred by a local unit directly related to a declared emergency. The governing body of a local unit may request approval, through a public question submitted to the legal voters residing in its territory, to increase the amount to be raised by taxation, and voters may approve increases above 2% not otherwise permitted under the law by an affirmative vote of 50%.

Neither of the tax levy limitations limits the obligation of the County to levy *ad valorem* taxes upon all taxable property within the jurisdiction of the County to pay debt service on its bonds or notes, including the Note.

Tax Assessment and Collection Procedure

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the result of new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners. But it often results in a divergence of the assessment ratio to true value. Because of the changes in property resale values, annual adjustments could not keep pace with the changing values.

County taxes are collected by the municipalities located within a particular county, and paid to its County Treasurer. The municipal levy includes all county, school and municipal taxes.

Each municipality is required to pay to its County Treasurer its share of the purpose taxes by no later than the 15th day of February, May, August and November of each year. Every county is required by law to receive its shares of the taxes collected from the first taxes collected by each municipality. Consequently, counties in the State experience a 100% tax collection rate.

Tax Appeals

The New Jersey statutes provide a taxpayer with remedial procedures for appealing an assessment deemed excessive. Prior to February 1 in each year, the assessor of each municipality located in the County must mail to each property owner a notice of the current assessment and taxes on the property. The taxpayer has a right to petition the County Tax Board on or before April 1 for review. The County Board of Taxation has the authority after a hearing to decrease or reject the appeal petition. These adjustments are usually concluded within the current tax year and reductions are shown as canceled or remitted taxes for that year. If the taxpayer feels his petition was unsatisfactorily reviewed by the County Board of Taxation, appeal may be made to the Tax Court of New Jersey for further hearing. Some State Tax Court appeals may take several years prior to settlement and any losses in tax collections from prior years are charged directly to operations.

The Local Fiscal Affairs Law (N.J.S.A. 40A:5-1 et seq.)

This law regulates the non-budgetary financial activities of local governments. The chief financial officer of every local unit must file annually, with the Director, a verified statement of the financial condition of the local unit and all constituent boards, agencies or commissions.

An independent examination of each local unit’s accounts must be performed annually by a licensed registered municipal accountant. The audit, conforming to the Division of Local Government Services’ "Requirements of Audit", includes recommendations for improvement of the local unit’s financial procedures and must be filed with the report, together with all recommendations made, and must be published in a local newspaper within 30 days of its submission. The entire annual audit report for the year ended December 31, 2017 for the County is on file with the Clerk and is available for review during business hours.

LITIGATION

To the knowledge of the County Attorney, Theodore E. Baker, Esq., Bridgeton, New Jersey (the "County Attorney"), there is no litigation of any nature now pending or threatened, restraining or enjoining the issuance or the delivery of the Note, or the levy or the collection of any taxes to pay the principal of or the interest on the Note, or in any manner questioning the authority or the proceedings for the issuance of the Note or for the levy or the collection of taxes, or contesting the corporate existence or the boundaries of the County or the title of any of the present officers. Moreover, to the knowledge of the County Attorney, no litigation is presently pending or threatened that, in the opinion of the

County Attorney, would have a material adverse impact on the financial condition of the County if adversely decided.

TAX MATTERS

Exclusion of Interest on the Note From Gross Income for Federal Tax Purposes

The Internal Revenue Code of 1986, as amended (the "Code"), imposes certain requirements that must be met on a continuing basis subsequent to the issuance of the Note in order to assure that interest on the Note will be excluded from gross income for federal income tax purposes under Section 103 of the Code. Failure of the County to comply with such requirements may cause interest on the Note to lose the exclusion from gross income for federal income tax purposes, retroactive to the date of issuance of the Note. The County will make certain representations in its Arbitrage and Tax Certificate, which will be executed on the date of issuance of the Note, as to various tax requirements. The County has covenanted to comply with the provisions of the Code applicable to the Note and has covenanted not to take any action or fail to take any action that would cause interest on the Note to lose the exclusion from gross income under Section 103 of the Code. Bond Counsel will rely upon the representations made in the Arbitrage and Tax Certificate and will assume continuing compliance by the County with the above covenants in rendering its federal income tax opinions with respect to the exclusion of interest on the Note from gross income for federal income tax purposes and with respect to the treatment of interest on the Note for the purposes of alternative minimum tax.

Assuming the County observes its covenants with respect to compliance with the Code, McManimon, Scotland & Baumann, LLC, Bond Counsel to the County, is of the opinion that, under existing law, interest on the Note is excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code, and interest on the Note is not an item of tax preference under Section 57 of the Code for purposes of computing the alternative minimum tax.

The opinion of Bond Counsel is based on current legal authority and covers certain matters not directly addressed by such authority. It represents Bond Counsel's legal judgment as to exclusion of interest on the Note from gross income for federal income tax purposes but is not a guaranty of that conclusion. The opinion is not binding on the Internal Revenue Service ("IRS") or any court. Bond Counsel expresses no opinion about the effect of future changes in (i) the Code and the applicable regulations under the Code or (ii) the interpretation and enforcement of the Code or those regulations by the IRS.

Bond Counsel's engagement with respect to the Note ends with the issuance of the Note, and, unless separately engaged, Bond Counsel is not obligated to defend the County or the owners of the Note regarding the tax status of interest thereon in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Note, under current IRS procedures, the IRS will treat the County as the taxpayer and the beneficial owners of the Note will have only limited rights, if any, to obtain and participate in judicial review of such audit. Any action of the IRS, including, but not limited to, selection of the Note for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the market value of the Note.

Payments of interest on tax-exempt obligations, including the Note, are generally subject to IRS Form 1099-INT information reporting requirements. If a Note owner is subject to backup withholding under those requirements, then payments of interest will also be subject to backup withholding. Those requirements do not affect the exclusion of such interest from gross income for federal income tax purposes.

Original Issue Premium

The Note may be sold at an initial offering price in excess of the amount payable at the maturity date. The excess, if any, of the tax basis of the Note to a purchaser (other than a purchaser who holds such Note as inventory, as stock-in-trade or for sale to customers in the ordinary course of business) over the amount payable at maturity is amortizable bond premium, which is not deductible from gross income for federal income tax purposes. Amortizable bond premium, as it amortizes, will reduce the owner's tax cost of the Note used to determine, for federal income tax purposes, the amount of gain or loss upon the sale, redemption at maturity or other disposition of the Note. Accordingly, an owner of the Note may have taxable gain from the disposition of the Note, even though the Note is sold, or disposed of, for a price equal to the owner's original cost of acquiring the Note. Note premium amortizes over the term of the Note under the "constant yield method" described in regulations interpreting Section 1272 of the Code. Owners of the Note should consult their own tax advisors with respect to the calculation of the amount of bond premium that will be treated for federal income tax purposes as having amortized for any taxable year (or portion thereof) of the owner and with respect to other federal, state and local tax consequences of owning and disposing of the Note.

Additional Federal Income Tax Consequences of Holding the Note

Prospective purchasers of the Note should be aware that ownership of, accrual or receipt of interest on or disposition of tax-exempt obligations, such as the Note, may have additional federal income tax consequences for certain taxpayers, including, without limitation, taxpayers eligible for the earned income credit, recipients of certain Social Security and certain railroad retirement benefits, taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, financial institutions, property and casualty companies, foreign corporations and certain S corporations.

Bond Counsel expresses no opinion regarding any federal tax consequences other than its opinion with regard to the exclusion of interest on the Note from gross income pursuant to Section 103 of the Code and interest on the Note not constituting an item of tax preference under Section 57 of the Code. Prospective purchasers of the Note should consult their tax advisors with respect to all other tax consequences (including, but not limited to, those listed above) of holding the Note.

Changes in Federal Tax Law Regarding the Note

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the State of New Jersey. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Note. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Note will not have an adverse effect on the tax status of interest on the Note or the market value or marketability of the Note. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax) or repeal (or reduction in the benefit) of the exclusion of interest on the Bonds from gross income for federal or state income tax purposes for all or certain taxpayers.

Bank Qualification

The Note **will not** be designated as qualified under Section 265 of the Code by the County for an exemption from the denial of deduction for interest paid by financial institutions to purchase or to carry tax-exempt obligations.

The Code denies the interest deduction for certain indebtedness incurred by banks, thrift institutions and other financial institutions to purchase or to carry tax-exempt obligations. The denial to such institutions of one hundred percent (100%) of the deduction for interest paid on funds allocable to tax-exempt obligations applies to those tax-exempt obligations acquired by such institutions after August 7, 1986. For certain issues, which are eligible to be designated and which are designated by the issuer as qualified under Section 265 of the Code, eighty percent (80%) of such interest may be deducted as a business expense by such institutions.

State Taxation

Bond Counsel is of the opinion that, based upon existing law, interest on the Note and any gain on the sale thereof are not included in gross income under the New Jersey Gross Income Tax Act.

THE OPINIONS EXPRESSED BY BOND COUNSEL WITH RESPECT TO THE NOTE ARE BASED UPON EXISTING LAWS AND REGULATIONS AS INTERPRETED BY RELEVANT JUDICIAL AND REGULATORY CHANGES AS OF THE DATE OF ISSUANCE OF THE NOTE, AND BOND COUNSEL HAS EXPRESSED NO OPINION WITH RESPECT TO ANY LEGISLATION, REGULATORY CHANGES OR LITIGATION ENACTED, ADOPTED OR DECIDED SUBSEQUENT THERETO. PROSPECTIVE PURCHASERS OF THE NOTE SHOULD CONSULT THEIR OWN TAX ADVISERS REGARDING THE POTENTIAL IMPACT OF ANY PENDING OR PROPOSED FEDERAL OR STATE TAX LEGISLATION, REGULATIONS OR LITIGATION.

SECONDARY MARKET DISCLOSURE

The County has covenanted for the benefit of the Noteholders and the beneficial owners of the Notes to provide certain secondary market disclosure information pursuant to the Securities and Exchange Commission Rule 15c2-12 (the "Rule"). Specifically, for so long as the Note remain outstanding (unless the Notes have been wholly defeased), the County will provide in a timely manner not in excess of ten business days after the occurrence of the event, to the Municipal Securities Rulemaking Board (the "MSRB"), notice of any of the following events with respect to the Note:

(1) Principal and interest payment delinquencies;
(2) Non-payment related defaults, if material;
(3) Unscheduled draws on debt service reserves reflecting financial difficulties;
(4) Unscheduled draws on credit enhancements reflecting financial difficulties;
(5) Substitution of credit or liquidity providers, or their failure to perform;
(6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Note, or other material events affecting the tax status of the Note;
(7) Modifications to rights of holders of the Note, if material;
(8) Note calls, if material, and tender offers;
(9) Defeasances;
(10) Release, substitution or sale of property securing repayment of the Note, if material;
(11) Rating changes;
(12) Bankruptcy, insolvency, receivership or similar event of the County;
(13) The consummation of a merger, consolidation or acquisition involving the County or the sale of all or substantially all of the assets of the County, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.
(15) Incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material; and
(16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

The term “Financial Obligation” as used in subparagraphs (b)(15) and (b)(16) above means a (i) debt obligation, (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation or (iii) guaranteed of (i) or (ii); provided, however, that the term “Financial Obligation” shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

If all or any part of the Rule ceases to be in effect for any reason, then the information required to be provided pursuant to the County's undertaking, insofar as the provision of the Rule no longer in effect required the provision of such information, shall no longer be required to be provided.

The County Treasurer/Chief Financial Officer shall determine, in consultation with Bond Counsel, the application of the Rule or the exemption from the Rule for each issue of obligations of the County prior to their offering. Such officer is authorized to enter into additional written contracts or undertakings to implement the Rule and is further authorized to amend such contracts or undertakings or the undertakings set forth in the Resolution, provided such amendment is, in the opinion of nationally recognized bond counsel, in compliance with the Rule.

In the event that the County fails to comply with the above-described undertaking and covenants, the County shall not be liable for any monetary damages, remedy of the beneficial owners of the Note being specifically limited in the undertaking to specific performance of the covenants.

The County has entered into prior undertakings to provide information pursuant to prior continuing disclosure agreements for multiple outstanding issues. In connection with certain of such undertakings and during the five year period immediately preceding the date of this Official Statement, the County has failed to timely file with respect to all or some of the affected issues (i) its adopted budget for fiscal year ending December 31, 2018 for its own bonds, and (ii) operating data, as required, for the year ending December 31, 2015 for the Cumberland County Improvement Authority’s County Guaranteed Solid Waste System Revenue Bonds, Series 2006. Additionally, in certain instances, the County may not have associated all filings with all outstanding issues for which such filings may have been required. The County has subsequently filed such items contained in (i) and (ii) above, along with the required event notices. The County appointed Phoenix Advisors, LLC in October of 2014 to serve as continuing disclosure agent.

MUNICIPAL BANKRUPTCY

The undertakings of the County should be considered with reference to Chapter IX of the Bankruptcy Act, 11 U.S.C. Section 901 et seq., as amended by Public Law 94-260, approved April 8, 1976, and as further amended on November 6, 1978 by the Bankruptcy Reform Act of 1978, effective October 1, 1979, as further amended by Public Law 100-597, effective November 3, 1988, and as further amended and other bankruptcy laws affecting creditors’ rights and municipalities in general. The amendments of P.L. 94-260 replace former Chapter IX and permit any political subdivision of the State, public agency or instrumentality that is insolvent or unable to meet its debts to file a petition in a court of bankruptcy for the purpose of effecting a plan to adjust its debts; directs such a petitioner to file with the court a list of petitioner’s creditors; provides that a petition filed under said chapter shall operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner; grants priority to debt owed for services or material actually provided within three months of the filing of the petition; directs a petitioner to file a plan for the adjustment of its debts; and provides that the plan must be accepted in writing by or on behalf of creditors holding at least two-thirds in amount or more than one-half in number of the listed creditors. The 1976 Amendments were incorporated into the Bankruptcy Reform Act of 1978 with only minor changes.

Reference should also be made to N.J.S.A. 52:27-40 et. seq., which provides that a municipality has the power to file a petition in bankruptcy provided the approval of the Municipal Finance Commission has been obtained. The powers of the Municipal Finance Commission have been vested in the Local Finance Board. The Bankruptcy Act specifically provides that Chapter IX does not limit or impair the power of a state to control, by legislation or otherwise, the procedures that a municipality must follow in order to take advantage of the provisions of the Bankruptcy Act.

APPROVAL OF LEGAL PROCEEDINGS

All legal matters incident to the authorization, the issuance, the sale and the delivery of the Note are subject to the approval of McManimon, Scotland & Baumann, LLC, Roseland, New Jersey, Bond Counsel to the County, whose approving legal opinion will be delivered with the Note substantially in the form set forth as Appendix "C". Certain legal matters will be passed on for the County Attorney, Theodore E. Baker, Esq., Bridgeton, New Jersey.

UNDERWRITING

The Note has been purchased from the County at a public sale by ____________, as underwriter (the "Underwriter"), pursuant to a Certificate of Determination and Award dated October 31, 2019, at a purchase price of $__________. The Note is being offered for sale at the yield set forth on the cover page of this Official Statement. The Underwriter is obligated to purchase all of the Note if any of the Note is purchased.

The Underwriter intends to offer the Note to the public initially at the offering yield set forth on the front cover page of this Official Statement, which may subsequently change without any requirement of prior notice. The Underwriter may offer and sell the Note to certain dealers (including dealers depositing bonds and notes into investment trusts) a yield higher than the public offering yield set forth on the front cover page of this Official Statement, and such public offering yield may be changed, from time to time, by the Underwriter without prior notice.

RATING

S&P Global Ratings, acting though Standard & Poor's Financial Services, LLC ("Standard & Poor's") has assigned a rating of "SP-1+" to the Note.

An explanation of the significance of such rating may be obtained from Standard & Poor's at 55 Water Street, New York, New York 10041. The rating is not a recommendation to buy, sell or hold the Note and there is no assurance that such rating will continue for any given period of time or that such rating will not be revised downward or withdrawn entirely by Standard & Poor's if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such rating by Standard & Poor's may have an adverse effect on the market price of the Note.

MUNICIPAL ADVISOR

Phoenix Advisors, LLC, Bordentown, New Jersey served as municipal advisor to the County (the "Municipal Advisor") with respect to the issuance of the Note. The Municipal Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement and the Appendices hereto. The Municipal Advisor is a financial advisory firm, and is not engaged in the business of underwriting, marketing or trading municipal securities or any other negotiable instrument.

PREPARATION OF OFFICIAL STATEMENT

The County hereby states that the descriptions and statements herein, including financial statements, are true and correct in all material respects, and it will confirm to the Underwriter of the Obligations, by certificates signed by the County Treasurer/Chief Financial Officer of the County, that to his knowledge such descriptions and statements, as of the date of this Official Statement, are true and correct in all material respects and do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading.

Bowman & Company LLP assisted in the preparation of information contained in Appendix "A" to the Official Statement and has reviewed certain financial and statistical information contained in the Official Statement and compared it to the County's audited financial statements, as applicable. They have not verified the accuracy of other information or the completeness and fairness of that and other information contained herein, and accordingly express no opinion with respect thereto. However, they take responsibility for the audited financial statements to the extent specified in the Independent Auditor's Report appearing in Appendix "B".

All other information has been obtained from sources which County considers to be reliable, and it makes no warranty, guaranty or other representation with respect to the accuracy and completeness of such information.

McManimon, Scotland & Baumann, LLC, has not participated in the preparation of the financial or statistical information contained in this Official Statement, nor has it verified the accuracy, completeness or fairness thereof and, accordingly, expresses no opinion with respect thereto.

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including information additional to that contained herein, may be directed to Gerald C. Seneski, the County Treasurer/Chief Financial Officer at the Administration Building, 164 West Broad Street, Bridgeton, New Jersey 08302, telephone number (856) 453-2136 or by e-mail at gerryse@co.cumberland.nj.us or the Municipal Advisor at (609) 291-0130.

MISCELLANEOUS

This Official Statement is not to be construed as a contract or agreement among the County, the Underwriter and the holders of the Note. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinions and not as representations of fact. The information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Official Statement nor any sale of the Note made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County (financial or otherwise) since the date hereof. The information contained in the Official Statement is not guaranteed as to accuracy or completeness.

COUNTY OF CUMBERLAND

By: ______________________________
Gerald C. Seneski,
County Treasurer/Chief Financial Officer

Dated: October __, 2019

APPENDIX A

CERTAIN FINANCIAL AND DEMOGRAPHIC INFORMATION CONCERNING THE COUNTY OF CUMBERLAND

GENERAL INFORMATION ON THE COUNTY

Cumberland County (the "County") is located in the southwestern corner of the State of New Jersey, equidistant from New York City and Baltimore-Washington (120 miles) and 35 miles from the Philadelphia-Camden area and Atlantic City. Its 489.3 square miles are bordered by Salem, Gloucester, Atlantic and Cape May Counties. The County is within 300 miles of 1/3 of the nation's population.

The County, for census taking and reporting purposes, is classified as a Metropolitan Statistical Area (MSA) and as such is identified in census reports as the Vineland-Millville-Bridgeton, New Jersey MSA. It is one of three MSA's comprising the Philadelphia-Camden-Vineland, PA-NJ-DE-MD Combined Statistical Area (CSA) which had a 2010 population of approximately 6,533,683 persons, and exerts a major influence on the County's economic and social system. The County has 14 incorporated areas. These municipalities consist of three cities, one borough and ten townships. For statistical purposes, all are considered a part of the MSA.

Rowan College of South Jersey-Cumberland Campus, the Cumberland County Technical Education Center, the County Office of Employment and Training, the Cumberland County Economic Development Board and programs offered by state and federal agencies provide a constant supply of skilled industrial, commercial and service workers trained to meet specific needs. Most programs are of little or no cost to employers. The County's commercial and industrial job opportunities are centered in the cities of Bridgeton, Millville and Vineland. The remainder of the County supports the agriculture, sand mining, health sciences, advanced manufacturing, transportation, hospitality and retail enterprises.

Population (1)

Bridgeton, Millville and Vineland are the urban core of the County. Vineland is the largest city in the state in land area (69.5 square miles) with a 2010 population of 60,724. Neighboring Millville (43.0 square miles) has a population of 28,400. Bridgeton, the County seat, has a population of 25,349. Maurice River is the largest Township with a population of 7,976; Upper Deerfield is the second largest of the Townships with a population of 7,660; and Fairfield is the third largest Township with a population of 6,295. The following population counts and estimates are from both the U.S. Census and NJ Department of Labor, and ESRI, one of the nation's largest demographic and economic forecasting clearing houses.

2018 Estimated U.S. Census Bureau	150,972
2010 Decennial Census	156,898
2000 Decennial Census	146,438
1990 Decennial Census	138,053
1980 Decennial Census	132,866

[1] Source: U.S. Census Bureau, 2010 Population.

Labor Force (1)

	2018	2017	2016	2015	2014
Labor Force	65,742	66,400	67,200	67,033	66,125
Employment	61,500	61,800	62,200	60,917	59,308
Unemployment	4,250	4,600	5,000	6,180	6,817
Unemployment Rate	6.5%	7.0%	7.5%	9.1%	10.3%

[1] Source: State of New Jersey Department of Labor

COUNTY AGE CHARACTERISTICS – 2010 and 2017

AGE/YEARS	TOTAL 2010	PERCENTAGE OF POPULATION	ESTIMATED TOTAL 2017	PERCENT OF POPULATION
Under 15	31,222	19.9	30,472	19.2
15-24	21,495	13.7	19,997	12.6
25-34	22,593	14.4	24,441	15.4
35-44	22,280	14.2	20,949	13.2
45-54	22,280	14.2	20,473	12.9
55-64	17,416	11.1	18,886	11.9
65+	19,612	12.5	23,488	14.8
TOTAL POP	156,898	100.0	158,706	100.0

Source: ESRI, 2017 data and U.S. Census

Transportation

The County is located less than one hour's drive from Philadelphia, Wilmington and Atlantic City, and is situated in the Delaware Valley and the Northeast corridor.

Eighty-four miles of state highways, including Routes #47, #49, #77 and #55 (a four-lane freeway) bisect the County, east-west and north-south. These routes make connections with U.S. Highway #40 as well as the New Jersey Turnpike, Interstate #295 and Interstate #42 (the Atlantic City Expressway). The County-maintained roads, totaling 556 miles, provide much of the highway transportation.

The link-up of Route #55 from Port Elizabeth in the southern part of the County to the Route #42 Freeway stretch in southern Gloucester County is the main artery into and out of the County. This uninterrupted road link to the Philadelphia metropolitan area has added a new dimension to the County's transportation network. The County's historic geographic isolation from urban population centers of the East Coast has ended, enabling the County's businesses to gain speedy access to those markets.

NJ Transit runs four fixed bus routes through several municipalities in the County:

- **Route # 313** Cape May to Philadelphia runs through Maurice River Township, Millville and Vineland;
- **Route # 408** Millville to Philadelphia runs through Millville and Vineland;
- **Route # 410** Bridgeton to Philadelphia runs through Bridgeton and Upper Deerfield;
- **Route # 553** Upper Deerfield to Atlantic City runs through Upper Deerfield, Bridgeton, Fairfield, Millville and Vineland.

The County operates the Cumberland Area Transit Service (CATS), a demand-response service for the elderly and disabled, veterans and, with limitations, for the general public in small buses.

Five commercially licensed airfields are located in the County, including Millville Airport, the second largest in the state with its two 6,000 lf runways and visual aids capable of handling large jets.

Rail service is handled by Conrail and OmniTrax, the recent purchaser of the Winchester & Western-shortlines in the county. These lines, provide freight transportation to most of the County's municipalities. The Winchester and Western Railroad, a short-line carrier, grew steadily in the number of annual carloads since taking over much of Conrail's local freight service in 1987, an OmniTrax is expected to pursue an aggressive growth strategy of both rail and adjoining developable land.

As required by the Federal government, transportation planning and decision-making for urbanized areas is carried out through Metropolitan Planning Organizations (MPO). On July 1, 1993, the South Jersey Transportation Planning Organization (SJTPO) was designated the MPO for the southern New Jersey counties of Atlantic, Cape May, Cumberland and Salem. The SJTPO was formed to allow a stronger regional approach to solving transportation problems and brings new opportunities to southern New Jersey. MPOs coordinate the planning activities of participating agencies in the region. The MPOs have become partners with state government in deciding how available federal transportation dollars are spent and bring transportation decisions closer to those served. The County prepares yearly revisions to the Transportation Improvement Program for the next five year period.

Industries/Economic Development

The growth of industrial activity in the County in the Twenty-first Century has been marked by an increase in the number of advanced manufacturing establishments and workers, total wages paid to employees of manufacturers and a many fold increase in the "value added" to manufactured products. The fact that average family income in the County is well below state average is attributable to the seasonality of much of the area's industrial employment and the fact that less than average weekly wages are paid by the County's leading industrial groups.

According to the American Community Survey, 2013-2017 data, the county has a civilian labor force of 68,904, with a participation rate of 56.4%. The County currently has its lowest unemployment numbers in 15 years, with the unemployment rate estimated by the NJ Dept. of Labor, as of July 2019 being 3.3%.

The largest employment sector is health care and social assistance (11,165 workers or 18%), followed by manufacturing (9,084 or 14%) and then retail trade (7,517 or 12%). Health care is projected to continue to increase in employment opportunities as the population ages and new medical facilities in the area are established. Manufacturing is also projected to increase in employment. The utilities sector has the highest average wages per worker ($81,514). Average annual wages per worker increased 2.8% in the region over the preceding four quarters according to the Bureau of Labor Statistics.

Agriculture continues to be an important part of the county's economy. The latest (2017) US Census of Agriculture ranked the County as New Jersey's highest grossing county with a market value of agricultural products sold totaling over $212.6 million. This is $92 million higher than the next closest county. There are 560 farms in the county, totalling 66,256 acres, and accounting for nearly 20% of the entire state agricultural market value. The County is the largest producer of greenhouse, nursery, sod and horticulture products in the state, producing nearly $100 million worth (wholesale) of plants annually. The County also has higher sales of vegetables than any other county in the state. In total, agriculture employs better than 5,000 people in the County and contributes roughly $2 billion to the County economy in sales, payroll and expenditures.

In 2004, Inspira Health Network's regional hospital opened in a central location near Rowan College of SJ in Vineland. This hospital has helped improve the health services as well as the economic profile of the County. The hospital currently employs over 3,700 persons in a diverse range of professions. Its workforce has expanded significantly since its inception and is the County's largest employer. Adjacent to the hospital is a private rehabilitation clinic and other medical offices, making the interchange at Route 55/Sherman Avenue one of the employment hubs of the eastern part of the County. The hospital system has recently added several urgent care centers in the county and hosts a residency program, training young physicians across the medical field.

Even though industry has played a dominant role in the County's economic activity, the importance of the area's agricultural pursuits cannot be minimized. The County has retained its position as New Jersey's leading county in terms of the value of agricultural products sold. The fertile land and active rural work force has led to the establishment of major food processing, freezing, storage and distribution plants bearing the names of Seabrook Brothers & Sons, F & S Produce, Omni and Bridor Bakeries, Lasonte Pappas, Cumberland Dairy (now Dairy Farmers of America) and Dannone North America. Cumberland Dairy, for instance, employs 100 people making the milkshake blends used by hundreds of fast food establishments within a 150-mile radius. Dannone North America operates a ~~soy~~ processing plant in Bridgeton that produces the product known as Silk Milk. Vineland is the home of the largest farmers' cooperative produce auction east of the Mississippi.

The Rutgers Agricultural Research and Extension Center in Upper Deerfield generates and dispenses research applicable to the production of high-quality vegetable crops, ornamentals, field crops, and tree and small fruits, with special emphasis on crop protection and integrated pest management. The center stimulates the production of crops with maximum benefit to the New Jersey economy and minimum risk to the environment.

Another Rutgers facility in the County is The Rutgers Food Innovation Center (FIC), a unique food business incubation and economic development accelerator program. FIC is a distinctive food industry resource focused on developing, commercializing, marketing and selling food and beverage products. The RTC has assisted over 200 businesses since opening.

As a companion project to the FIC, a new, 30,000 s.f. food specialization center will begin construction in 2020. The center will provide a location for food business startups as well as established food companies opening new production lines or needing a temporary location. The new facility will bring up to 190 new jobs to the Bridgeton area and Cumberland County.

The glass industry is still present in the County. Durand International, the largest family owned glass manufacturer in France, constructed their first American Manufacturing facility in the City of Millville in 1982. Durand specializes in fine quality crystal tableware and gift items. Other glass manufacturing plants continue to report generally satisfactory conditions. They are divided between bottle manufacturing and specialty glassware production, especially laboratory and medical paraphernalia. Durand currently employs 1,100 people and is the county's largest private employer.

The County has many advantages for distribution centers. With 70 million people living within an overnight truck drive, a vast consumer and industrial market can be reached easily. Extensive cold storage (frozen) facilities are located in the Seabrook and Vineland areas.

The County's three largest cities each have designated industrial parks with both development and redevelopment options. Having sold all available city-owned industrial property, Vineland is in the early stages of acquisition and design of a new industrial park in the western side of the City, and is also working to redevelop a 250 acre property along Lincoln Avenue, just off of NJ Route 55. Millville's airport is a substantial and expanding industrial complex open to industries associated with the aviation field. Two paved 6,000 lf runways are operational at Millville Airport and can handle large jets, making it one of the largest aviation centers in New Jersey. With the increased interest in drone aircraft manufacturing and distribution, the County is receiving renewed interest in the many assets the Airport has to offer. Since 1999, the airport is operated by the Delaware River and Bay Authority, under a 30 year lease with the City of Millville, with two options for renewal.

The United States Department of Commerce has designated Millville's Municipal Airport as a Foreign Trade Zone (FTZ). Companies operating in the zone can receive, store or assemble foreign goods without being subject to full United States Customs duties or federal excise taxes, which helps these companies to compete against foreign manufacturers.

The New Jersey Motorsports Park (NJMP) in Millville was established in 2008. On over 700 acres adjacent to the airport, NJMP offers an incredible amount of diverse and dynamic motorsports attractions. Phase I included two road courses (Thunderbolt and Lightning), an exclusive motorsports country club known as the Drivers Club, VIP Suites, a first class karting facility, concessions and Shade Tree Garages. Phase II includes unique trackside Villa homes, a commercial corner (retail, restaurants and commercial services), driving/training school, two restaurant pads, Trackside Raceplex and Research Development Campus (approximately 400,000 square feet) and much more.

The County was one of the first four sites throughout the State that created a one-stop career center. The career center houses the County's social services and job training offices, the State employment and unemployment offices, and a child care services office of Tri-County Community Action Agency. Workforce New Jersey, a one-stop career center system, provides New Jersey employers, workers, students and job seekers with simple, direct and comprehensive access to all employment, training, education and human services programs, as well as a variety of information to the business community.

To attract and support Twenty-first Century industries, in 2016 the Cumberland County Technical Education Center opened the doors on its new $70,000,000 full time four year high school adjacent to the Cumberland County College. This project brought 107 new full-time professional jobs to the County and is estimated to have had a $295,000,000 direct and indirect impact on the County economy. CCTEC will graduate its first full time, four year class of 240 students in 2020.

Economic Development and Designations

The Cumberland County Improvement Authority is the county's designated economic development entity. The CCIA provides technical and financial assistance to the county's municipalities as needed to develop projects and properties generating new tax ratables and jobs. The CCIA has been active as a redevelopment entity as well, assisting with several downtown redevelopment projects, including the construction of a new police headquarters in Vineland, and assembling land for the construction of two 30,000 sf health care facilities in downtown Bridgeton and Vineland.

The CCIA is also the one-stop agency for the five Opportunity Zones that are designated in Cumberland County. There are two zones each in Vineland and Bridgeton and one zone in Millville. All of the Opportunity Zones include downtown redevelopment sites and some greenfields with the proper zoning for commercial or industrial development. Opportunity Zones are one way of attracting private capital as equity into projects, with the investors gaining significant tax advantages for a ten year period.

The CCIA has invested nearly $800 million, leveraging and bundling state and federal dollars, to develop a wide range of projects throughout the county. Over the past six years, CCIA has developed over $109 million of capital projects with another $263 underway. The resulting economic impact of these projects is $806 million. These projects have created 642 long term jobs.

A Bridgeton Urban Enterprise Zone (UEZ) was initiated in 1985. The joint Millville/Vineland UEZ was designated in April 1986. Urban Enterprise Zones are designed to promote private capital investment and attract new business in selected areas of New Jersey through the use of tax incentives, thereby creating new employment opportunities. Both the Bridgeton and Millville Urban Enterprise Zones were extended by an act of the New Jersey Legislature in late 2001. This extension has provided millions of dollars in additional revenue to these cities to help with industrial development, infrastructure investments, and community revitalization.

The Cumberland Empowerment Zone Corporation (CEZ) was established in 1999 following Round II Empowerment Zone designation by the U.S. Department of Housing & Urban Development. The CEZ is unique in that it is the only county-based Empowerment Zone in the nation. It was spawned through a cooperative effort of four municipalities (Bridgeton, Millville, Vineland and Commercial Township), the County, and the State of New Jersey.

The goal of the Empowerment Zone program is to expand economic opportunity in targeted communities and neighborhoods in the County. A number of important local projects and initiatives have been funded by the CEZ. These include expansion of industrial parks, neighborhood redevelopment projects, transportation and infrastructure investment, small business training and support, business loan and incentive programs and many other community development projects.

The CEZ has been recognized as one of the top performing empowerment zones in the nation. During the last 10 years, the CEZ has funded over 130 job-creating projects throughout the County. The CEZ has leveraged $25.6 million in federal dollars with $223.8 million in public and private funding to fund and support the creation of over 1,400 present and anticipated job opportunities for residents of the most distressed communities in the County. The CEZ has been a demonstrated catalyst for change, committed to improving the quality of life for County residents

The Cumberland County Economic Development Board coordinates efforts of County agencies such as: the Improvement Authority; Employment and Training; Technical Education Center; and County College. The Board works closely with the three cities, eleven municipalities, other public agencies, business developers, and private organizations to attract additional development to the County.

The Strategic Plan for Economic Development was developed for the period 2010-2020. It has five objectives: 1) marketing the County and its business climate, 2) maintaining and improving the quality of life, 3) retention and expansion of existing businesses, 4) attraction of applicable and labor-available industries; and 5) dissemination of information and technical reports that inform the business sector on pertinent topics.

Cumberland County offers the area's best incentive package, accessible and affordable sites and the region's most available and hardworking labor force. A Federal Empowerment Zone designation, two Urban Enterprise Zones, five Opportunity Zones, flexible financing, and low business costs make the County competitive with all areas of the country. In addition, there is some of the finest executive housing at very reasonable costs. Lastly, a quality educational system, which produces highly trained and capable students, employees and citizens, makes the County a great place to do business. An outstanding partnership between the Cumberland County Technical Education School, Rowan College of South Jersey, and the Cumberland-Salem-Cape May Workforce Investment Board affords the County one of the top workforce training programs in the State.

Cumberland County Improvement Authority

The Cumberland County Improvement Authority (the "Improvement Authority") is a public body corporate and politic of the State and was created by a resolution of the Board of Chosen Freeholders of the County adopted on December 30, 1980, pursuant to the County Improvement Authority Law. The Improvement Authority was established as an instrumentality of the State for, among other purposes, providing for the construction of public buildings, transportation facilities, the acquisition of equipment and the acquisition of property owned by the federal government. Subsequent amendments to the County Improvement Authority Law permit the Improvement Authority to provide for the construction of convention halls, solid waste disposal facilities, recreational/entertainment centers, low and moderate income housing, to plan, initiate and carry out redevelopment projects and to provide financing on behalf of certain non-profit entities.

Since its inception, the Improvement Authority's primary responsibility has been to maintain the financial stability and operating efficiencies of the solid waste facility in a deregulated atmosphere while continuing to offer and expand the environmentally beneficial programs to its constituency. The Improvement Authority's Solid Waste Complex is the home of the Sanitary Landfill and related solid waste and recycling initiatives. Three capital infrastructure projects have been completed at the Solid Waste Complex in recent years. They include a $19.1 million expansion of three cells increasing the landfill by 35 acres, projected to accommodate the County until 2041, $1.6 million for expansion and upgrades to on site leachate purification, and continual methane gas capture expansion. The benefit of these projects is to decrease processing costs, provide a long-term accommodation of solid waste and reduce the use of fossil fuels and greenhouse emissions. Additional capital projects include a $2.2 million truck wash and $3.2 million Compressed Natural Gas fueling station to serve the community.

Economic Impact and Redevelopment Initiatives of the Improvement Authority

In addition to its primary responsibility of operating the County's Solid Waste Facility, the Improvement Authority has become the County's designated economic and redevelopment entity and has undertaken a significant portfolio for County, State, Local, and not-for-profit entities with services consisting of the acquisition, construction, leasing, and facility management. Other activities include a "Conduit Bond Financing Program," a government equipment lease program, fleet maintenance services, alternative energy projects, and real estate transactions on behalf of the County. Major projects include the County Board of Social Services and Office of Employment and Training; Center for Workforce and Economic Development; Arts and Innovation Center; Technical Education Center and Health Sciences addition; Vineland Police Station; and County Correctional Facility. The Authority remains committed to identifying cost savings, revitalization, and job creation opportunities through county-wide feasibility studies and other initiatives.

Outstanding Improvement Authority Bonds

In August 2006, the Authority issued its Solid Waste System Revenue Bonds (Series 2006), in the aggregate principal amount of $24,485,000 (the "Series 2006 Bonds"), to finance improvements to the Authority's solid waste complex and disposal system, along with other improvements. A portion of the Series 2006 Bonds were advance refunded by the Authority's $14,595,000 County Guaranteed Solid Waste System Revenue Refunding Bonds, Series 2015A (the "Series 2015A Bonds"). No Series 2006 Bonds remain outstanding as of the date hereof. The payment of the principal of and the interest on the Series 2015A Bonds are guaranteed by the County pursuant to a guaranty agreement executed and delivered by the County and the Authority in connection with the issuance of the Series 2015A Bonds. As of December 31, 2018, $13,260,000 principal amount of Series 2015A Bonds remained outstanding.

In October 2009, the Authority issued its Local Unit Program Bonds (Vineland Electric Utility Project), Series 2009A and Local Unit Program Bonds (Vineland Electric Utility Project), Series 2009B (Federally Taxable – Issuer Subsidy – Build America Bonds) (collectively, the "Series 2009 Bonds") in the aggregate principal amount of $60,000,000. The Series 2009 Bonds were issued for the benefit of the City of Vineland, County of Cumberland, New Jersey (the "City") and are secured by payments due to the Authority from the City. As of December 31, 2018, $57,500,000 principal amount of Series 2009 Bonds remained outstanding.

In May 2014, the Authority issued its County-Guaranteed Revenue Bonds (Facilities Acquisition Project), Series 2014, in the aggregate principal amount of $17,955,000 (the "Series 2014 Lease Revenue Bonds"), to finance the construction of an employment and training facility and the acquisition of an office building. The payment of the principal of and the interest on the Series 2014 Lease Revenue Bonds are guaranteed by the County pursuant to a guaranty agreement executed and delivered by the County and the Authority in connection with the issuance of the Series 2014 Lease Revenue Bonds. As of December 31, 2018, $16,325,000 principal amount of Series 2014 Lease Revenue Bonds remained outstanding.

In October 2014, the Authority issued its County General Obligation Revenue Bonds (Technical High School Project), Series 2014, in the aggregate principal amount of $63,890,000 (the "Series 2014 Technical School Bonds"), to finance the construction of a new County technical school. The payment of the principal of and the interest on the Series 2014 Technical School Bonds is secured by loan repayments to be made by the County to the Authority pursuant to a loan agreement executed and delivered by the County and the Authority in connection with the issuance of the Series 2014 Technical School Bonds, which loan agreement is secured by an unconditional general obligation bond of the County issued by the County to the Authority. As of December 31, 2018, $58,670,000 principal amount of Series 2014 Technical School Bonds remained outstanding.

In August 2015, the Authority issued its Revenue Bonds (State Office Buildings Project), Series 2015, in the aggregate principal amount of $3,975,000 (the "Series 2015 State Office Building Bonds"), to finance the renovation of a portion of an existing facility in the City to be utilized through a lease by certain state agencies. As of December 31, 2018, $3,535,000 principal amount of Series 2015 State Office Building Bonds remained outstanding.

In May 2017, the Authority issued indebtedness in connection with a financing involving the New Jersey Environmental Infrastructure Trust to finance a solid waste project (the "Series 2017A NJEIT Bonds" and the "Series 2017B NJEIT Bonds"). The Authority's Series 2017A NJEIT Bonds and Series 2017B NJEIT Bonds were initially issued in the aggregate principal amount of $10,185,515. The payment of the principal of and the interest on the Series 2017A NJEIT Bonds and the Series 2017B NJEIT Bonds are guaranteed by the County pursuant to a guaranty agreement executed and delivered by the County and the Authority in connection with the issuance of the Series 2017A NJEIT Bonds and the Series 2017B NJEIT Bonds. As of December 31, 2018, $2,420,000 principal amount of the Series 2017A NJEIT Bonds remained outstanding and $7,000,336 principal amount of the Series 2017B NJEIT Bonds remained outstanding.

In October 2017, the Authority issued its Revenue Bonds (Office Building Acquisition Project), Series 2017 (Federally Taxable) in the aggregate principal amount of $12,000,000 (the "Series 2017 Office Building Bonds"), to finance the acquisition of an existing industrial/office complex in the City of Vineland. The payment of the principal of and the interest on the Series 2017 Office Building Bonds is secured by lease payments made to the Authority by the tenants that rent space in the industrial/office complex. As of December 31, 2018, $12,000,000 principal amount of Series 2017 Office Building Bonds remained outstanding.

In December 2017, the Authority issued its City General Obligation Lease Revenue Bonds (Vineland Public Safety Building Project), Series 2017, in the aggregate principal amount of $21,935,000 (the "Series 2017 Vineland Public Safety Building Bonds"), to finance the acquisition of certain real property in the City and the development and construction of a public safety facility in the City. The payment of the principal of and the interest on the Series 2017 Vineland Public Safety Building Bonds are secured by lease payments made by the City to the Authority, which lease payments constitute general obligations of the City. As of December 31, 2018, $21,935,000 principal amount of Series 2017 Vineland Public Safety Building Bonds remained outstanding.

On September 13, 2018, the Authority issued its Revenue Bonds (Facilities Renovation Project), Series 2018, in the aggregate principal amount of $3,200,000 (the "Series 2018 Facilities Renovation Project Bonds"), to finance various renovations and improvements to the existing industrial/office complex in the City for use by the City. The payment of the principal of and the interest on the Series 2018 Facilities Renovation Project is secured by lease payments to be made to the Authority by the City. As of December 31, 2018, $3,200,000 principal amount of Series 2018 Facilities Renovation Project Bonds remained outstanding.

On December 13, 2018, the Authority issued its County Guaranteed Lease Revenue Bonds (County Correctional Facility Project), Series 2018, in the aggregate principal amount of $64,990,000 (the "Series 2018 Correctional Facility Project Bonds"), to finance the acquisition of property and construction of a holding center and criminal courtroom facility for use by the County. The payment of the principal of and the interest on the Series 2018 Correctional Facility Project Bonds are secured by: (i) lease payments to be made to the Authority by the County of Cumberland; and (ii) a guaranty by the County pursuant to a guaranty agreement executed and delivered by the County and the Authority in connection with the issuance of the Series 2018 Correctional Facility Project Bonds. As of December 31, 2018, $64,990,000 principal amount of Series 2018 Correctional Facility Project Bonds remained outstanding.

In January 2019, the Authority issued its County General Obligation Revenue Bonds (Technical High School Project), Series 2019, in the initial aggregate principal amount of $21,035,000 (the "Series 2019 Technical School Bonds"), to finance the construction of improvements and renovations to the County technical school. The payment of the principal of and the interest on the Series 2019 Technical School Bonds is secured by loan repayments to be made by the County to the Authority pursuant to a loan agreement executed and delivered by the County and the Authority in connection with the issuance of the Series 2019 Technical School Bonds, which loan agreement is secured by an unconditional general obligation bond of the County issued by the County to the Authority. As of March 1, 2019, $21,035,000 principal amount of Series 2019 Technical School Bonds remained outstanding.

In addition to the indebtedness described above, the Authority has other indebtedness, including certain capital leases, none of which is secured by the Revenues or other Pledged Property pledged under the Indenture as security for the Series 2019 Bonds.

Solid Waste Flow Enforcement

Prior to the United States Supreme Court's denial of a petition for certiorari on November 10, 1997 in Atlantic Coast Demolition & Recycling, Inc. v. Board of Chosen Freeholders of Atlantic County, et al. 112 F.3d 652 (3d Cir.), cert. denied, 118 S. Ct. 412-413, 139L. Ed. 2d 316 (1997) ("Atlantic Coast"), all solid waste generated in New Jersey was directed to be delivered to designated facilities. The power to direct waste and enforce direction stemmed from three regulatory mechanisms: solid waste management plans, DEP regulations (N.J.A.C. 7:26-6.5) codifying waste flow directives included in each solid waste management plan, and through the issuance of solid waste disposal franchises. In Atlantic Coast, the United States Court of Appeals for the Third Circuit affirmed a United States District Court's finding that the State's system of regulatory flow control was unconstitutional to the extent that facilities designated in district solid waste management plans to receive waste were not selected in a manner permitting competition from out-of-state facilities.

As a result, no district may implement a solid waste management plan that discriminates against out of state competition. The County's response to the demise of flow control regulations was to propose in December 1997, Amendment 14 of the Plan which provides that the Improvement Authority will seek to operate its landfill in a competitive marketplace by voluntarily contracting with municipalities, collectors and generators to secure solid waste and generate necessary revenues to pay debt service and operating expenses. Amendment 14 was approved by the DEP Commissioner and became effective on April 24, 1998.

The Improvement Authority's total tipping fee for bulk waste, construction and demolition debris and asbestos was $70.64/ton. The total tipping fee for municipal solid waste, vegetative waste, animal & food product waste and dry industrial waste was $59.54/ton. These rates have remained unchanged since 2012, which has allowed the Improvement Authority to be successful in attracting waste from municipalities and private collectors. The Improvement Authority's revenues including reserve and surplus balances are sufficient to fund operating and debt service payments for the foreseeable future. Should economic conditions change significantly, the County has guaranteed certain outstanding debt of the Improvement Authority, as previously described.

Ten Largest Non-Governmental Employers

The 10 largest non-governmental employers in the County, as of September 2019, employed approximately 10,000 people.

Employer	Employees	Nature of Business	Location
Inspira Health Network	3,393	Health Care	Various
Durand Glass Manufacturing Co./ARC International	1,100	Glass Manufacturing	Millville
ShopRite	858	Supermarket Chain	Various
Wal-Mart	794	Retail Sales	Various
F & S Produce	731	Food Processing	Rosenhayn
Agro Merchants Group	700	Fruit and Produce Handling	Vineland
Sheppard Bus Service	650	Transportation	Fairfield Twp.
Elwyn New Jersey	615	Provides Services for People With Special Needs	Vineland
WaWa	544	Food and Beverage Provider	Various
OMNI Baking	532	Food Processing	Vineland
Seabrook Brothers and Sons	485	Food Processing	Upper Deerfield

Source: Cumberland County government, 2019

Farmland & Open Space Preservation

To provide stable funding for the Farmland Preservation Program, the Board of Chosen Freeholders authorized the Farmland and Open Space Preservation Trust Fund referendum on the November 1994 ballot. As of December 2018, the County has preserved 30,000 acres of farmland.

The Cumberland County Agriculture Development Board (CCADB) continues to work on issues related to the economic viability of agriculture. The CCADB developed the Agricultural Enterprise District concept, modeled on the successful Urban Enterprise Zone Program, to enhance the economic climate for farmers and related agricultural industries. Innovative techniques to preserve farmland and the farming industry, such as the transfer of development rights, installment purchases and development of a twenty-year easement option, are aggressively pursued.

In addition, the County secured its first Green Acres Grant from the New Jersey Department of Environmental Protection ("NJDEP") in 2013 and a second Green Acres Grant in 2015 to assist municipalities acquire and preserve recreational open space.

Housing

The County offers the advantages of life in or near the three urban centers without the drawbacks of impacted metropolitan areas. The city of Vineland has experienced the most consistent construction of housing inventory. There are a total of 56,332 housing units across Cumberland County. Home ownership stands at 63.7% of year round units, with a low vacancy rate of 1.6%.

Median value of owner occupied units was $160,500 in 2017.[1] Moderate priced housing of many types is available. Current construction is keeping pace with demand. The 2018 average sales price of homes in the County was $122,000 according to Zillow (a major real estate and home sales network.) Zillow indicates that home values have decreased 4.3% in the past year. Public ordinances play a major role in improving and maintaining good housing conditions. Federal tax incentives and depreciation allowances applicable to commercial structures in National Historic Districts of Bridgeton, Millville, and Greenwich have been used to bring existing structures up to acceptable standards.

Household Income

Average (mean) 2017 household income in the County is estimated at $50,000, slightly below the national average of $57,652. Per capital income for the county is $23,012 compared to $39,069 for the state as a whole.

Pinelands

The legislative mandate to protect the Pinelands is set forth in the National Parks and Recreation Act of 1978, signed by President Carter on November 10, 1978. The Act established the Pinelands National Reserve, encompassing parts of seven southern New Jersey counties and all or parts of 56 municipalities. This includes parts of two County municipalities, Maurice River Township and Vineland City, totaling 55,700 acres. It also authorizes the establishment of a planning agency responsible for preparing a Comprehensive Management Plan for the reserve.

To comply with the federal statute, Governor Brendan T. Byrne issued Executive Order 71 on February 8, 1979, providing for the establishment of the Pinelands Planning Commission and making development in the Pinelands area subject to Commission approval during the planning period. In June, 1979, the New Jersey Legislature passed the Pineland Protection Act, thereby endorsing the planning restrictions on development. An amendment to this statute divided the Pinelands area into two planning segments, the Preservation and Protection Areas. New Jersey Pinelands Comprehensive Management Plan takes its directions from the acts which recognize the unique natural, physical, and cultural qualities of the Pinelands and the pressure for residential, commercial and industrial development.

Following its work program and legislative mandates, the Commission adopted a plan for the Pinelands, including 45,400 acres in the Protection Area in the County. There is no County acreage in the Preservation Areas.

Shopping Facilities

Shopping facilities in the County are varied and well located. In addition to the stores of the central business districts of the three cities and surrounding neighborhoods, a number of national and regional retail chains have located in the County, which has enhanced the retail service marketplace.

There are several major retail centers, including the "Cumberland Mall," at the intersection of S. Delsea Drive (Rt. 47) and Route 55 in Vineland. Currently the number of retail stores and

[1] 2017 American Community Survey

restaurants exceed 65. The Cumberland Mall completed a $66 million expansion project in 1998. The expansion project more than doubled the existing shopping space to one (1) million square feet including two new anchor department stores, a 3,596-seat movie complex and about 50 new retail stores including Home Depot, a Regal Cinema, J.C. Penney Store (recently rebuilt as a Dicks Sporting Good's Boscov's Department Store, Applebee's, Red Lobster, Victoria's Secret, Bed Bath and Beyond, Marshall's, BJ's, Michael's, and Best Buy. The addition has created an estimated 1,900 new retail and service jobs in the area. The project has also entailed funding for revitalization of the existing mall structure as well as local road and intersection improvement in the mall vicinity.

Also in Vineland near the Rt 55 interchange with Landis Ave (Rt 56) are a super Walmart, ShopRite, hotel chains Wingate and Holiday Inn Express and full service restaurants such as Bennigans, Friendly's and Denny's.

Another retail center is on the Vineland-Millville border at the intersection of S. Delsea Drive and Route 55 (Millville) is the Cumberland Crossing shopping center. The Cumberland Crossings Mall provides 300,000 square feet of commercial shopping space and features a variety of specialty stores, as well as the major retail chain Wal-Mart. Union Lake Crossing opened in 2006 with Target, Kohl's, Dick's, Shop Rite, Staples, PETSMART, Lowe's and many other smaller stores.

Downtown Millville has developed as an arts district, and the former Cumberland County College recently built and opened an Arts & Innovation Center: approximately 21,000 square feet of downtown educational, retail and innovative space. This $7,000,000 project has had an estimated $17,000,000 direct and indirect impact on the City's downtown and the regional economy. In addition, the Holly City Development Corporation has been aggressively pursuing funding to redevelop housing in the City Center and provide entrepreneurial and workforce assistance through its recently opened Creative Enterprise Center.

On the west side of the County a retail location has developed in Carll's Corner, Upper Deerfield Township north of Bridgeton at the junction of State Highways 77 and 56. Located here are a Wal-Mart, Super Wawa, Tractor Supply, Aldi Grocery and Peebles Department Store.

Also Lidl, the German-based supermarket chain, opened one store within the County in 2017 located in Vineland.

Recreation and Tourism

The County provides a wealth of recreational opportunities for residents and visitors alike. Each of the cities offers urban playfields, parks and swimming areas with lifeguards. Bridgeton's park includes the Cohanzick Zoo, one of only two municipal zoos in New Jersey. Millville boasts two-mile long Union Lake and water related recreation. The County fairgrounds feature a great variety of outdoor events. The State government, the largest landowner in the County, provides fish and game and state forest holdings earmarked for non-intensive natural use. Parvin State Park in Salem County, bordering the County, offers both active and passive open space and water recreation.

Facing directly on Delaware Bay, this "Other Jersey Shore" offers many water related activities, including fishing, hunting, and boating. Fortescue, Newport, and Greenwich offer complete boating facilities and marinas, fine fishing on the Bay, bird-watching sites or just dining.

Greenwich is a town rich in history. In fact many of its buildings have been standing since the Revolutionary War. The entire historic town is on the National Register. Bridgeton's 2,200 homes from the Colonial, Federalist and Victorian periods also are on the National Register. The unique town features brick walkways, scenic Riverfront Promenade and Fountain Plaza.

The NJDEP issued an environmental permit to Public Service Electric and Gas ("PSE&G") in July, 1994. The permit requires the restoration and preservation of up to 14,500 acres of degraded wetlands and adjacent upland buffer areas along the Delaware Estuary. Included is a tract of approximately 4,500 acres of sensitive wetlands and uplands located in Greenwich Township in the County, which is commonly referred to as the Bayside Tract. PSE&G is developing the Estuary Enhancement Program in cooperation with scientists, environmentalists, public officials, and concerned citizens to ensure the successful implementation of these and other permit requirements.

Mauricetown is an 18th Century Sailing Village nestled along picturesque Maurice River and home of several antique shops. Port Norris, also in Commercial Township, was known historically as the Oyster Capital of the World. It is home to the A.J. Meerwald, New Jersey's official tall ship, and the Bay Shore Center at Bivalve – one of the County's premier ecotourism attractions.

Glass making history and the tranquil lifestyles of 1888 South Jersey captured in wooded surroundings are found in Millville. Wheaton Arts & Cultural Center features the elegant Museum of American Glass, a working 1888 Glass Factory with demonstrations, crafts, charming shops, special events and the Down Jersey Folk Life Center. Also worthy of note is Millville's Maurice River waterfront revitalization. Among the projects completed is the Maurice River Waterfront Plaza, a carefully landscaped park that affords adequate seating for visitors to sit and enjoy the scenic river.

The County is within a short distance (40 miles) of some of the finest seashore bathing beaches in the East. Atlantic City's famous boardwalk and casino development adds to nearby attractions.

In December 1993, a bill was signed into law designating the Maurice River and its tributaries – the Manumuskin River and the Menantico and Muskee creeks - as protected under the Wild and Scenic River Act. Under the law more than 35 miles of the four waterways are protected from adverse dam development, contamination/pollution threats and federal condemnation of land. The Maurice River management plan was written by local municipalities, with the guidance of the Cumberland County Department of Planning and Development. On October 26, 1994, official dedication ceremonies were held along the Maurice River.

Tourism is a growing industry in the County. A trip into the past can bring one to many historic sites as well as the entire historic towns of Greenwich, Bridgeton and Mauricetown, Wheaton Arts & Cultural Center and the revitalization of the waterfront in downtown Bridgeton and Millville. The County is also featured in the developing New Jersey Coastal Heritage Trail. The New Jersey Coastal Heritage Trail is divided into five regions linked by a common heritage of life on the Jersey shore and Raritan and Delaware bays. The County is included in the Delsea Region of the Trail. The Bay-Shore Center at Bivalve, the East Point Lighthouse and the Fortescue State Marina are highlighted in the County's segment.

In 2013 a site signage and podcast interpretation program was launched for fifteen of the most historic sites in the County. This project, offset by grant funds provided by the New Jersey State Council for the Humanities, includes site signage containing quick response codes which direct visitors to a dedicated website, www.cumberlandhistorical.org.

A comprehensive Ecotourism Plan was prepared and adopted by the County Planning Board for the County. Ecotourism allows visitors the opportunity to enjoy the natural resources and the environment of the area. It includes only those activities with a direct link to the natural environment. It is noted that the County already has many untouted tourist attractions. Ecotourism would provide both economic development opportunities and preserve the County's natural heritage.

Planning

The State Planning Commission released its Draft State Strategic Plan in November, 2011. With the assistance of the NJ Department of State, Office of the Lt. Governor, the Commission provided a vision for New Jersey through the next 20 years. The plan attempts to determine the best way New Jersey can accommodate new residents and additional jobs expected by 2020 in a manner that the state's taxpayers will be able to afford. The Plan offers a cooperative process in which each level of government can plan together, and through which the public sector can work with the private sector. This planning process is one of the most comprehensive State policy incentives undertaken within recent memory.

The County government, its 14 municipalities, various interest groups and the general citizenry have worked together to reach a consensus on how to manage our growth in ways it can afford. The process, called "cross acceptance", has been completed and submitted to the Commission.

The adoption of the State Plan provides guidance to state agencies and local governments on a range of important land uses and growth management issues. The County continues to be involved in this process as County officials seek ways to accommodate State and local interests. The Office of State Planning revises the State Development and Redevelopment Plan every three years. The County Planning Board has adopted recommendations that have been submitted to the state agency.

Health Care

Inspira Health Network provides virtually all major inpatient services in the County. It also provides many outpatient services, including same day surgery, x-rays, lab and therapy. The Frank and Edith Scarpa Regional Cancer Pavilion provides access to the latest technologies and treatments at a regional facility. CompleteCare also provides healthcare services across the county as the largest Federally Qualified Health Center in South Jersey. This organization provides low-income and otherwise health disparate people with high-quality, affordable and accessible health services. CompleteCare also offers patients Medicaid and Health Insurance Marketplace enrollment assistance.

The Cumberland County Department of Health and the Department of Health of the City of Vineland provide a variety of health care services. There are four certified Home Health Agencies authorized to operate in the County. Alcohol and drug counseling are available. Psychological and psychiatric evaluations are provided by the Cumberland County Guidance Center and private care providers. Prenatal care is provided through two low cost clinics and private physicians. Overall, there are a number of public and private organizations providing a range of serves from skilled nursing for senior citizens to intermediate care facilities for medical day care clients and others with disabilities or challenged capacities.

SUMMARY

The County economy is expanding nicely and there is considerable promise on the horizon. New investments in infrastructure and other job and employment generators have had direct and indirect impacts on the County economy totaling more than $400,000,000 in the last few years. New hotels, restaurants and other hospitality development reflect the growing interest in the County’s tourism base and industrial development. New downtown investments in City Centers and new industrial parks are in various stages of development.

Between 2015 and 2017, 10 County companies received $64.9 million in Grow New Jersey grant awards which led to the creation or retention of 668 jobs. More than $118 million in private sector investment helped to feed the economic expansion underway. County officials are optimistic about the many new opportunities to come.

Industrial Pollution Control Financing Authority of Cumberland County

Pursuant to the New Jersey Industrial Pollution Control Financing Law (L.1973, c.376), the County, by resolution of the Board of Chosen Freeholders, adopted on July 12, 1974, has created the Industrial Pollution Control Financing Authority of the County. The Pollution Control Financing Authority has not undertaken any projects or financing permissible under said law.

Compensated Absences

Under the existing policies of the County, employees upon retirement will receive one-half of the accumulated unused sick leave to a maximum of $9,000. Several unions have negotiated payouts higher than that of the general county policy. All employees receive one-half of the accumulated unused sick leave. The maximum payout for the various unions is as follows

United Auto Workers Union (UAW) Local #2327	
General Labor =	$9,000
Social Services =	$17,000
Social Services Supervisors =	$20,000
Council 18 – Social Services =	$18,000
Communication Workers of America (CWA) Local #1036	
General Labor supervisory employees =	$9,000
Prosecutor’s Assistants (attorneys) =	$9,000
Association of Superior Assistant Prosecutors (ASAP) =	$9,000
United Public Service Employees Union (UPSEU)	
Prosecutor’s administrative staff =	$9,000
Fraternal Order of the Police (FOP), Local #194	
Corrections – Superior Officers Association =	$12,000
Police Benevolent Association (PBA)	
Local #231 County Correction Officers =	$9,000
Local #299 Sheriff Officers	
Line-Officers =	$9,000
Superior Officer's Association =	$12,000
Local #396 Prosecutor Investigators	
Line-Officers =	$15,000
Superior Officer's Association =	$17,500

Unused accumulated vacation can carry forward only one year subsequent to the year it is earned and is paid at straight time.

The County does not record accrued expenses related to compensated absences. However, it is estimated that at December 31, 2018, accrued benefits for compensated absences are valued at $3,439,565. The charges for accumulated sick leave will be included in the year the employee retires. The charges for accrued vacation benefits will be included in the year the employee terminates employment with the County. The County has established a Reserve for Accumulated Sick and Vacation Leave in the Trust Fund to set aside funds for future payments of compensated absences. At December 31, 2018 the balance of the fund was $1,365,934 (2018 Audited Financial Statements of the County of Cumberland - Note 8 Compensated Absences).

Pension Plans

Those County employees who are eligible for pension coverage are enrolled in one of two pension systems established by acts of the State Legislature. Benefits, contribution, means of the funding and the manner of administration are determined by the state. For additional information regarding pension plans, see Appendix B - "2018 Audited Financial Statements of the County of Cumberland".

County Employees	**2019**	**2018**	**2017**	**2016**	**2015**
County Tax Levy	646	622	607	597	611
Board of Health Tax Levy	40	40	40	40	40
County Library	12	12	12	11	11
Workforce Development Grants	45	45	45	45	45
Aging Grants	40	40	39	39	39
Social Services Grants	230	230	227	227	
Other Grants	30	30	27	27	27
TOTAL	1,043	1,019	1,001	986	773

Labor Contracts

The County has labor contracts with the following labor unions. There is currently ONE expired contract.

The County has labor contracts with the following labor unions. There is currently ONE expired contract, PBA 396 Superior Officers – representing 11 Supervising Prosecutor Investigators.

United Auto Workers Union (UAW) Local #2327
- General Labor, representing 251 employees, expires December 31, 2020
- Social Services
  - Staff, representing 190 employees, expires December 31, 2019
  - Supervisors, representing 16 supervisory employees, expires December 31, 2019

Council 18
- Social Services, representing 5 supervisory employees expired December 31, 2021

Communication Workers of America (CWA) Local #1036
- General Labor, representing 34 supervisory employees expires December 31, 2020
- Prosecutor's Assistants (attorneys), representing 18 employees expires December 31, 2022

Association of Superior Assistant Prosecutors (ASAP),
- Prosecutor's Assistants, representing 10 employees expires on December 31, 2020

United Public Service Employees Union (UPSEU)
- Prosecutor's administrative staff, representing 39 employees expires December 31, 2023

Fraternal Order of the Police (FOP), Local #194
- Corrections Superior Officers, 26 employees expires December 31, 2022

Police Benevolent Association (PBA)
- Local #231 Correction Officers, representing 170 employees expires December 31, 2019
- Local #299 Sheriff Officers
  - Line-Officers, representing 51 expires December 31, 2019
  - Superior Officer's, representing 8 expires December 31, 2021
- Local #396 Prosecutor Investigators
  - Line-Officers, representing 39 employees expires December 31, 2023
  - Superior Officer's, representing 11 employees expired December 31, 2018

EDUCATION

Primary and Secondary Education

The public school systems in the County are operated by the Boards of Education in each municipality as Type II school districts. They function independently through nine-member boards, three members of which are elected annually to serve three-year terms.

Each Board of Education prepares annually an operating and maintenance, capital outlay and debt service budget. The amounts to be raised by taxation for operating and maintenance expenses and capital outlay projects are submitted to the voters of the municipality for approval. If the amounts are disapproved, the governing body of the municipality fixes an amount and certifies same to the Board of Education and to the County Board of Taxation. If the Board of Education determines that the amount certified by the municipality is insufficient to operate a thorough and efficient school system, the Board of Education may appeal to the State Commissioner of Education to restore the local funds eliminated.

Bridgeton City, Millville City and Vineland City each have junior and senior high schools. The remaining school districts in the County send their students to one of these districts or to Cumberland Regional High School. Students may also attend the Cumberland County Technical Education Center.

COUNTY OF CUMBERLAND SCHOOL DISTRICTS
SCHOOL ENROLLMENTS

	October 15, 2018 Estimated
Bridgeton City	6,129
Commercial Township	547
Technical Education Center	695
Cumberland Regional	1,070
Deerfield Township	327
Downe Township	183
Fairfield Township	576
Greenwich Township	61
Hopewell Township	501
Lawrence Township	490
Maurice River Township	406
Millville City	5,697
Shiloh Borough	*
Stow Creek Township	113
Upper Deerfield Township	901
Vineland City	10,254

* School is closed and they send to Hopewell.

HIGHER EDUCATION FACILITIES

Rowan College of South Jersey

Rowan College of South Jersey formed on July 1, 2019 as the result of a historic jointure of two community colleges – Cumberland County College and Rowan College at Gloucester. It is fully accredited by the Middle States Commission on Higher Education, and is an open door, comprehensive, two-year public institution, dedicated to meeting the needs of area residents and employers for educational advancement and career training. It is the first partnership of its kind in New Jersey, with more than 100 years of combined experience in delivering affordable, quality education to students throughout the region.

Rowan College of South Jersey provides students with more choices, including the option to pursue advanced degrees at Rowan University and other four-year universities, without ever leaving the Rowan College of South Jersey campuses. It serves more than 10,000 full- and part-time students with degree and workforce development programs on campuses in Cumberland and Gloucester Counties. Together these two campuses offer more than 120 unique degrees and certificates, combining 100 years of experience to provide a variety of degree selections, cost-saving initiatives, and scholarship and internship opportunities, at one of the lowest tuition rates in the State.

The merger of these two community colleges, in conjunction with an expanded 10-year premier partnership agreement with Rowan University, leads the way to a future filled with diverse and one-of-a-kind educational opportunities. Students seeking can take classes and save money with high school dual enrollment programs, including "Rowan High School Start" and the High School Option Program (HSOP); two successful collaborations between Rowan College of South Jersey and local high schools. Through exclusive programs like Rowan Choice and "3+1" degree offerings, the education cost savings are substantial and students can easily transition to Rowan University for a bachelor's degree. Academic and workforce-training programs ensure the availability of skilled employees, answering both professional and community needs.

The exciting connection between education, business and labor also extends into the medical field. The 27 miles along Route 55 between Rowan College of South Jersey's Gloucester and Cumberland campuses integrates education, medical services and commerce to establish South Jersey's first EDs, MEDs & Commerce Corridor. The premier partnership with Rowan University — a research university with two medical schools — and future campus construction intended to house both public and private medical, labor and business entities, will continue to increase the academic advantages for students while benefitting economic development in the South Jersey region.

Cumberland County Technical Education Center

The Cumberland County Board of Vocational Education was created by the Cumberland County Board of Chosen Freeholders in 1969.

Land was purchased at a location centrally located for busing of the four County public high schools and one parochial high school. An attractive functional building was constructed and, in September 1972, classes were opened at the Cumberland County Technical Educational Center located in Bridgeton, NJ.

In May of 2014, The Cumberland County Board of Chosen Freeholders expanded upon their initial vocational school offerings and approved a $70 million bond ordinance with the State of NJ shouldering 69% of the cost to construct a 204,000 sq. ft. full-time Technical Education Center. The facility opened in 2016 adjacent to the campus of Cumberland County College. The location enables the College, Technical Education Center, and Center for Workforce and Economic Development to all be housed on one campus to work together to create a well trained workforce.

The Cumberland County Technical Education Center (TEC) is in its fourth year of enrolling full time students. The interest in attending the new school has exceeded the expectations of those involved in its creation. Each year over 1,000 students apply for 240 available seats. When fully enrolled, the new school will hold over 1,100 students in grade 9-12.

In October 2018, the Cumberland County Board of Chosen Freeholders approved a $23 million bond ordinance with the State of New Jersey incurring 72.1% of the cost of to construct a 55,000 sq. ft. expansion of the current facility that will be home to our Health Science and Medicine Program. Historically, Health Science and Medicine has been the most enrolled program. Currently there are four applicants for every one seat. This consistent enrollment, coupled with a health system that serves as Cumberland County's top employer, provides the rationale for the expansion that will serve as an anchor for quality medical training for a variety of populations. Additionally, Adult Education classes are held on the entire campus, with TEC as the lead on evening courses.

As of December, 2018 there are approximately 678 full time students (grades 9-11), 28 STRIVE students, and 30 adult students for a total of 736 students.

2019 BUDGET(1)

Anticipated Revenues:		
Fund Balance	$	6,400,000.00
Miscellaneous Revenues:		
Local Revenue (Fees, Permits, Licenses, etc.)		17,139,132.00
State Aid (without offsetting appropriation)		6,063,800.00
Shared Services Agreements		1,340,000.00
Revenue With Approval of the Director		1,125,538.00
Federal and State Grants with Offsetting Appropriation		12,685,223.63
State Assumed Social Service Program Costs		22,214,179.00
Local Tax for County Purposes		99,485,000.00
Total Revenues	$	166,452,872.63
Appropriations:		
General Government	$	6,016,600.00
Facilities and Central Expenses		7,820,525.00
Personnel Costs - Employee Benefits		33,894,660.00
Land Use Administration		671,300.00
Judicial and Corrections		37,317,857.00
Public Safety		2,398,245.00
Public Works		4,020,950.00
Parks, Recreation, Culture and Education		11,118,283.00
Human Services		8,726,740.00
State Assumed Social Service Programs		22,214,179.00
Unclassified and Deferred Charges		480,000.00
Matching Funds for Grants		316,565.00
Federal and State Grants		13,878,658.63
Capital		385,000.00
Debt		17,193,310.00
Total Appropriations	$	166,452,872.63

(1) As adopted

CAPITAL PROGRAM
PROJECTS SCHEDULED FOR THE YEARS 2019 - 2024

Project	Estimated Total Cost	Capital Improvement Fund	Bonds and Notes General
DPW--Improve or Replace Roads, Bridges and Dams	$ 10,600,000	$ 530,000	$ 10,070,000
DPW--Heavy Equipment and Large Trucks	8,400,000	420,000	7,980,000
DPW--Small Equipment and Light Duty Trucks	2,400,000	120,000	2,280,000
B&G--Facilities Renovations, Additions and Improvements	11,400,000	570,000	10,830,000
Public Safety--Communication Structures and Equipment	825,000	41,250	783,750
Public Safety--Facilities Renovations and Improvements	530,000	26,500	503,500
Public Safety--Fire Academy Equipment	75,000	3,750	71,250
Veterans Cemetery--Site and Building Improvements	750,000	37,500	712,500
Technology--IT Network, Library, Phones, Elections, etc.	3,770,000	188,500	3,581,500
Drug and Alcohol Treatment and Recovery Center	650,000	35,000	615,000
TOTALS--ALL PROJECTS	$ 39,400,000	$ 1,972,500	$ 37,427,500

CERTAIN TAX INFORMATION
TWENTY LARGEST TAXPAYERS (1)

Name	Nature of Business	2018 Assessed Valuation
Cumberland Mall Associates	Shopping Mall	$ 79,934,100
Good Mill LLC	Developer Cell Tower	35,135,700
Wal-Mart Real Estate Business Trust	Real Estate	34,454,900
Vineland Construction Company	Real Estate and Trucking	28,127,100
Durand Glass	Glass Manufacturing Distributor	27,422,400
Roth Realty LLC (Roth 47 & 55)	Hotel/Restaurant	19,260,000
LBW Vineland LLC	Real Estate	18,854,300
T-Fal Corporation c/o Groupe SEB USA	Manufacturer of Kitchen Products	18,558,000
ACP Cumberland Assoc c/oAmerican Cont Prop	Cumberland Crossing Shopping Center	17,024,600
BDGS Inc 317 W. Elmer Rd., Vineland	Real Estate	16,233,700
Berks County Real Estate Associates	Retail - Boscov's	16,200,000
Lucca Freezer & Cold Storage LLC	Real Estate	15,479,100
Maintree Shopping Center LP	Real Estate	13,200,000
LTC Mgmt LLC	Cumberland Manor	11,303,400
Lowe's Home Center Inc. #1816	Home Improvement Center	11,200,000
Verizon – New Jersey	Telephone - Communications	11,166,864
Cedar-Carll's Corner LLC	Real Estate	10,755,600
NA Real Property Associates	Real Estate	10,697,400
Frank's Realty Company	Real Estate	10,500,000
United Mobil Homes of Vineland	Real Estate	10,328,500

TAX COLLECTIONS (1)

Year	Tax Levy	Collection Year of Levy Amount	Collection Year of Levy Percentage
2018	$ 97,335,000	$ 97,335,000	100%
2017	94,760,000	94,760,000	100%
2016	92,715,000	92,715,000	100%
2015	89,695,000	89,695,000	100%
2014	86,997,488	86,997,488	100%

EQUALIZED VALUATION ON WHICH COUNTY TAXES
ARE APPORTIONED AND ANNUAL COUNTY TAX RATE

Equalized Year	County Valuations	County Tax Rate (2)	Farmland Preservation Tax Rate
2018	$ 8,823,433,400	$ 1.1151	$ 0.0100
2017	8,737,489,589	1.0969	0.0100
2016	8,832,912,324	1.0588	0.0100
2015	8,689,785,077	1.0440	0.0100
2014	8,941,462,565	0.9823	0.0100

(1) Source: County Board of Taxation. County Taxes are levied and collected directly from the constituent municipalities.
(2) Source: County Board of Taxation. Rate per $100 of equalized value.

LOCAL HEALTH SERVICES TAX

The County has a County Local Health Board for which there is a separate tax rate based upon equalized valuation for those Municipalities that participate.

Year	Tax Levy	Tax Rate (1)
2018	$ 2,450,000	$ 0.0529
2017	2,416,972	0.0524
2016	2,369,580	0.0514
2015	2,369,580	0.0509
2014	2,369,580	0.0489

REAL PROPERTY CLASSIFICATION

Year	Total Assessed Value Improvements	Land	Residential	Farm	Commercial	Industrial	Apartments
2019	$ 8,394,274,920	$ 179,520,300	$ 5,888,733,700	$290,240,700	$ 1,419,898,420	$ 433,867,300	$ 182,014,500
2018	8,403,586,400	181,434,600	5,896,900,600	291,762,800	1,412,818,600	436,586,500	184,083,300
2017	8,435,715,600	181,147,400	5,886,206,900	290,898,400	1,437,555,400	450,087,000	189,820,500
2016	8,410,944,900	182,548,000	5,840,798,400	288,312,300	1,451,391,400	458,253,400	189,641,400
2015	8,453,984,900	186,844,400	5,836,173,600	302,470,200	1,462,442,900	469,088,300	196,965,500

STATEMENT OF EQUALIZED VALUATION FOR CONSTITUENT MUNICIPALITIES

	2018 (2)			2017 (2)		
	Equalized Value - Land and Improvements	Net Valuation on which County Taxes are Apportioned	Percentage (3)	Equalized Value - Land and Improvements	Net Valuation on which County Taxes are Apportioned	Percentage (3)
Bridgeton	$ 490,140,299	$ 507,417,646	5.75%	$ 478,678,128	$ 496,375,634	5.68%
Commercial Twp.	240,564,310	242,019,225	2.74%	231,170,654	232,619,624	2.66%
Deerfield Twp.	194,872,547	196,352,482	2.23%	194,804,154	196,742,935	2.25%
Downe Twp.	155,548,706	156,910,915	1.78%	147,567,426	149,007,055	1.71%
Fairfield Twp	274,831,596	276,306,026	3.13%	293,201,977	294,698,002	3.37%
Greenwich Twp.	76,627,893	77,709,890	0.88%	77,218,168	78,209,453	0.90%
Hopewell Twp.	335,972,890	338,257,362	3.83%	315,502,009	317,724,721	3.64%
Lawrence Twp.	224,453,447	226,499,021	2.57%	216,586,730	218,629,078	2.50%
Maurice Twp.	273,905,390	276,761,431	3.14%	293,594,251	296,496,568	3.39%
Millville	1,586,136,114	1,607,811,084	18.22%	1,580,087,489	1,602,404,615	18.34%
Shiloh Boro	31,266,635	31,562,180	0.36%	30,379,531	30,666,180	0.35%
Stow Creek Twp.	118,279,828	119,390,890	1.35%	106,134,209	107,277,233	1.23%
Upper Deerfield Twp.	603,322,584	612,107,837	6.94%	596,305,503	605,625,952	6.93%
Vineland	4,090,864,819	4,154,327,413	47.08%	4,052,315,884	4,111,012,539	47.05%
Total	$ 8,696,787,058	$ 8,823,433,402	100.00%	$ 8,613,546,113	$ 8,737,489,589	100.00%

---

(1) The Local Health Service Tax became effective for the year 1978 and included all Municipalities in the County except Vineland. Rate is per $100 of equalized value.

(2) Sources: Final Equalization Table and Abstract of Ratables.

(3) Represents portion of county taxes levied on constituent municipalities.

COUNTY OF CUMBERLAND
STATEMENT OF INDEBTEDNESS
AS OF DECEMBER 31, 2018

The following table summarizes the direct debt of the County as of December 31, 2018 in accordance with the requirements of the Local Bond Law of the State of New Jersey (N.J.S.A. 40A:2-2- et. seq.). The gross debt comprises short and long-term debt issued and debt authorized but not issued, including General, County College, Vocational School and Bonds Issued by Another Public Body. Deductions from gross debt to arrive at net debt include deductible Bonds issued and Bonds authorized but not issued-capital projects for county college debt and Bonds Issued by Another Public Body. The resulting net debt of $98,195,796 represents 1.128% of the average of equalized valuations for the County for the last three years, which is within the 2.0% limit imposed by N.J.S.A. 40A:2-6.

	Debt Issued			Debt Auth.		Deduction	
						Reserves/Fund Balance	
				But Not	Gross	County College/	Net
	Bonds	Notes	Loans	Issued	Debt	Guaranteed Debt	Debt
General	$45,282,000	$6,365,000	$111,443	$1,100,000	$52,858,443	$4,175,239	$48,683,203
County College	24,273,000				24,273,000	12,186,500	12,086,500
Vo-Tech High School	58,670,000			26,200,000	84,870,000	47,443,908	37,426,092
Bonds Issued by Another Public Body Guaranteed by the County	103,995,335				103,995,335	103,995,335	
	$232,220,335	$6,365,000	$111,443	$27,300,000	$265,996,778	$167,800,982	$98,195,796

Source: County Annual Debt Statement

DEBT RATIOS AND VALUATIONS(1)

Average of Equalized Valuations of Real Property with Improvements for 2016, 2017 and 2018	$	8,704,294,554
Statutory Net debt as a Percentage of the Average of Equalized Valuations of Real Property with Improvements for 2016, 2017 and 2018		1.128%
2019 Net Valuation Taxable	$	8,408,826,227
2019 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	$	8,715,895,330
Gross Debt (2)		
As a percentage of 2019 Net Valuation Taxable		3.16%
As a percentage of 2019 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications		3.05%
Net Debt (2)		
As a percentage of 2019 Net Valuation Taxable		1.17%
As a percentage of 2019 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications		1.13%
Gross Debt Per Capita (3)		$1,695
Net Debt Per Capita (3)		$626

(1) As of December 31, 2018
(2) Excluding overlapping debt
(3) Based on the 2010 Census of 156,898

Source: Cumberland County

COUNTY OF CUMBERLAND
BORROWING CAPACITY

Statutory Borrowing Capacity:		
2.0% of Average (2016-18) Equalized Valuation of Real Property		
including Improvements ($8,704,294,554)	$	174,085,891
Net Debt		98,195,796
Remaining Borrowing Capacity Available Under N.J.S.A. 40A:2-6	$	75,890,095

OVERLAPPING DEBT(1)

Gross Debt of Constituent Municipalities	$	307,059,564
Municipal Utilities and Sewerage Authority Debt of Constituent Municipalities (2)		31,877,142
	$	275,182,422

SCHEDULE OF MUNICIPAL UTILITY AND SEWERAGE AUTHORITY DEBT OF CONSTITUENT MUNICIPALITIES(1)

Landis Sewerage Authority (Vineland) (2)	$	26,200,000
Cumberland County Utilities Authority (2)		5,677,142
	$	31,877,142

(1) As of December 31, 2018
(2) Source Authority Auditor

SCHEDULE OF COUNTY DEBT SERVICE
(BONDED DEBT ONLY) (1)

Year	GENERAL	COLLEGE	Vo-TECH	TOTAL PRINCIPAL	TOTAL INTEREST	TOTAL PRINCIPAL AND INTEREST
2019	$ 5,780,000	$ 3,645,000	$ 1,850,000	$ 11,275,000	$ 5,113,637	$ 16,388,637
2020	5,942,000	3,673,000	1,925,000	11,540,000	4,683,825	16,223,825
2021	6,035,000	3,655,000	2,000,000	11,690,000	4,238,800	15,928,800
2022	5,945,000	2,205,000	2,100,000	10,250,000	3,777,913	14,027,913
2023	6,060,000	2,275,000	2,205,000	10,540,000	3,358,438	13,898,438
2024	4,600,000	2,090,000	2,315,000	9,005,000	2,908,231	11,913,231
2025	4,265,000	1,580,000	2,435,000	8,280,000	2,515,806	10,795,806
2026	4,400,000	1,615,000	2,555,000	8,570,000	2,192,719	10,762,719
2027	2,255,000	1,785,000	2,680,000	6,720,000	1,890,619	8,610,619
2028		500,000	2,815,000	3,315,000	1,676,894	4,991,894
2029		500,000	2,955,000	3,455,000	1,520,519	4,975,519
2030		500,000	3,045,000	3,545,000	1,415,931	4,960,931
2031		250,000	3,135,000	3,385,000	1,312,081	4,697,081
2032			3,225,000	3,225,000	1,213,656	4,438,656
2033			3,330,000	3,330,000	1,112,875	4,442,875
2034			3,350,000	3,350,000	946,375	4,296,375
2035			3,350,000	3,350,000	837,500	4,187,500
2036			3,350,000	3,350,000	670,000	4,020,000
2037			3,350,000	3,350,000	502,500	3,852,500
2038			3,350,000	3,350,000	335,000	3,685,000
2039			3,350,000	3,350,000	167,500	3,517,500
	$ 45,282,000	$ 24,273,000	$ 58,670,000	$128,225,000	$42,390,818	$170,615,818

(1) As of December 31, 2018
Source: Cumberland County

APPENDIX B

AUDITED FINANCIAL STATEMENTS OF THE COUNTY OF CUMBERLAND, NEW JERSEY

BOWMAN & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

The Honorable Director and
Members of the County Board of Chosen Freeholders
County of Cumberland
Bridgeton, New Jersey 08302

Report on the Financial Statements

We have audited the accompanying statements of assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the County of Cumberland, in the State of New Jersey, as of December 31, 2018, 2017, 2016, 2015 and 2014, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; and in compliance with audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America

As described in note 1 to the financial statements, the financial statements are prepared by the County on the basis of the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the State of New Jersey.

The effects on the financial statements of the variances between the regulatory basis of accounting described in note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on Accounting Principles Generally Accepted in the United States of America

In our opinion, because of the significance of the matter discussed in the "*Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America*" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the County of Cumberland, in the State of New Jersey, as of December 31, 2018, 2017, 2016, 2015 and 2014, or the results of its operations and changes in fund balance for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to previously present fairly, in all material respects, the assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the County of Cumberland, in the State of New Jersey, as of December 31, 2018, 2017, 2016, 2015 and 2014, and the results of its operations and changes in fund balance - regulatory basis of such funds for the years then ended, in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, as described in note 1.

Emphasis of Matter

Adoption of New Accounting Principles

As discussed in note 1 to the financial statements, during the year ended December 31, 2018, the County adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 75*, Accounting and Financial Reporting for Postemployment Benefits other than Pensions.* The adoption of this new accounting principle resulted in a material note disclosure (see note 7). As a result of the regulatory basis of accounting, described in the previous paragraph, the implementation of this Statement only required financial statement disclosures. Our opinions are not modified with respect to this matter.

Respectfully submitted,

Bowman & Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Carol A McAllister

Carol A. McAllister
Certified Public Accountant
Registered Municipal Accountant

Voorhees, New Jersey
September 24, 2019

COUNTY OF CUMBERLAND - CURRENT FUND
Statements of Assets, Liabilities, Reserves and
Fund Balance -- Regulatory Basis

	As of December 31,				
	2018	**2017**	**2016**	**2015***	**2014***
Assets					
Regular Fund:					
Cash	$ 34,846,836	$ 33,651,051	$ 29,300,465	$ 28,111,174	$ 28,700,709
Shared Service Receivable					
East Point Lighthouse	12,011	108,982	503,325		
Receivables with Full Reserves:					
Commodity Billing Receivable--Gasoline	33,857	15,719	24,720	22,923	
Added and Omitted Taxes	294,258	379,130	389,664	262,138	367,192
Due Federal and State Grant Fund	2,469,960	2,232,808	2,097,105	1,780,880	1,780,880
Due General Capital Fund	4,974		5,075	16,061	28,359
Revenue Accounts Receivable	121,792	117,793	134,319	20,407	117,292
Total Assets	$ 37,783,688	$ 36,505,483	$ 32,454,673	$ 30,213,582	$ 30,994,432
Liabilities, Reserves and Fund Balance					
Regular Fund:					
Liabilities					
Appropriation Reserves	$ 7,712,480	$ 6,834,526	$ 8,410,140	$ 5,959,789	$ 7,380,462
Reserve for Encumbrances	3,632,587	4,424,072	2,079,289	2,317,530	2,427,060
Accounts Payable	350,073	50,073	98,010	104,302	229,241
East Point Lighthouse	12,011	12,011	243,014		
Due General Capital Fund		4,129			
Other Liabilities and Special Funds	2,740,512	2,892,431	2,896,872	4,005,325	4,804,766
Total Liabilities	14,447,663	14,217,242	13,727,325	12,386,946	14,841,529
Reserve for Receivables	2,924,841	2,745,450	2,650,883	2,102,408	2,293,723
Fund Balance	20,411,184	19,542,791	16,076,465	15,724,228	13,859,180
Total Regular Fund	$ 37,783,688	$ 36,505,483	$ 32,454,673	$ 30,213,582	$ 30,994,432

* By resolution dated December 22, 2015, Cumberland County created a Division of Social Services within the Department of Administration and Finance, effective January 1, 2016.

The accompanying Notes to Financial Statements are an integral part of this statement.

COUNTY OF CUMBERLAND - CURRENT FUND
Statements of Operations and Changes
in Fund Balance -- Regulatory Basis

	For the Years Ended December 31,				
	2018	**2017**	**2016**	**2015**	**2014**
Revenue Realized:					
Current Tax Collections	$ 97,335,000	$ 94,760,000	$ 92,715,000	$ 89,695,000	$ 86,997,488
Miscellaneous Revenues:					
State and Federal Programs	57,854,324	60,701,146	59,809,388	26,427,176	27,746,728
Other	24,873,705	26,897,934	27,811,405	29,760,563	27,100,756
Other Income	5,563,293	7,115,286	5,233,462	5,700,109	4,530,026
Fund Balance Utilized	5,680,000	5,400,000	5,000,000	4,800,000	4,400,000
Total Income	191,306,322	194,874,366	190,569,255	156,382,848	150,774,998
Expenditures and Encumbrances:					
Operating	132,626,169	129,280,172	147,125,707	112,089,577	99,249,673
Operating-State and Federal Programs	35,203,547	37,832,406	21,540,712	26,427,176	29,093,970
Prior Period Expense		3,214	147,393		
Capital Improvement Fund	400,000	400,000	400,000	325,000	260,000
East Point Lighthouse Restoration		200,000	602,330		
Other Capital Projects	155,000	1,739,000			
Debt Service	16,095,652	16,416,882	15,090,031	10,855,908	8,792,954
Deferred Charges and Statutory Expenditures	17,296	15,000	3,809	9,515	10,650,781
Other Expenditures	260,265	121,366	307,036	10,624	976,004
Total Expenditures and Encumbrances	184,757,929	186,008,040	185,217,018	149,717,800	149,023,382
Excess in Revenue	6,548,393	8,866,326	5,352,237	6,665,048	1,751,616
Adjustments to Income Before Fund Balance:					
Expenditures Included Above which were by Statute					
Deferred Charges to Budget of Succeeding Year					1,500,000
Statutory Excess to Fund Balance	6,548,393	8,866,326	5,352,237	6,665,048	3,251,616
Fund Balance, January 1	19,542,791	16,076,465	15,724,228	13,859,180	15,007,564
	26,091,184	24,942,791	21,076,465	20,524,228	18,259,180
Decreased by:					
Utilized by Revenue	5,680,000	5,400,000	5,000,000	4,800,000	4,400,000
Fund Balance, December 31	$ 20,411,184	$ 19,542,791	$ 16,076,465	$ 15,724,228	$ 13,859,180

The accompanying Notes to Financial Statements are an integral part of this statement.

COUNTY OF CUMBERLAND - FEDERAL, STATE AND OTHER GRANT FUND
Statements of Assets, Liabilities, Reserves and
Fund Balance -- Regulatory Basis

	As of December 31,				
	2018	2017	2016	2015*	2014*
Assets					
Federal, State and Other Grant Fund:					
Cash	$ 4,501,237	$ 2,187,544	$ 2,166,694	$ 486,483	$ 1,560
Cash--Division of Social Services	8,605,032	7,928,119	6,481,414		
Federal and State Grants Receivable	39,744,218	35,035,231	24,633,383	28,240,938	24,832,663
	$ 52,850,487	$ 45,150,894	$ 33,281,491	$ 28,727,421	$ 24,834,223
Liabilities, Reserves and Fund Balance					
Federal, State and Other Grant Fund:					
Due to Current Fund	$ 2,469,960	$ 2,232,808	$ 2,097,105	$ 1,780,880	$ 1,780,880
Unappropriated Reserves	248,534	155,169	366,413	538,454	21,288
Appropriated Reserves	30,485,540	27,712,199	12,361,416	17,858,601	15,884,046
Reserve for Encumbrances	11,041,420	7,122,599	11,975,143	8,549,486	7,148,009
Division of Social Services:					
Due State of New Jersey--					
Temporary Assistance to Needy Families (TANF)	8,424	10,481	11,516		
Child Support	9,111	7,498	12,116		
Accounts Payable	380,990	228,418	757,577		
Payroll Liabilities	87,119	87,119	87,119		
Advance Payable--Reach	55,000	55,000	55,000		
Unemployment Trust Fund	461,936	461,812	468,083		
Appropriated Grant Reserves	3,406,065	2,641,164	1,677,063		
Reserve for Clearing Fund	19,822	346,141	262,560		
Reserve for Child Support and Paternity Fund	119,785	98,155	143,511		
Restricted Reach Account	(1,261)	(198)	(5,948)		
Restricted Fund Balance	4,058,042	3,992,529	3,012,817		
	$ 52,850,487	$ 45,150,894	$ 33,281,491	$ 28,727,421	$ 24,834,223

* By resolution dated December 22, 2015, Cumberland County created a Division of Social Services within the Department of Administration and Finance, effective January 1, 2016.

The accompanying Notes to Financial Statements are an integral part of this statement.

COUNTY OF CUMBERLAND - TRUST FUND
Statements of Assets, Liabilities and Reserves--
Regulatory Basis

	As of December 31,				
	2018	**2017**	**2016**	**2015**	**2014**
Assets					
Trust Fund:					
Cash	$ 10,560,254	$ 8,086,762	$ 6,465,356	$ 5,243,665	$ 6,699,188
Due from Current Fund					
Accounts Receivable - Gasoline					72,177
	10,560,254	8,086,762	6,465,356	5,243,665	6,771,365
County Open Space Fund:					
Cash	458,811	283,663	544,345	610,266	-
Due NJ DEP - Green Acres		300,000			
	458,811	583,663	544,345	610,266	-
Audio-Visual Aid Fund:					
Cash	21,275	21,275	21,275	57,974	90,533
	$ 11,040,340	$ 8,691,700	$ 7,030,976	$ 5,911,905	$ 6,861,898
Liabilities and Reserves					
Trust Fund:					
Encumbrances	$ 565,342	$ 546,686	$ 528,305	$ 405,475	
Reserve for Payroll Payables	14,738	23,460	23,687	23,460	$ 493,253
Reserve for Performance Guarantee Deposits					
Trust Fund Reserves	8,280,417	6,012,302	4,537,241	3,417,830	4,778,508
County Clerk	536,235	535,892	594,718	664,402	
Reserve for County Prosecutor's Law Enforcement Trust Account	605,482	413,686	294,472	269,576	223,911
Reserve for County Prosecutor's Seized Asset Trust Account	433,752	439,390	438,641	409,139	391,090
Reserve for Motor Vehicle Theft	1,431	1,428	1,425	1,423	
Reserve for Federal Law Enforcement Trust Account	11,318	102,987	35,549	40,926	35,964
Reserve for County Prosecutor's Asset Maintenance Account	11,539	10,931	11,316	11,434	24,673
	10,460,254	8,086,762	6,465,356	5,243,665	5,947,399
County Open Space Fund:					
Reserve for Farmland Preservation	458,811	283,663	544,345	610,266	823,966
Due NJ DEP - Green Acres		300,000			
	458,811	583,663	544,345	610,266	823,966
Audio-Visual Aid Fund:					
Reserve for Audio-Visual Aid Commission Expenditures	21,275	21,275	21,275	57,974	90,533
	$ 10,940,340	$ 8,691,700	$ 7,030,976	$ 5,911,905	$ 6,861,898

The accompanying Notes to Financial Statements are an integral part of this statement.

COUNTY OF CUMBERLAND - GENERAL CAPITAL FUND
Statements of Assets, Liabilities, Reserves and
Fund Balance -- Regulatory Basis

	As of December 31,				
	2018	**2017**	**2016**	**2015**	**2014**
Assets					
Cash and Investments	$ 18,563,262	$ 16,044,829	$ 24,135,811	$ 59,990,712	$ 89,349,803
Due Current Fund		4,129			
Deferred Charges to Future Taxation:					
Funded	128,336,443	121,664,244	130,115,117	137,241,102	78,003,234
Unfunded	33,665,000	20,217,295	14,262,500	9,127,128	3,812,834
Amount to be Provided by Capital Loan Agreement					63,890,000
	$ 180,564,705	$ 157,930,497	$ 168,513,428	$ 206,358,942	$ 235,055,871
Liabilities, Reserves and Fund Balance					
Reserve for Encumbrances	$ 2,124,232	$ 3,888,941	$ 6,534,518	$ 5,836,863	$ 7,694,074
Bond Anticipation Notes	6,365,000	17,600,000	11,520,000	5,520,000	
General Serial Bonds	69,555,000	60,990,000	67,600,000	72,952,000	77,512,000
Green Acres Loan Payable	111,443	209,244	305,117	399,102	491,235
Improvement Authorizations:					
Funded	8,452,165	4,776,058	10,985,334	48,954,711	77,971,271
Unfunded	31,758,934	8,178,722	7,237,615	6,514,076	3,803,319
Due Current Fund	4,974		5,075	16,061	28,359
Capital Improvement Fund	265,622	200,622	120,622	20,622	131,813
Shared Service Contract, Regional Prison Study				80,000	
Reserve for Payment of Bonds	3,257,335	1,621,910	1,995,147	2,175,507	1,248,076
Reserve for Capitalized Interest					2,285,724
Obligations Under Capital Loan Agreement	58,670,000	60,465,000	62,210,000	63,890,000	63,890,000
Fund Balance					
	$ 180,564,705	$ 157,930,497	$ 168,513,428	$ 206,358,942	$ 235,055,871

The accompanying Notes to Financial Statements are an integral part of this statement.

Note 1: <u>SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</u>

<u>Description of Financial Reporting Entity</u> - The County of Cumberland, New Jersey (the "County"), formerly part of Salem County, New Jersey was established in 1748. The County, approximately 500 square miles in area, is in the southwestern corner of the State of New Jersey and has over 40 miles of Delaware Bay coastline. The Counties of Salem, Gloucester, Atlantic and Cape May border the County on, respectively, the northwest, north, northeast and southeast, with the Delaware Bay forming the southern border of the County. The population of the County, according to the 2010 census, was 156,898.

The County operates under the freeholder form of government. The Board of Chosen Freeholders of the County (the "Board") consists of seven Freeholder members elected at-large for three-year terms on a staggered basis. Each year, the Board elects one of the Freeholders to serve as Freeholder Director. The Freeholder Director appoints Freeholders to be in charge of various committees. The Board, operating through the committee system, is charged with both executive and legislative responsibilities for: (i) formulating policies; (ii) developing new programs; (iii) appointing members of the various County commissions, authorities and boards; (iv) approving the County's operating and capital budgets; and (v) appropriating the funds required to maintain County services.

The County Administrator, appointed by the Board, oversees the daily governmental operations of the County. Each major department is headed by an administrator who acts as liaison to the Freeholder overseeing such department's operations. Financial matters are under the supervision of the County's Chief Financial Officer, who is appointed by the Board.

<u>Component Units</u> - The financial statements of the component units of the County are not presented in accordance with Governmental Accounting Standards Board (GASB) Statements No. 14, *The Financial Reporting Entity,* as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*, and GASB Statement No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14*. If the provisions of the aforementioned GASB Statements had been complied with, the financial statements of the following component units would have been either blended or discretely presented with the financial statements of the County, the primary government:

Cumberland County Board of Health
309 Buck Street
Millville, New Jersey 08332

Cumberland County Library
800 East Commerce Street
Bridgeton, New Jersey 08302

Cumberland County College
College Drive
P.O. Box 517
Vineland, New Jersey 08360

Cumberland County Improvement Authority
2 North High Street
Millville, New Jersey 08332

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Component Units (Cont'd)

Cumberland County Technical Education Center
3400 College Drive
Vineland, New Jersey 08360

Cumberland County Insurance Commission
164 West Broad Street
Bridgeton, New Jersey 08302

Annual financial reports may be inspected directly at the offices of these component units during regular business hours.

Measurement Focus, Basis of Accounting and Financial Statement Presentation - The financial statements of the County contain all funds and account groups in accordance with the *Requirements of Audit* (the "*Requirements*") as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services. The principles and practices established by the *Requirements* are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Generally, the financial statements are presented using the flow of current financial resources measurement focus and modified accrual basis of accounting with minor exceptions as mandated by these *Requirements*. In addition, the prescribed accounting principles previously referred to differ in certain respects from accounting principles generally accepted in the United States of America applicable to local government units. The more significant differences are explained in this note.

In accordance with the *Requirements*, the County accounts for its financial transactions through the use of separate funds and an account group which are described as follows:

Current Fund - The current fund accounts for resources and expenditures for governmental operations of a general nature.

Trust Funds - The various trust funds account for receipts, custodianship, and disbursement of funds in accordance with the purpose for which each reserve was created.

General Capital Fund - The general capital fund accounts for receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the current fund.

Federal, State and Other Grant Fund - The federal, state, and other grant fund accounts for resources and expenditures restricted by various outside agencies.

General Fixed Asset Group of Accounts - The general fixed asset group of accounts is utilized to account for property, land, buildings, and equipment that have been acquired by other governmental funds.

Note 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

Budgets and Budgetary Accounting - The County must adopt an annual budget for its current fund and its county farmland and open space preservation fund in accordance with N.J.S.A. 40A:4 et seq. N.J.S.A. 40A:4-5 requires the governing body to introduce and approve the annual county budget no later than January 26 each year. At introduction, the governing body shall fix the time and place for a public hearing on the budget and must advertise the time and place at least ten days prior to the hearing in a newspaper published and circulating in the municipality. The public hearing must not be held less than twenty-eight days after the date the budget was introduced. After the hearing has been held, the governing body may, by majority vote, adopt the budget or may amend the budget in accordance with N.J.S.A. 40A:4-9. Amendments to adopted budgets, if any, are detailed in the statements of revenues and expenditures.

An extension of the statutory dates for introduction, approval, and adoption of the municipal budget may be granted by the Director of the Division of Local Government Services, with the permission of the Local Finance Board.

Budgets are adopted on the same basis of accounting utilized for the preparation of the County's financial statements.

Cash, Cash Equivalents and Investments - Cash and cash equivalents include petty cash, change funds and cash on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. Investments are stated at cost; therefore, unrealized gains or losses on investments have not been recorded.

New Jersey governmental units are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of investments which may be purchased by New Jersey governmental units. In addition, other State statutes permit investments in obligations issued by local authorities and other state agencies.

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the governmental units.

The cash management plan adopted by the County requires it to deposit funds in public depositories protected from loss under the provisions of the Act.

Interfunds - Interfund receivables and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed. Interfund receivables in the current fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves.

Inventories of Supplies - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various statements of assets, liabilities, reserves and fund balance.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

General Fixed Assets - Accounting for governmental fixed assets, as required by N.J.A.C. 5:30-5.6, differs in certain respects from accounting principles generally accepted in the United States of America. In accordance with the regulations, all local units, including counties, must maintain a general fixed assets reporting system that establishes and maintains a physical inventory of nonexpendable, tangible property as defined and limited by the U.S. Office of Management and *Budget's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Part 200, §200.12), except that the useful life of such property is at least five years. The County has adopted a capitalization threshold of $5,000.00, the maximum amount allowed by the Circular. Generally, assets are valued at historical cost; however, assets acquired prior to December 31, 1985 are valued at actual historical cost or estimated historical cost. No depreciation of general fixed assets is recorded. Donated general fixed assets are recorded at acquisition value as of the date of the transaction. Interest costs relative to the acquisition of general fixed assets are recorded as expenditures when paid. Public domain ("infrastructure") general fixed assets consisting of certain improvements such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. Expenditures for construction in progress are recorded in the capital funds until such time as the construction is completed and put into operation. The County is required to maintain a subsidiary ledger detailing fixed assets records to control additions, retirements, and transfers of fixed assets. In addition, a statement of general fixed asset group of accounts, reflecting the activity for the year, must be included in the County's basic financial statements.

The regulations require that general fixed assets, whether constructed or acquired through purchase, grant or gift be included in the aforementioned inventory. In addition, property management standards must be maintained that include accurate records indicating asset description, source, ownership, acquisition cost and date, the percentage of Federal participation (if any), and the location, use, and condition of the asset. Periodically, physical inventories must be taken and reconciled with these records. Lastly, all fixed assets must be adequately controlled to safeguard against loss, damage, or theft.

Deferred Charges - The recognition of certain expenditures is deferred to future periods. These expenditures, or deferred charges, are generally overexpenditures of legally adopted budget appropriations or emergency appropriations made in accordance with N.J.S.A. 40A:4-46 et seq. Deferred charges are subsequently raised as items of appropriation in budgets of succeeding years.

Fund Balance - Fund balances included in the current fund and federal, state and other grant fund represent amounts available for anticipation as revenue in future years' budgets, with certain restrictions.

Revenues - Revenues are recorded when received in cash except for certain amounts which are due from other governmental units. Revenue from federal and state grants is realized when anticipated as such in the County's budget. Receivables for property taxes are recorded with offsetting reserves on the statement of assets, liabilities, reserves and fund balance of the County's current fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due to the County which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

County Taxes - Every municipality in the county is responsible for levying, collecting, and remitting county taxes for the County of Cumberland. County taxes are determined on a calendar year by the County Board of Taxation based upon the ratables required to be certified to them on January 10 of each year. Operations for every municipality is charged the amount due to the County for the year, based upon the ratables certified to the County Board of Taxation by January 10 of the current year. In addition, operations is charged for the County share of added and omitted taxes certified to the County Board of Taxation by October 10 of the current year, and due to be paid to the County by February 15 of the following year.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Expenditures - Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when paid. However, for charges to amounts appropriated for "other expenses", an amount is encumbered through the issuance of a numerically controlled purchase order or when a contract is executed in accordance with N.J.A.C. 5:30-5.2. When encumbered charges are paid, the amount encumbered is simultaneously liquidated in its original amount. Encumbrances are offset by an account entitled reserve for encumbrances. The reserve is classified as a cash liability under New Jersey municipal accounting. At December 31, this reserve represents the portion of appropriation reserves that has been encumbered and is subject to the same statutory provisions as appropriation reserves.

Appropriations for principal and interest payments on outstanding general capital bonds, loans and notes are provided on the cash basis.

Appropriation Reserves - Appropriation reserves covering unexpended appropriation balances are automatically created at year-end and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments, or contracts incurred during the preceding year. Lapsed appropriation reserves are recorded as income.

Long-Term Debt - Long-term debt, relative to the acquisition of capital assets, is recorded as a liability in the general capital fund. Where an improvement is a "local Improvement", i.e. assessable upon completion, long-term debt associated with that portion of the cost of the improvement to be funded by assessments is transferred to the trust fund upon the confirmation of the assessments or when the improvement is fully and permanently funded.

Compensated Absences and Postemployment Benefits - Compensated absences for vacation, sick leave and other compensated absences are recorded and provided for in the annual budget in the year in which they are paid, on a pay-as-you-go basis. Likewise, no accrual is made for postemployment benefits, if any, which are also funded on a pay-as-you-go basis.

Impact of Recently Issued Accounting Principles

Recently Issued and Adopted Accounting Pronouncements

For the year ended December 31, 2018, the County adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. As a result of adopting Statement No. 75, the County was required to measure and disclose liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to their postemployment benefits plan. As a result of the regulatory basis of accounting previously described in note 1, the implementation of this Statement only required financial statement disclosures. There exists no impact on the financial statements of the County.

Note 2: CASH AND CASH EQUIVALENTS

Custodial Credit Risk Related to Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the County's deposits might not be recovered. Although the County does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first $250,000.00 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled agency funds such as salary withholdings, bail funds, or funds that may pass to the municipality relative to the happening of a future condition. Such funds are classified as uninsured and uncollateralized.

Note 2: CASH AND CASH EQUIVALENTS (CONT'D)

As of December 31, 2018, the County's entire bank balance of $78,172,513.73 was insured by FDIC and GUDPA.

Note 3: PROPERTY TAXES

The following is a five-year comparison of certain statistical information relative to property taxes and property tax collections for the current and previous four calendar years:

Comparative Tax Information

Year	Net Valuation on which County Taxes are Apportioned	Board of Health Tax Rate	Farmland Preservation Tax Rate	County Tax Rate
2018	$8,823,433,400.00	$0.0529	$0.0100	$1.1151
2017	8,737,489,589.00	0.0524	0.0100	1.0969
2016	8,832,912,324.00	0.0514	0.0100	1.0589
2015	8,689,785,077.00	0.0510	0.0100	1.0440
2014	8,941,462,565.00	0.0489	0.0100	0.9823

Comparison of Tax Levies and Collections

Year	Tax Levy	Collections	Percentage of Collections
2018	$ 97,335,000.00	$ 97,335,000.00	100.00%
2017	94,760,000.00	94,760,000.00	100.00%
2016	92,715,000.00	92,715,000.00	100.00%
2015	89,695,000.00	89,695,000.00	100.00%
2014	86,997,488.00	86,997,488.00	100.00%

Note 4: FUND BALANCES APPROPRIATED

The following schedules detail the amount of fund balances available at the end of the current year and four previous years and the amounts utilized in the subsequent year's budgets:

Current Fund

Year	Balance December 31,	Utilized in Budget of Succeeding Year	Percentage of Fund Balance Used
2018	$ 20,411,184.13	$ 6,400,000.00	31.36%
2017	19,542,790.73	5,680,000.00	29.06%
2016	16,076,464.66	5,400,000.00	33.59%
2015	15,724,228.47	5,000,000.00	31.80%
2014	13,859,180.05	4,800,000.00	34.63%

Note 5: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances were recorded on the various statements of assets, liabilities, reserves and fund balance as of December 31, 2018:

Fund	Interfunds Receivable	Interfunds Payable
Current	$ 2,474,934.38	
Federal, State and Other Grant		$ 2,469,960.54
General Capital		4,973.84
	$ 2,474,934.38	$ 2,474,934.38

The interfund receivables and payables above predominately resulted from collections and payments made by certain funds on behalf of other funds. During the year 2019, the County expects to liquidate such interfunds, depending upon the availability of cash flow.

Note 6: PENSION PLANS

A substantial number of the County's employees participate in one of the following defined benefit pension plans: the Public Employees' Retirement System ("PERS") and the Police and Firemen's Retirement System ("PFRS"), which are administered by the New Jersey Division of Pensions and Benefits. In addition, several County employees participate in the Defined Contribution Retirement Program ("DCRP"), which is a defined contribution pension plan. This Plan is administered by Prudential Financial for the New Jersey Division of Pensions and Benefits. Each Plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements, required supplementary information and detailed information about the PERS and PFRS plan's fiduciary net position which can be obtained by writing to or at the following website:

State of New Jersey
Division of Pensions and Benefits
P.O. Box 295
Trenton, New Jersey 08625-0295
https://www.nj.gov/treasury/pensions/financial-reports.shtml

General Information about the Pension Plans

Plan Descriptions

Public Employees' Retirement System - The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A. The PERS' designated purpose is to provide retirement, death, disability and medical benefits to certain qualified members. Membership in the PERS is mandatory for substantially all full-time employees of the County, provided the employee is not required to be a member of another state-administered retirement system or other state pensions fund or local jurisdiction's pension fund. The PERS' Board of Trustees is primarily responsible for the administration of the PERS.

Note 6: PENSION PLANS (CONT'D)

General Information about the Pension Plans (Cont'd)

Plan Descriptions (Cont'd)

Police and Firemen's Retirement System - The Police and Firemen's Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established as of July 1, 1944, under the provisions of N.J.S.A. 43:16A. The PFRS' designated purpose is to provide retirement, death, disability and medical benefits to certain qualified members. Membership in the PFRS is mandatory for substantially all full-time police and firemen of the County. The PFRS' Board of Trustees is primarily responsible for the administration of the PFRS.

Defined Contribution Retirement Program - The Defined Contribution Retirement Program is a multiple-employer defined contribution pension fund established on July 1, 2007 under the provisions of Chapter 92, P.L. 2007, and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et. seq.). The DCRP is a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) § 401(a) et seq., and is a "governmental plan" within the meaning of IRC § 414(d). The DCRP provides retirement benefits for eligible employees and their beneficiaries. Individuals covered under DCRP are employees enrolled in PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees enrolled in New Jersey State Police Retirement System (SPRS) or the Police and Firemen's Retirement System (PFRS) after May 21, 2010, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least $5,000.00 annually; and employees otherwise eligible to enroll in PERS after May 21, 2010 who do not work the minimum number of hours per week required for tiers 4 or 5 enrollment, but who earn salary of at least $5,000.00 annually.

Vesting and Benefit Provisions

Public Employees' Retirement System - The vesting and benefit provisions are set by N.J.S.A. 43:15A. The PERS provides retirement, death and disability benefits. All benefits vest after 10 years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of the PERS.

The following represents the membership tiers for PERS:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 21, 2010
4	Members who were eligible to enroll after May 21, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of $1/55^{th}$ of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of $1/60^{th}$ of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 years or more of service credit before age 62, and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Note 6: PENSION PLANS (CONT'D)

General Information about the Pension Plans (Cont'd)

Vesting and Benefit Provisions (Cont'd)

Police and Firemen's Retirement System - The vesting and benefit provisions are set by N.J.S.A. 43:16A. The PFRS provides retirement, death and disability benefits. All benefits vest after 10 years of service, except disability benefits, which vest after four years of service.

The following represents the membership tiers for PFRS:

Tier	Definition
1	Members who were enrolled prior to May 22, 2010
2	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
3	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (tiers 1 and 2 members) and 60% (tier 3 members) of final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. Members may elect deferred retirement benefits after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final compensation for each year of service.

Defined Contribution Retirement Program - Eligible members are provided with a defined contribution retirement plan intended to qualify for favorable Federal income tax treatment under IRC Section 401(a), a noncontributory group life insurance plan and a noncontributory group disability benefit plan. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employee contributions shall immediately become and shall at all times remain fully vested and non-forfeitable. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employer contributions shall be vested and non-forfeitable on the date the participant commences the second year of employment or upon his or her attainment of age 65, while employed by an employer, whichever occurs first.

Contributions

Public Employees' Retirement System - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.34% in State fiscal year 2018. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The rate for members who are eligible for the Prosecutors Part of PERS (P.L. 2001, C. 366) was 10% in State fiscal year 2018. Employers' contribution are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability.

The County's contractually required contribution rate for the year ended December 31, 2018 was 14.13% of the County's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Note 6: PENSION PLANS (CONT'D)

General Information about the Pension Plans (Cont'd)

Contributions (Cont'd)

Public Employees' Retirement System (Cont'd) - Based on the most recent PERS measurement date of June 30, 2018, the County's contractually required contribution to the pension plan for the year ended December 31, 2018 is $4,647,615.00, and was payable by April 1, 2019. Due to the basis of accounting described in note 1, no liability has been recorded in the financial statements for this amount. Based on the PERS measurement date of June 30, 2017, the County's contractually required contribution to the pension plan for the year ended December 31, 2017 was $4,187,092.16, which was paid on April 1, 2018. Employee contributions to the Plan during the year ended December 31, 2018 were $2,524,740.76.

Police and Firemen's Retirement System - The contribution policy is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. Pursuant to the provisions of P.L. 2011, C. 78, the active member contribution rate was 10% in State fiscal year 2018. Employers' contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability.

Special Funding Situation Component - Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation, which legally obligates the State, is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a *special funding situation* as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the Plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to disclose in the notes to the financial statements of the local participating employers related to this legislation.

The County's contractually required contribution rate for the year ended December 31, 2018 was 30.51% of the County's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Based on the most recent PFRS measurement date of June 30, 2018, the County's contractually required contribution to the pension plan for the year ended December 31, 2018 is $3,875,879.00, and was payable by April 1, 2019. Due to the basis of accounting described in note 1, no liability has been recorded in the financial statements for this amount. Based on the PFRS measurement date of June 30, 2017, the County's contractually required contribution to the pension plan for the year ended December 31, 2017 was $3,503,648.00, which was paid on April 1, 2018. Employee contributions to the Plan during the year ended December 31, 2018 were $1,301,492.10.

The amount of contractually required contribution for the State of New Jersey's proportionate share, associated with the County, for the year ended December 31, 2018 was 3.40% of the County's covered payroll.

Note 6: PENSION PLANS (CONT'D)

General Information about the Pension Plans (Cont'd)

Contributions (Cont'd)

Police and Firemen's Retirement System (Cont'd) - Based on the most recent PFRS measurement date of June 30, 2018, the State's contractually required contribution, on-behalf of the County, to the pension plan for the year ended December 31, 2018 is $431,563.00, and was payable by April 1, 2019. Based on the PFRS measurement date of June 30, 2017, the State's contractually required contribution, on-behalf of the County, to the pension plan for the year ended December 31, 2017 was $342,309.00, which was paid on April 1, 2018.

Defined Contribution Retirement Program - The contribution policy is set by N.J.S.A. 43:15C-3 and requires contributions by active members and contributing employers. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, Plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the County contributes 3% of the employees' base salary, for each pay period, to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

For the year ended December 31, 2018, employee contributions totaled $81,355.37, and the County's contributions were $38,160.96. There were no forfeitures during the year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Public Employees' Retirement System - At December 31, 2018, the County's proportionate share of the PERS net pension liability was $91,998,948.00. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2018. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2018 measurement date, the County's proportion was 0.4672487027%, which was an increase of 0.0091692635% from its proportion measured as of June 30, 2017.

At December 31, 2018, the County's proportionate share of the PERS pension expense, calculated by the Plan as of the June 30, 2018 measurement date is $4,185,140.00. This expense is not recognized by the County because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2018, the County's contribution to PERS was $4,187,092.00, and was paid on April 1, 2018.

Police and Firemen's Retirement System - At December 31, 2018, the County's and State of New Jersey's proportionate share of the PFRS net pension liability were as follows:

County's Proportionate Share of Net Pension Liability	$ 53,646,167.00
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the County	7,286,944.00
	$ 60,933,111.00

Note 6: PENSION PLANS (CONT'D)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

Police and Firemen's Retirement System (Cont'd) - The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2018. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State of New Jersey, actuarially determined. For the June 30, 2018 measurement date, the County's proportion was 0.3964496060%, which was an increase of 0.0005654334% from its proportion measured as of June 30, 2017. Likewise, at June 30, 2018, the State of New Jersey's proportion, on-behalf of the County, was 0.3964496060%, which was an increase of 0.0005654334% from its proportion, on-behalf of the County, measured as of June 30, 2017.

At December 31, 2018, the County's proportionate share of the PFRS pension expense, calculated by the Plan as of the June 30, 2018 measurement date is $5,232,291.00. This expense is not recognized by the County because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2018, the County's contribution to PFRS was $3,503,648.00, and was paid on April 1, 2018.

At December 31, 2018, the State's proportionate share of the PFRS pension expense, associated with the County, calculated by the Plan as of the June 30, 2018 measurement date is $863,127.00. This on-behalf expense is not recognized by the County because of the regulatory basis of accounting as described in note 1.

Deferred Outflows of Resources and Deferred Inflows of Resources - At December 31, 2018, the County had deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources			Deferred Inflows of Resources		
	PERS	PFRS	Total	PERS	PFRS	Total
Differences between Expected and Actual Experience	$ 1,754,434.00	$ 545,779.00	$ 2,300,213.00	$ 474,376.00	$ 222,000.00	$ 696,376.00
Changes of Assumptions	15,159,904.00	4,604,802.00	19,764,706.00	29,416,372.00	13,748,586.00	43,164,958.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	-	-	862,954.00	293,494.00	1,156,448.00
Changes in Proportion and Differences between County Contributions and Proportionate Share of Contributions	3,596,339.00	3,680,559.00	7,276,898.00	5,431,088.00	2,600,430.00	8,031,518.00
County Contributions Subsequent to the Measurement Date	2,323,808.00	1,937,940.00	4,261,748.00	-	-	-
	$ 22,834,485.00	$ 10,769,080.00	$ 33,603,565.00	$ 36,184,790.00	$ 16,864,510.00	$ 53,049,300.00

$2,323,808.00 and $1,937,940.00 for PERS and PFRS, respectively, included in deferred outflows of resources, will be included as a reduction of the net pension liability in the year ending December 31, 2019. These amounts were based on an estimated April 1, 2020 contractually required contribution, prorated from the pension plans' measurement date of June 30, 2018 to the County's year end of December 31, 2018.

Note 6: PENSION PLANS (CONT'D)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd) - The County will amortize the above other deferred outflow of resources and deferred inflows of resources related to pensions over the following number of years:

	PERS		PFRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience				
Year of Pension Plan Deferral:				
June 30, 2014	-	-	-	-
June 30, 2015	5.72	-	-	5.53
June 30, 2016	5.57	-	-	5.58
June 30, 2017	5.48	-	5.59	-
June 30, 2018	-	5.63	5.73	-
Changes of Assumptions				
Year of Pension Plan Deferral:				
June 30, 2014	6.44	-	6.17	-
June 30, 2015	5.72	-	5.53	-
June 30, 2016	5.57	-	5.58	-
June 30, 2017	-	5.48	-	5.59
June 30, 2018	-	5.63	-	5.73
Net Difference between Projected and Actual Earnings on Pension Plan Investments				
Year of Pension Plan Deferral:				
June 30, 2014	-	5.00	-	5.00
June 30, 2015	5.00	-	5.00	-
June 30, 2016	5.00	-	5.00	-
June 30, 2017	-	5.00	-	5.00
June 30, 2018	-	5.00	-	5.00
Changes in Proportion and Differences between County Contributions and Proportionate Share of Contributions				
Year of Pension Plan Deferral:				
June 30, 2014	6.44	6.44	6.17	6.17
June 30, 2015	5.72	5.72	5.53	5.53
June 30, 2016	5.57	5.57	5.58	5.58
June 30, 2017	5.48	5.48	5.59	5.59
June 30, 2018	5.63	5.63	5.73	5.73

Note 6: PENSION PLANS (CONT'D)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd) - Other amounts included as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in future periods as follows:

Year Ending Dec 31,	PERS	PFRS	Total
2019	$ (343,633.00)	$ 1,530,469.00	$ 1,186,836.00
2020	(1,431,167.00)	(1,052,027.00)	(2,483,194.00)
2021	(6,738,204.00)	(4,546,069.00)	(11,284,273.00)
2022	(5,632,961.00)	(3,101,457.00)	(8,734,418.00)
2023	(1,528,148.00)	(864,286.00)	(2,392,434.00)
	$(15,674,113.00)	$ (8,033,370.00)	$(23,707,483.00)

Actuarial Assumptions

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	PERS	PFRS
Inflation Rate	2.25%	2.25%
Salary Increases:		
Through 2026	1.65% - 4.15% Based on Age	2.10% - 8.98% Based on Age
Thereafter	2.65% - 5.15% Based on Age	3.10% - 9.98% Based on Age
Investment Rate of Return	7.00%	7.00%
Period of Actuarial Experience Study upon which Actuarial Assumptions were Based	July 1, 2011 - June 30, 2014	July 1, 2010 - June 30, 2013

Note 6: PENSION PLANS (CONT'D)

Actuarial Assumptions (Cont'd)

For PERS, preretirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the Conduent modified 2014 projection scale. Postretirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and using a generational approach based on the Conduent modified 2014 projection scale thereafter. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

For PFRS, preretirement mortality rates were based on the RP-2000 Combined Healthy Mortality tables projected on a generational basis from the base year of 2000 to 2013 using Projection Scale BB and the Conduent modified 2014 projection scale thereafter. For preretirement accidental mortality, a custom table with representative rates was used and there is no mortality improvements assumed. Post-retirement mortality rates for male service retirements are based the RP-2000 Combined Healthy Mortality Tables projected on a generational basis using Projection Scale AA from the base year of 2012 to 2013 and the Conduent modified 2014 projection scale thereafter. Postretirement mortality rates for female service retirements and beneficiaries were based on the RP-2000 Combined Healthy Mortality Tables projected on a generational basis from the base year 2000 to 2013 using Projection Scale BB and the Conduent modified 2014 projection scale thereafter. Disability mortality rates were based on a custom table with representative rates and no mortality improvements assumed.

For PERS and PFRS, in accordance with State statute, the long-term expected rate of return on Plan investments (7.00% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension Plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS' and PFRS' target asset allocation as of June 30, 2018 are summarized in the table on the following page.

Note 6: PENSION PLANS (CONT'D)

Actuarial Assumptions (Cont'd)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Risk Mitigation Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%
	100.00%	

Discount Rate - The discount rate used to measure the total pension liability at June 30, 2018 was 5.66% for PERS and 6.51% for PFRS. For both PERS and PFRS, the respective single blended discount rates were based on the long-term expected rate of return on pension Plan investments of 7.00%, and a municipal bond rate of 3.87% as of June 30, 2018, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rates assumed that contributions from Plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 50% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make projected future benefit payments of current Plan members through 2046 for PERS and through 2062 for PFRS; therefore, the long-term expected rate of return on Plan investments was applied to projected benefit payments through 2046 for PERS and through 2062 for PFRS, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liabilities.

Note 6: PENSION PLANS (CONT'D)

Sensitivity of County's Proportionate Share of Net Pension Liability to Changes in the Discount Rate

Public Employees' Retirement System (PERS) - The following presents the County's proportionate share of the net pension liability at June 30, 2018, the Plan's measurement date, calculated using a discount rate of 5.66%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	PERS		
	1% Decrease (4.66%)	Current Discount Rate (5.66%)	1% Increase (6.66%)
County's Proportionate Share of the Net Pension Liability	$115,678,068.00	$ 91,998,941.00	$ 72,133,667.00

Police and Firemen's Retirement System (PFRS) - As previously mentioned, PFRS has a special funding situation, where the State of New Jersey pays a portion of the County's annual required contribution. As such, the net pension liability as of June 30, 2018, the Plan's measurement date, for the County and the State of New Jersey, calculated using a discount rate of 6.51%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used is as follows:

	PFRS		
	1% Decrease (5.51%)	Current Discount Rate (6.51%)	1% Increase (7.51%)
County's Proportionate Share of the Net Pension Liability	$ 71,798,737.00	$ 53,646,167.00	$ 38,673,603.00
State of New Jersey's Proportionate Share of Net Pension Liability associated with the County	9,752,670.28	7,286,944.00	5,253,168.96
	$ 81,551,407.28	$ 60,933,111.00	$ 43,926,771.96

Pension Plan Fiduciary Net Position

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the respective fiduciary net position of the PERS and PFRS and additions to/deductions from PERS and PFRS' respective fiduciary net position have been determined on the same basis as they are reported by PERS and PFRS. Accordingly, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. For additional information about PERS and PFRS, please refer to the Plan's Comprehensive Annual Financial Report (CAFR) which can be found at https://www.nj.gov/treasury/pensions/financial-reports.shtml.

Note 6: PENSION PLANS (CONT'D)

Supplementary Pension Information

In accordance with GASBS 68, the following information is also presented for the PERS and PFRS Pension Plans. These schedules are presented to illustrate the requirements to show information for 10 years; however, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

Schedule of the County's Proportionate Share of the Net Pension Liability - Public Employees' Retirement System (PERS) (Last Six Years)

	Measurement Date Ended June 30,		
	2018	**2017**	**2016**
County's Proportion of the Net Pension Liability	0.4672487027%	0.4519778596%	0.4779396056%
County's Proportionate Share of the Net Pension Liability	$ 91,998,948.00	$105,213,220.54	$141,552,002.84
County's Covered Payroll (Plan Measurement Period)	$ 32,209,724.00	$ 31,175,573.00	$ 32,826,692.00
County's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	285.62%	337.49%	431.21%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	53.60%	48.10%	40.14%

	Measurement Date Ended June 30,		
	2015	**2014**	**2013**
County's Proportion of the Net Pension Liability	0.4639708353%	0.4652980263%	0.4901143591%
County's Proportionate Share of the Net Pension Liability	$104,152,155.50	$ 87,116,516.36	$ 93,670,591.99
County's Covered Payroll (Plan Measurement Period)	$ 32,222,136.00	$ 32,433,104.00	$ 32,965,480.00
County's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	323.23%	268.60%	284.15%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	47.93%	52.08%	48.72%

Note 6: PENSION PLANS (CONT'D)

Supplementary Pension Information (Cont'd)

Schedule of the County's Contributions - Public Employees' Retirement System (PERS) (Last Six Years)

	Year Ended December 31,		
	2018	**2017**	**2016**
County's Contractually Required Contribution	$ 4,647,615.00	$ 4,187,092.16	$ 4,245,947.19
County's Contribution in Relation to the Contractually Required Contribution	(4,647,615.00)	(4,187,092.16)	(4,245,947.19)
County's Contribution Deficiency (Excess)	$ -	$ -	$ -
County's Covered Payroll (Calendar Year)	$ 32,898,862.00	$ 32,192,036.00	$ 31,191,762.00
County's Contributions as a Percentage of Covered Payroll	14.13%	13.01%	13.61%

	Year Ended December 31,		
	2015	**2014**	**2013**
County's Contractually Required Contribution	$ 3,988,904.83	$ 3,835,849.82	$ 3,692,911.59
County's Contribution in Relation to the Contractually Required Contribution	(3,988,904.83)	(3,835,849.82)	(3,692,911.59)
County's Contribution Deficiency (Excess)	$ -	$ -	$ -
County's Covered Payroll (Calendar Year)	$ 32,655,433.00	$ 32,256,793.00	$ 32,133,023.00
County's Contributions as a Percentage of Covered Payroll	12.22%	11.89%	11.49%

Note 6: PENSION PLANS (CONT'D)

Supplementary Pension Information (Cont'd)

Schedule of the County's Proportionate Share of the Net Pension Liability - Police and Firemen's Retirement System (PFRS) (Last Six Years)

	Measurement Date Ended June 30,		
	2018	**2017**	**2016**
County's Proportion of the Net Pension Liability	0.3964496060%	0.3958841726%	0.4160213571%
County's Proportionate Share of the Net Pension Liability	$ 53,646,167.00	$ 61,116,862.00	$ 79,470,721.00
State's Proportionate Share of the Net Pension Liability associated with the County	7,286,944.00	6,845,604.00	6,673,569.00
Total	$ 60,933,111.00	$ 67,962,466.00	$ 86,144,290.00
County's Covered Payroll (Plan Measurement Period)	$ 12,802,608.00	$ 12,663,888.00	$ 13,208,504.00
County's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	419.03%	482.61%	601.66%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.48%	58.60%	52.01%

	Measurement Date Ended June 30,		
	2015	**2014**	**2013**
County's Proportion of the Net Pension Liability	0.3927864532%	0.3606708197%	0.3494647436%
County's Proportionate Share of the Net Pension Liability	$ 65,424,532.00	$ 45,369,044.00	$ 46,458,185.00
State's Proportionate Share of the Net Pension Liability associated with the County	5,737,512.00	4,885,484.00	4,330,467.00
Total	$ 71,162,044.00	$ 50,254,528.00	$ 50,788,652.00
County's Covered Payroll (Plan Measurement Period)	$ 12,318,944.00	$ 11,270,164.00	$ 10,914,296.00
County's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	531.09%	402.56%	425.66%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	56.31%	62.41%	58.70%

Note 6: PENSION PLANS (CONT'D)

Supplementary Pension Information (Cont'd)

Schedule of the County's Contributions - Police and Firemen's Retirement System (PFRS) (Last Six Years)

	Year Ended December 31,		
	2018	**2017**	**2016**
County's Contractually Required Contribution	$ 3,875,879.00	$ 3,503,648.00	$ 3,391,991.00
County's Contribution in Relation to the Contractually Required Contribution	(3,875,879.00)	(3,503,648.00)	(3,391,991.00)
County's Contribution Deficiency (Excess)	$ -	$ -	$ -
County's Covered Payroll (Calendar Year)	$ 12,704,966.00	$ 12,698,331.00	$ 12,742,588.00
County's Contributions as a Percentage of Covered Payroll	30.51%	27.59%	26.62%

	Year Ended December 31,		
	2015	**2014**	**2013**
County's Contractually Required Contribution	$ 3,192,768.00	$ 2,770,201.00	$ 2,549,617.00
County's Contribution in Relation to the Contractually Required Contribution	(3,192,768.00)	(2,770,201.00)	(2,549,617.00)
County's Contribution Deficiency (Excess)	$ -	$ -	$ -
County's Covered Payroll (Calendar Year)	$ 13,311,422.00	$ 12,329,444.00	$ 11,466,250.00
County's Contributions as a Percentage of Covered Payroll	23.99%	22.47%	22.24%

Note 6: PENSION PLANS (CONT'D)

Other Notes to Supplementary Pension Information

Public Employees' Retirement System (PERS)

Changes in Benefit Terms

None

Changes in Assumptions

The Discount Rate changed at June 30th over the following years, 5.39% 2014, 4.90% 2015, 3.98% 2016, 5.00% 2017 and 5.66% 2018.

The Long-term Expected Rate of Return changed at June 30th over the following years, 7.90% 2014 and 2015, 7.65% 2016, 7.00% 2017 and 2018.

For 2016, demographic assumptions were revised in accordance with the results of the July 1, 2011 - June 30, 2014 experience study and the mortality improvement scale incorporated the Plan actuary's modified MP-2014 projection scale. Further, salary increases were assumed to increase between 1.65% and 4.15% (based on age) through fiscal year 2026 and 2.65% and 5.15% (based on age) for each fiscal year thereafter.

For 2015, the social security wage base was set at $118,500.00 for 2015, increasing 4.00% per annum, compounded annually and the 401(a)(17) pay limit was set at $265,000.00 for 2015, increasing 3.00% per annum, compounded annually.

Police and Firemen's Retirement System (PFRS)

Changes in Benefit Terms

In 2017, Chapter 26, P.L. 2016 increased the accidental death benefit payable to children if there is no surviving spouse to 70% of final compensation.

Changes in Assumptions

The Discount Rate changed at June 30th over the following years, 6.32% 2014, 5.79% 2015, 5.55% 2016, 6.14% 2017 and 6.51% 2018.

The Long-term Expected Rate of Return changed at June 30th over the following years, 7.90% 2014 and 2015, 7.65% 2016, 7.00% 2017 and 2018.

For 2016, the mortality improvement scale incorporated the Plan actuary's modified 2014 projection scale. Further, salary increases were assumed to increase between 2.10% and 8.98% (based on age) through fiscal year 2026 and 3.10% and 9.98% (based on age) for each fiscal year thereafter.

For 2015, demographic assumptions were revised in accordance with the results of the July 1, 2010 - June 30, 2013 experience study.

Note 7: <u>POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS</u>

A. State Health Benefits Local Government Retired Employees Plan

<u>**General Information about the OPEB Plan**</u>

Plan Description and Benefits Provided – The County provides postemployment health care benefits to its retirees through a single employer defined benefit plan. The State of New Jersey (the "State") provides additional benefits to certain County retirees and their dependents under a special funding situation as described below.

The State of New Jersey, on-behalf of the County, contributes to the State Health Benefits Local Government Retired Employees Plan (the "Plan"), which is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. The Plan meets the definition of an equivalent arrangement as defined in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions* (GASB Statement No. 75); therefore, assets are accumulated to pay associated benefits. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) Comprehensive Annual Financial Report (CAFR), which can be found at https://www.state.nj.us/treasury/pensions/financial-reports.shtml.

The Plan provides medical and prescription drug benefit coverage to retirees and their covered dependents of the employers. Under the provisions of Chapter 88, P.L 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

In accordance with Chapter 330, P.L. 1997, which is codified in N.J.S.A 52:14-17.32i, the State provides medical and prescription coverage to local police officers and firefighters, who retire with 25 years of service or on a disability from an employer who does not provide postretirement medical coverage. Local employers were required to file a resolution with the Division in order for their employees to qualify for State-paid retiree health benefits coverage under Chapter 330. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L.1989.

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

Note 7: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)

A. State Health Benefits Local Government Retired Employees Plan (Cont'd)

General Information about the OPEB Plan (Cont'd)

Contributions - The funding policy for the OPEB plan is pay-as-you-go; therefore, there is no prefunding of the liability. However, due to premium rates being set prior to each calendar year, there is a minimal amount of net position available to cover benefits in future years. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are collected from the State of New Jersey, participating local employers, and retired members.

Special Funding Situation Component - The State of New Jersey makes contributions to cover those employees eligible under Chapter 330, P.L. 1997, as disclosed below. Local employers remit employer contributions on a monthly basis. Retired member contributions are generally received on a monthly basis. Partially funded benefits are also available to local police officers and firefighters who retire with 25 years of service or on disability from an employer who does not provide coverage under the provisions of Chapter 330, P.L. 1997. Upon retirement, these individuals must enroll in the OPEB plan.

Under Chapter 330, P.L. 1997, the State shall pay the premium or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80% of the premium or periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the program providing the lowest premium or periodic charge. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L.1989.

Therefore, the County is considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. Since the County does not contribute under this legislation directly to the Plan, there is no net OPEB liability, deferred outflows of resources or deferred inflows of resources to report in the financial statements of the local participating employers related to this legislation. However, the County is required to disclose:

a) the State's proportion (percentage) of the collective net OPEB liability that is associated with the County,

b) the State's proportionate share of the collective net OPEB liability that is associated with the County, and

c) the State's proportionate share of the OPEB expense that is associated with the County.

The amount of actual contributions to the OPEB Plan made by the State, on-behalf of the County, is not known, however, under the Special Funding Situation, the State's OPEB expense, on-behalf of the County, is $1,575,446.00 for the year ended December 31, 2018 representing 12.40% of the County's covered payroll.

OPEB Liability and OPEB Expense

OPEB Liability - At December 31, 2018 the State's proportionate Share of the Net OPEB liability associated with the County is $52,044,427.00. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018.

Note 7: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)

A. State Health Benefits Local Government Retired Employees Plan (Cont'd)

OPEB Liability and OPEB Expense (Cont'd)

OPEB Liability (Cont'd) - The State's proportion of the net OPEB liability, on-behalf of the County, was based on the ratio of the plan members of an individual employer to the total members of the Plan's special funding situation during the measurement period July 1, 2017 through June 30, 2018. For the June 30, 2018 measurement date, the State's proportion on-behalf of the County was 0.837556% which was an increase of 0.011258% from its proportion measured as of the June 30, 2017 measurement date.

OPEB Expense - At December 31, 2018, the State's proportionate share of the OPEB expense, associated with the County, calculated by the Plan as of the June 30, 2018 measurement date, is $1,575,446.00. This on-behalf expense is not recognized by the County because of the regulatory basis of accounting as described in note 1.

Actuarial Assumptions

The actuarial assumptions vary for each plan member depending on the pension plan in which the member is enrolled. The actuarial valuation at June 30, 2018 used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	2.50%
Salary Increases *	
Through 2026	1.65% - 8.98%
Thereafter	2.65% - 9.98%

* Salary Increases are Based on the Defined Benefit Plan that the Member is Enrolled in and his or her Age.

Preretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

Certain actuarial assumptions used in the July 1, 2017 valuation were based on the results of the pension plans' experience studies for which the members are eligible for coverage under this Plan – the Police and Firemen Retirement System (PFRS) and the Public Employees' Retirement System (PERS). The PFRS and PERS experience studies were prepared for the periods July 1, 2010 to June 30, 2013 and July 1, 2011 to June 30, 2014, respectively.

100% of active members are considered to participate in the Plan upon retirement.

Note 7: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)

A. State Health Benefits Local Government Retired Employees Plan (Cont'd)

Actuarial Assumptions (Cont'd)

All of the Plan's investments are in the State of New Jersey Cash Management Fund ("CMF"). The New Jersey Division of Investments manages the CMF, which is available on a voluntary basis for investment by State and certain non-State participants. The CMF is considered to be an investment trust fund as defined in GASB Statement No. 31, *Certain Investments and External Investment Pools.* The CMF invests in U.S. Government and Agency Obligations, Commercial Paper, Corporate Obligations and Certificates of Deposit. Units of ownership in the CMF may be purchased or redeemed on any given business day (excluding State holidays) are the unit cost of value of $1.00. Participant shares are valued on a fair value basis. The CMF pay interest to participants on a monthly basis.

Discount Rate - The discount rate used to measure the OPEB Liability at June 30, 2018 was 3.87%. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Health Care Trend Assumptions - For pre-Medicare preferred provider organization (PPO) and health maintenance organization (HMO) medical benefits, the trend rate is initially 5.8% and decreases to a 5.0% long-term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long-term trend rate after seven years. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Sensitivity of the net OPEB Liability to Changes in the Discount Rate

As previously mentioned, the OPEB Plan has a special funding situation where the State of New Jersey pays the County's contributions for certain eligible employees. As such, the proportionate share of the net OPEB liability as of June 30, 2018, the Plans measurement date, calculated using a discount rate of 3.87%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used, is as follows:

	1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
State of New Jersey's Proportionate Share of the Net OPEB Liability Associated with the County	$ 61,061,873.42	$ 52,044,427.00	$ 44,841,530.35

Note 7: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)

A. State Health Benefits Local Government Retired Employees Plan (Cont'd)

Sensitivity of the net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The net OPEB Liability as of June 30, 2018, the Plans measurement date, using a healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rate used, is as follows:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
State of New Jersey's Proportionate Share of the Net OPEB Liability Associated with the County	$ 43,413,394.84	$ 52,044,427.00	$ 63,214,264.38

OPEB Plan Fiduciary Net Position

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the respective fiduciary net position of the State Health Benefits Local Government Retired Employees Plan and additions to/deductions from the Plan's respective fiduciary net position have been determined on the same basis as they are reported by the Plan. Accordingly, contributions (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. For additional information about the Plan, please refer to the Plan's Comprehensive Annual Financial Report (CAFR) which can be found at https://www.state.nj.us/treasury/pensions/financial-reports.shtml.

Supplementary OPEB Information

In accordance with GASBS No. 75, the following information is also presented for the State Health Benefits Local Government Retired Employees Plan. These schedules are presented to illustrate the requirements to show information for 10 years; however, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

Note 7: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)

A. State Health Benefits Local Government Retired Employees Plan (Cont'd)

Supplementary OPEB Information (Cont'd)

Schedule of the State's Proportionate Share of the net OPEB Liability Associated with the County (Last 2 Years)

	Measurement Date Ended June 30,	
	2018	**2017**
County's Proportion of the Net OPEB Liability	0.000000%	0.000000%
State's Proportion of the Net OPEB Liability Associated with the County	100.000000%	100.000000%
	100.000000%	100.000000%
County's Proportionate Share of the Net OPEB Liability	$ -	$ -
State's Proportionate Share of the Net OPEB Liability Associated with the County	52,044,427.00	71,850,025.00
Total	$ 52,044,427.00	$ 71,850,025.00
County's Covered Payroll (Plan Measurement Period)	$ 12,640,138.00	$ 12,829,776.00
County's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	0.00%	0.00%
State's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	411.739%	560.026%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	1.97%	1.03%

Schedule of the State's Contributions Associated with the County (Last 2 Years)

The amount of actual contributions that the State made on-behalf of the County is not known.

Other Notes to Supplementary OPEB Information

Changes in Benefit Terms

None

Changes in Assumptions

In 2017, the discount rate changed to 3.58% from 2.85%. In 2018, the discount rate changed to 3.87% from 3.58%, there were changes in the census, claims and premiums experience and a decrease in the assumed health care cost trend and excise tax assumptions.

Note 7: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)

B. County of Cumberland Postemployment Health Benefits Plan

Plan Description and Benefits Provided - The County provides postretirement health care benefits through a health plan for retirees, which includes a medical, dental, and prescription plan. The County provides a single employer post-employment healthcare plan, which is not administered through a trust that meets the criteria in paragraph 4 of the GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*, and covers the following retiree population: retiring employees, and their eligible dependents, who retire on or after age 55 with 25 years of service credit (20 years for veterans) with Cumberland County and who retire from active employment, working a minimum of 20 hours per week. This provision is provided in accordance with the County's policy and various collective bargaining agreements. The Plan is administered by the County; therefore, premium payments are made directly to the insurance carriers. Reimbursements by the retirees are paid in monthly installments after the County provides the retirees with a detailed accounting of the costs.

Employees Covered by Benefit Terms - As of December 31, 2018, the most recent actuarial valuation date, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	263
Inactive Employees Entitled to but Not Yet Receiving Benefit Payments	-
Active Employees	678
	940

Total OPEB Liability

The County's total OPEB liability of $332,230,837.00 was measured as of December 31, 2018 and was determined by an actuarial valuation as of this same date.

Actuarial Assumptions and Other Inputs - The following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00% Annually
Salary Increases	3.00% Annually
Discount Rate	3.00%
Healthcare Cost Trend Rates	9.00% for Retirees at December 31, 2018. Decreasing 1.00% per Year until December 31, 2022 to an Ultimate Rate of 5.00% for December 31, 2022 and Later Years
Retirees' Share of Benefit-Related Costs	Retirees eligible for the 20% Co-Pay Plan pay 20% of the monthly cost. Retirees eligible for the Full Pay Plan pay 100% of the monthly cost Eligible DoSS retirees do not make any copayments for the dental coverage

The discount rate was based on the 20-Bond General Obligation (GO) Index.

Note 7: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)

B. County of Cumberland Postemployment Health Benefits Plan (Cont'd)

Actuarial Assumptions and Other Inputs (Cont'd) - Mortality rates were based on the following:

Pre-Retirement - RP-2014 Employee Mortality Table with a one-year age setback to reflect expected mortality improvement

Post-Retirement - RP-2014 Healthy Annuitant Mortality Table with a one-year age setback to reflect expected mortality improvement

Disabled - RP-2014 Disabled Retiree Mortality Table

An experience study was not performed on the actuarial assumptions used in the December 31, 2018 valuation since the Plan had insufficient data to produce a study with credible results. Mortality rates, termination rates and retirement rates were based on standard tables issued by SOA or developed for the applicable grade of employee. The actuary has used their professional judgement in applying these assumptions to this Plan.

Changes in Total OPEB Liability

Balance at December 31, 2017		$ 315,554,350.00
Changes for the Year:		
Service Cost	$ 10,870,227.00	
Interest Cost	9,728,993.00	
Benefit Payments	(3,922,733.00)	
Net Changes		16,676,487.00
Balance at December 31, 2018		$ 332,230,837.00

Changes in Benefit Terms

None

Changes in Assumptions

None

Sensitivity of Total OPEB Liability to Changes in Discount Rate - The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated for using a discount rate that is 1-percentage -point lower or 1-percentage-point higher than the current discount rate:

	1.00% Decrease (2.00%)	Current Discount Rate (3.00%)	1.00% Increase (4.00%)
Total OPEB Liability	$ 270,511,310.65	$ 332,230,837.00	$ 414,012,846.09

Note 7: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)

B. County of Cumberland Postemployment Health Benefits Plan (Cont'd)

Sensitivity of Total OPEB Liability to Changes in Healthcare Cost Trend Rates - The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1.00% Decrease	Healthcare Cost Trend Rate	1.00% Increase
Total OPEB Liability	$ 280,512,215.09	$ 332,230,837.00	$ 398,211,380.05

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - For the year ended December 31, 2018, the County recognized OPEB expense of $20,599,220.00. As of December 31, 2018, the County did not report any deferred outflows of resources and deferred inflows of resources related to OPEB.

Supplementary OPEB Information

In accordance with GASBS No. 75, the following information is also presented for the County's OPEB Plan. These schedules are presented to illustrate the requirements to show information for 10 years; however, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

Schedule of Changes in the County's Total OPEB Liability and Related Ratios

Total OPEB Liability	
Service Cost	$ 10,870,227.000
Interest Cost	9,728,993.00
Benefit Payments	(3,922,733.00)
Changes in Assumptions	-
Difference Between Expected and Actual Experience	-
Net Change in Total OPEB Liability	16,676,487.00
Total OPEB Liability - Beginning of Year	315,554,350.00
Total OPEB Liability - End of Year	$ 332,230,837.00
Covered-Employee Payroll	$ 56,340,219.97
Total OPEB Liability as a Percentage of Covered-Employee Payroll	589.69%

Note 7: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)

B. County of Cumberland Postemployment Health Benefits Plan (Cont'd)

Other Notes to Supplementary OPEB Information

Changes in Benefit Terms

None

Changes in Assumptions

None

Note 8: COMPENSATED ABSENCES

Under the existing policy of the County, full-time employees are entitled to fifteen paid sick leave days each year. Unused sick leave may be accumulated and carried forward to the subsequent year. The County of Cumberland compensates employees for unused sick leave upon retirement. The current policy for most employee contracts provides one compensated day for every two days accumulated up to a maximum of $9,000.00. Other employee contracts with the County, which include the Prosecutor's Office and Department of Corrections, follow the same compensation for the days, but their maximum payout range is between $12,000.00 and $17,500.00 which is based on a range of 15 to 25+ years employed by the County.

Employees may also carry forward five vacation days to the subsequent year. Additional days may be carried forward with approval up to a maximum of twelve. However, an employee may not have more than twenty-five vacation days accrued at any one time. These accumulated vacation days are paid with the employee's last paycheck upon termination or retirement. Part-time employees who do not have scheduled hours are not entitled to compensated absences.

The County does not record accrued expenses related to compensated absences. However, it is estimated that, at December 31, 2018, accrued benefits for compensated absences are valued at $3,439,564.91. The charges for accumulated sick leave will be included in the year the employee retires. The charges for accrued vacation benefits will be included in the year the employee retires or terminates employment with the County. The County has established a Reserve for Accumulated Sick Leave in the Trust Fund to set aside funds for future payments of compensated absences. At December 31, 2018 the balance of fund was $1,365,933.92.

Note 9: DEFERRED COMPENSATION SALARY ACCOUNT

The County offers its employees a deferred compensation plan in accordance with Internal Revenue Code Section 457, which has been approved by the Director of the Division of Local Government Services. The Plan, available to all full time employees at their option, permits employees to defer a portion of their salary to future years. The deferred compensation is not available to participants until termination, retirement, death, or unforeseeable emergency.

Amounts deferred under Section 457 plans must be held in trust for the exclusive benefit of participating employees and not be accessible by the County or its creditors. Since the County does not have a fiduciary relationship with the Plan, the balances and activities of the Plan are not reported in the County's financial statements.

Note 10: LEASE OBLIGATIONS

At December 31, 2018, the County had lease agreements in effect for the following:

Capital:
None

Operating:
Land and Building (6 sites)
Copiers (approximately 78 units)

Operating Leases - Future minimum lease payments under operating lease agreements are as follows:

Year	Amount
2019	$ 1,537,429.86
2020	1,390,213.64
2021	1,384,908.72
2022	1,403,985.15
2023	1,423,443.09
2024-2028	3,305,485.19
2029-2033	2,478,844.92
2034-2038	1,576,474.56

Rental payments under operating leases for the year 2018 were $1,524,301.62.

Note 11: CAPITAL DEBT

General Improvement Bonds

General Improvement Bonds, Series 2007 - On November 20, 2007, the County issued $28,300,000.00 of General Improvement Bonds, with interest rates ranging from 3.50% to 5.00%. The Bonds were issued to permanently finance various capital improvement ordinances, specifically 2005-2, 2006-3, and 2007-2. The final maturity of the bonds was November 1, 2018.

General Improvement Bonds, Series 2009 - On December 29, 2009, the County issued $18,567,000.00 of General Improvement Bonds, with interest rates ranging from 2.50% to 5.00%. The bonds were issued to fund various capital ordinances, specifically 2008-3 and 2009-1. The final maturity of the bonds is December 15, 2019.

County College Bonds, Series 2012 - On June 29, 2012, the County issued $8,500,000.00 of County College Bonds, with interest rates ranging from 2.750% to 3.125%. The Bonds were issued to provide for the permanent financing of capital improvement ordinance 2012-4 and for the acquisition of related capital equipment at and for certain facilities of Cumberland County College. The final maturity of the bonds is March 15, 2027.

General Obligation Bonds, Series 2014 - On June 26, 2014, the County issued $19,550,000.00 General Obligation Bonds, consisting of $16,675,000.00 of General Improvement Bonds and $2,875,000.00 of County College Bonds, with interest rates ranging from 2.00% to 5.00%. The bonds funded various capital ordinances, specifically 2012-5, 2013-6, 2014-4, and 2014-6. The final maturity of the bonds is February 15, 2026.

Note 11: CAPITAL DEBT (CONT'D)

General Improvement Bonds (Cont'd)

County College Bonds, Series 2015 - On June 29, 2015, the County issued $3,200,000.00 of County College Bonds, with interest rates ranging from 2.50% to 3.00%. The bonds funded capital ordinance 2013-2, as supplemented by 2014-16. The final maturity of the bonds is February 15, 2030.

Refunding Bonds, Series 2015 - On September 16, 2015, the County issued $12,910,000.00 of General Improvement Refunding Bonds and $3,850,000.00 of County College Refunding Bonds, with interest rates ranging from 1.00% to 4.00%. The Bonds were issued to advance refund several bond issues including $2,400,000.00 of the outstanding principal amount of the County's General Improvement Bonds, Series 2006, $4,000,000.00 of the outstanding principal amount of the County's College Bonds, Series 2006, and $10,600,000.00 of the outstanding principal amount of the County's General Improvement Bonds, Series 2007. The final maturity of the bonds is August 15, 2023.

Refunding Bonds, Series 2015 - On September 16, 2015, the County issued $4,150,000.00 of State Aid County College Refunding Bonds, with interest rates ranging from 1.50% to 2.50%. The Bonds were issued to advance refund $4,000,000.00 of the outstanding principal amount of the County's State Aid County College Bonds, Series 2006. The final maturity of the bonds is August 15, 2021.

County College Bonds, Series 2016 - On March 24, 2016, the County issued $3,000,000.00 of General Obligation Bonds (County College Bond Series), with interest rates ranging from 3.00% to 3.50%. The bonds funded capital ordinance 2015-7, as amended by 2015-9. The final maturity of the bonds is February 15, 2031.

Refunding Bonds, Series 2016 - On July 13, 2016, the County issued $7,400,000.00 of General Improvement Refunding Bonds, with interest rates ranging from 2.00% to 5.00%. The Bonds were issued to advance refund $7,467,000.00 of the outstanding principal amount of the County's General Improvement Bonds, Series 2009. The final maturity of the bonds is December 15, 2024.

County College Bonds, Series 2017 – On June 1, 2017, the County issued $2,600,000.00 of General Obligation Bonds (County College Bond Series), with interest rates ranging from 2.00% to 4.00%. The bonds funded capital ordinance 2016-4. The final maturity of the bonds is May 15, 2027.

General Obligation Bonds, Series 2018 - On March 14, 2018, the County issued $17,400,000.00 General Obligation Bonds, consisting of $16,035,000.00 of General Improvement Bonds and $1,365,000.00 of County College Bonds, with interest rates ranging from 4.00% to 5.00%. The bonds funded various capital ordinances, specifically 2015-5, 2016-3, 2017-2, and 2017-3. The final maturity of the bonds is February 15, 2027.

The following schedule represents the remaining debt service, through maturity, for the general improvement bonds:

Year	Principal	Interest	Total
2019	$ 9,425,000.00	$ 2,519,681.00	$ 11,944,681.00
2020	9,615,000.00	2,163,869.00	11,778,869.00
2021	9,690,000.00	1,795,844.00	11,485,844.00
2022	8,150,000.00	1,434,956.00	9,584,956.00
2023	8,335,000.00	1,120,481.00	9,455,481.00
2024-2028	23,090,000.00	1,763,488.00	24,853,488.00
2029-2031	1,250,000.00	54,062.00	1,304,062.00
	$ 69,555,000.00	$ 10,852,381.00	$ 80,407,381.00

Note 11: CAPITAL DEBT (CONT'D)

General Debt – County Capital Loan Agreement

See Note 16 for information regarding the County Capital Loan Agreement for County Guaranteed Revenue Bonds, Series 2014. The following schedule represents the remaining debt service, through maturity, for the County Capital Loan Agreement:

Year	Principal	Interest	Total
2019	$ 1,850,000.00	$ 2,593,956.26	$ 4,443,956.26
2020	1,925,000.00	2,519,956.26	4,444,956.26
2021	2,000,000.00	2,442,956.26	4,442,956.26
2022	2,100,000.00	2,342,956.26	4,442,956.26
2023	2,205,000.00	2,237,956.26	4,442,956.26
2024-2028	12,800,000.00	9,420,781.30	22,220,781.30
2029-2033	15,690,000.00	6,521,000.04	22,211,000.04
2034-2038	16,750,000.00	3,291,375.00	20,041,375.00
2039	3,350,000.00	167,500.00	3,517,500.00
	$ 58,670,000.00	$ 31,538,437.64	$ 90,208,437.64

General Debt - New Jersey Green Acres Loans

On December 22, 2000, the County entered into a loan agreement with the New Jersey Department of Environmental Protection to provide $915,773.00, at an interest rate of 2.00%. The proceeds were used to fund the Sunset Lake Dam project. Semiannual debt payments are due June 22nd and December 22nd through June 22, 2019.

On April 3, 2002, the County entered into a loan agreement with the New Jersey Department of Environmental Protection to provide $632,742.87, at an interest rate of 2.00%. The proceeds were used to fund the East Lake Dam project. Semiannual debt payments are due January 3rd and July 3rd through July 3, 2020.

The following schedule represents the remaining debt service, through maturity, for the New Jersey Green Acres loans:

Year	Principal	Interest	Total
2019	$ 70,033.09	$ 1,732.51	$ 71,765.60
2020	41,410.06	622.18	42,032.24
	$ 111,443.15	$ 2,354.69	$ 113,797.84

Note 11: CAPITAL DEBT (CONT'D)

The following schedule represents the County's summary of debt for the current and two previous years:

	2018	2017	2016
Issued			
General:			
Bonds, Loans and Notes	$ 76,031,443.15	$ 78,799,243.80	$ 79,425,117.39
Authorized by Another Public Body Guaranteed by the County -- Capital Loan Agreement	58,670,000.00	60,465,000.00	62,210,000.00
Bonds Issued by Another Public Body Guaranteed by the County -- Bonds and Notes	103,995,335.00	41,304,243.00	33,145,000.00
Total Issued	238,696,778.15	180,568,486.80	174,780,117.39
Authorized but not Issued			
General:			
Bonds, Loans and Notes	27,299,999.72	2,617,295.72	2,742,500.00
Total Issued and Authorized but not Issued	265,996,777.87	183,185,782.52	177,522,617.39
Deductions			
General:			
Bonds Issued by Another Public Body Public Body Guaranteed by the County	103,995,335.00	41,304,243.00	33,145,000.00
Funds Temporarily Held to Pay Bonds	3,175,239.46	1,621,909.97	754,470.14
Bonds Issued and Bonds Authorized but not Issued for Capital Projects for County Colleges			14,074,000.00
Accounts Receivable from Other Public Authorities	60,630,407.53	55,034,850.00	36,747,384.79
Total Deductions	167,800,981.99	97,961,002.97	84,720,854.93
Net Debt	$ 98,195,795.88	$ 85,224,779.55	$ 92,801,762.46

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the annual debt statement and indicated a statutory net debt of 1.128%.

	Gross Debt	Deductions	Net Debt
General	$ 265,996,777.87	$ 167,800,981.99	$ 98,195,795.88

Net debt $98,195,795.88 divided by the equalized valuation basis per N.J.S.A.40A:2-2, as amended, $8,704,294,554, equals 1.128%.

Note 11: CAPITAL DEBT (CONT'D)

Summary of Statutory Debt Condition - Annual Debt Statement (Cont'd)

Borrowing Power Under N.J.S.A. 40A:2-6 as Amended

2% of Equalized Valuation Basis	$	174,085,891.08
Less: Net Debt		98,195,795.88
Remaining Borrowing Power	$	75,890,095.20

Note 12: DEFEASED DEBT

In 2016, the County defeased certain general obligation bonds by placing the proceeds of new bonds in a separate irrevocable trust fund. The investments and fixed interest earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt is considered defeased and therefore removed as a liability from the County's financial statements. As of December 31, 2018, the total amount of defeased debt outstanding, but removed from the County's financial statements, is $7,467,000.00.

Note 13: ARBITRAGE REBATE

The Tax Reform Act of 1986 placed restriction on investments of the proceeds of certain tax-exempt bonds issued after December 31, 1986. Specifically, investment earnings which are above arbitrage bond yield are required to be rebated to the United States Treasury Department within sixty days of the end of the fifth bond year. A bond year is defined, at the option of the issuing entity, as either the date of the first anniversary of bond settlement or the issuing entity's year end.

The County has multiple bonds outstanding as of December 31, 2018 that are subject to rebate calculations. Rebate calculations on these bonds are required to be made at least once every five years. The County prepares rebate calculations for purposes of determining any contingent liability for rebate in accordance with the requirements. As of December 31, 2018, the County has determined that no arbitrage rebate liability exists. The amount of contingent liability for rebate may change as a result of future events; and the County has not recorded an arbitrage rebate amount that is required to be paid or accrued at December 31, 2018.

Note 14: CHANGE ORDERS

During the year 2018, the County amended contracts by approving the following change orders that resulted in the total amount of change orders executed for these projects to exceed the originally awarded contract price by more than twenty percent (20%):

Ordinance Number	Project Description
2018-119	Providing Various Services for the Cumberland County Youth Services Advisory Council
2018-176	Contract for Providing Drug and Alchohol Treatment Services for The Cumberland County Alcohol and Drug Abuse Services Office
2018-298	Providing Job Search and Other Work Activities Program for Cape May County

Note 14: CHANGE ORDERS (CONT'D)

Ordinance Number	Project Description
2018-310	Contract for Providing Drug and Alchohol Treatment services for The Cumberland County Alcohol and Drug Abuse Services Office; Residental Treatment Services
2018-364	Providing Various Social Services for the Homeless and the Social Services Block Grant (SSBG) Homeless Assistance (HA) Program for the Cumberland County Office on Aging and Disabled
2018-343	Contract for Providing Drug and Alchohol Treatment services for The Cumberland County Alcohol and Drug Abuse Services Office; Residental Treatment Services
2018-397	Drug & Alcohol Program Services
2018-404	2016-2018 Area Plan
2018-415	Providing Grant Writing and Related Consultant Services for the County of Cumberland
2018-399	Providing Various Services (Individual Mentoring - Diversion) for the Cumberland County Youth Services Advisory Council
2018-486	Providing Community Support Services for the 2016-2018 Area Plan Contract
2018-598	Providing Various Services for the Cumberland County Youth Services Advisory Council
2018-638	Providing Various Social Services for the Homeless and Social Services Block Grant (SSBG) Homeless Assistance (HA) Program for the Cumberland County Office on Aging and Disabled
2018-639	Providing Various Social Services for the Homeless and Social Services Block Grant (SSBG) Homeless Assistance (HA) Program for the Cumberland County Office on Aging and Disabled
2018-640	Providing Various Social Services for the Homeless and Social Services Block Grant (SSBG) Homeless Assistance (HA) Program for the Cumberland County Office on Aging and Disabled
2018-642	Providing Various Social Services for the Homeless and Social Services Block Grant (SSBG) Homeless Assistance (HA) Program for the Cumberland County Office on Aging and Disabled
2018-670	Providing Various Services for the Cumberland County Youth Services Advisory Council
2018-758	Printing of Election Ballots for the County of Cumberland

N.J.A.C. 5:30-11.3 (a) 9 and 10 states that the total number of change orders executed for a particular contract shall not cause the originally awarded contract price to be exceeded by more than twenty percent (20%) unless otherwise authorized, and that if proposed change orders do exceed that twenty percent limitation, no work shall be performed or purchases made until the procedures of N.J.A.C. 5:30-11.9 have been completed.

Note 14: CHANGE ORDERS (CONT'D)

N.J.A.C. 5:30-11.9 delineates the required procedures for change orders, which exceed the twenty percent (20%) limitation. The County has complied with all provisions of N.J.A.C. 5:30-11.9.

Note 15: RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Surety Bonds - The County maintains commercial insurance coverage for surety bonds for selected employees and officials.

Joint Insurance Pool - The County is a member of the Cumberland County Insurance Commission (the "Commission"). The Commission is operated in accordance with regulations of the Division of Local Governmental Services of the Department of Community Affairs for the purpose of securing significant savings in insurance cost as well as providing stability in coverage. It is governed by three County officials who serve as commissioners and are appointed by the Board. Coverage in excess of the Commission's self-insured retention limit is provided through the Commission's membership in the New Jersey Counties Excess Joint Insurance Fund established in March 2010. The Commission provides its members with the following coverage:

General Liability, Auto Liability and Law Enforcement Liability
Worker's Compensation / Employer's Liability
Property, including Equipment Breakdown

Through membership in the New Jersey Counties Excess Joint Insurance Fund, the Commission offers the following ancillary insurance coverage to its members:

Public Officials Liability/ Employment Practices Liability
Crime
Employed Lawyers Liability
Medical Professional Liability
Pollution Liability
Non-Owned Aircraft Liability
Volunteer Accident
Above / Underground Storage Tank
Auto and Excess Auto Liability – CATS
Disability – Volunteer Fire Instructors
Professional Liability – Trainers
Cyber Liability

Contributions to the Commission, including a reserve for contingencies, are payable in two installments and are based on actuarial assumptions determined by the Commission's actuary. The Commissioner of Insurance may order additional assessments to supplement the Commission's claim, loss retention or administrative accounts to assure the payment of the Commission's obligations.

The Commission provides coverage on a self-insured basis and secures excess insurance in a form and an amount from an insurance company acceptable to the Commissioner of Insurance. The Commission publishes its own financial report for the year ended December 31, 2018, which can be obtained from:

Cumberland County Insurance Commission
164 West Broad Street
Bridgeton, New Jersey 08302

Note 15: RISK MANAGEMENT (CONT'D)

Self-Insurance Plan - The County is self-insured for all claims incurred prior to October 3, 2012, which is the date of initial membership in the Commission. Subsequent to that date, all claims are processed and paid through the Commission. It has established the Reserve for Workers' Compensation in the Trust -- Other Fund to account for and finance its related uninsured risks of loss up to $250,000.00 per any one accident. Inservco acts as administrator of the plan. The County purchases insurance for claims in excess of $250,000.00 through the Commission. Settled claims have not exceeded this commercial coverage in any of the past three years.

At December 31, 2018, the balance estimated to be payable for the workers' compensation insurance was $988,546.29, which is the amount that the records of the administrator of the plan show as potential claims reported. The balance estimated to be payable for the County general liability was $40,125.00, which is the amount that the records of the administrator of the plan show as the estimated maximum amount of potential claims reported at December 31, 2018. The estimated payable for workers' compensation and county general liability insurance do not include any provision for claims incurred but not reported.

Any additional funds required for claims in excess of the amounts reserved and recorded as a liability will be paid and charged to the 2018 or future budgets. At December 31, 2018, the balances of the reserves are as follows:

Insurance Plan	Amount
Reserve for Workers' Compensation Insurance--Trust Fund	$490,062.59
Reserve for General Liability Insurance--Trust Fund	1,101,670.03
Reserve for Automobile and Contractors Equipment Physical Damage Insurance -- Trust Fund	504,729.12

Note 16: COUNTY GUARANTEES

The following information applies to the Cumberland County Improvement Authority ("CCIA") and it should be noted that the CCIA does not have the power to levy or collect taxes. The debt issued by the CCIA is neither a debt nor a liability of the State, the County (except to the extent of any deficiency agreement or guarantee), nor any political subdivision of the State, except the Cumberland County Improvement Authority.

Cumberland County Improvement Authority

The Cumberland County Improvement Authority is a public body corporate and politic of the State of New Jersey and was created by a resolution of the County Board of Chosen Freeholders ("the County Board"). The CCIA operates under the supervision of a five member Board who are appointed for five year staggered terms by the County Board. The CCIA has from time to time issued its revenue bonds for projects involving the County and for which the County has a repayment obligation or guaranty.

Note 16: COUNTY GUARANTEES (CONT'D)

Cumberland County Improvement Authority
Outstanding Debt Issued Under a Lease/Loan Agreement with the County
Or Guaranteed by the County
As of December 31, 2018

	Purpose	Interest Rate	Date of Issue	Final Maturity	Amount Outstanding	Amount Guaranteed by County
(1)	County Guaranteed Lease Revenue Bonds, Series 2014	2.00-5.00%	5-29-14	5-1-39	$16,325,000.00	$16,325,000.00
(2)	County Guaranteed Revenue Bonds, Series 2014	2.00-5.00%	10-30-14	9-1-39	$58,670,000.00	$58,670,000.00
(3)	County Guaranteed Solid Waste System Revenue Refunding Bonds, Series 2015A	3.00-5.00%	6-4-15	1-1-26	$13,260,000.00	$13,260,000.00
(4)	New Jersey Environmental Infrastructure Trust Bonds, Series 2017A	3.00-5.00%	5-25-17	9-1-36	$2,420,000.00	$2,420,000.00
(4)	New Jersey Environmental Infrastructure Fund Loan, Series 2017B	No Interest	5-25-17	9-1-36	$7,000,335.00	$7,000,335.00
(5)	County Guaranteed Lease Revenue Bonds, Series 2018	5.00%	12-13-18	10-1-58	$64,990,000.00	$64,990,000.00

2006 Agreement

On June 29, 2006, the Cumberland County Board of Chosen Freeholders by ordinance, authorized the guarantee ("2006 Guaranty Agreement") of the punctual payment of the principal of and the interest on the Solid Waste System Revenue Bonds, Series 2006 (the "Bonds") of the Cumberland County Improvement Authority (the "Authority") to be issued in the aggregate principal amount not exceeding $25,000,000.00 pursuant to a resolution of the Authority to provide for the financing of (i) the construction of (a) a Commercial Convenience Center, (b) the Phase II improvements of the Leachate System Improvements, (c) Stage 1 of the Aerobic/Anaerobic Landfill RD & D Project, and (d) an Equipment Storage Maintenance Building; (ii) the renovation of the Administration Building at the Solid Waste Complex; (iii) the relocation of the MSF Floor Improvements and Tire Shredder; (iv) funding the Bond Reserve Fund to ensure that the amount on deposit therein after the issuance of the Series 2006 Bonds equals the Bond Reserve Requirement, (v) paying capitalized interest on the 2006 Bonds; and (vi) paying the costs of issuance of the 2006 Bonds. Any of the Bonds that are no longer considered outstanding under the resolution of the Authority authorizing the Bonds shall not be considered outstanding for the purpose of this guarantee.

Note 16: COUNTY GUARANTEES (CONT'D)

2006 Agreement (Cont'd)

The ordinance further states that: "The principal amount of the Series 2006 Bonds included in the gross debt of the County shall be deducted from the gross debt of the County under and for all the purposes of the Local Bond Law (a) from and after the time of issuance of the Bonds until the end of the fiscal year beginning next after the completion of the Refunding Project to be financed from the proceeds of the Bonds and (b) in any Annual Debt Statement filed pursuant to the Local Bond Law as of the end of such fiscal year or any subsequent fiscal year if the revenues or other receipts or moneys of the Authority in such year are sufficient to pay its expenses of operation and maintenance in such year and all amounts payable in such year on account of the principal of and the interest on all such Bonds, all bonds of the County issued as provided under N.J.S.A. 40:37A-79 and all bonds of the Authority issued under the County Improvement Authorities Law."

The Series 2006 Solid Waste System Revenue Bonds were part of a refunding in 2015. See item (3) below regarding the 2015 agreement.

(1) 2014 Agreement

On May 29, 2014, the Cumberland County Board of Chosen Freeholders by ordinance, authorized the guarantee ("2014 Guaranty Agreement") of the punctual payment of the principal of and the interest on the County-Guaranteed Lease Revenue Bonds (Board of Social Services/Employment and Training Facilities Project), Series 2014 (the "Series 2014 Bonds") of the Authority to be issued in the aggregate principal amount not exceeding $18,500,000.00 pursuant to a resolution of the Authority to provide for the financing of (i) the construction of a new facility for the Cumberland County Center for Workforce and Economic Development to be located on property in the City of Vineland currently owned by Cumberland County College; (ii) the acquisition and renovation of an existing facility in the City of Vineland for the Cumberland County Board of Social Services; (iii) the completion of such other improvements and work and acquisition of equipment and materials as may be necessary or appropriate for the completion of the capital improvements described above; (iv) capitalized interest on the Series 2014 Bonds (as hereinafter defined); and (v) the costs and expenses incurred by the Authority and the County in connection with the issuance and delivery of the Series 2014 Bonds, including the payment of a municipal bond insurance premium, if any (collectively, the "2014 Project". Any of the Bonds that are no longer considered outstanding under the resolution of the Authority authorizing the Bonds shall not be considered outstanding for the purpose of this guarantee.

The ordinance further states that: "The principal amount of the Series 2014 Bonds included in the gross debt of the County shall be deducted from the gross debt of the County under and for all the purposes of the Local Bond Law (a) from and after the time of issuance of the Bonds until the end of the fiscal year beginning next after the completion of the Refunding Project to be financed from the proceeds of the Bonds and (b) in any Annual Debt Statement filed pursuant to the Local Bond Law as of the end of such fiscal year or any subsequent fiscal year if the revenues or other receipts or moneys of the Authority in such year are sufficient to pay its expenses of operation and maintenance in such year and all amounts payable in such year on account of the principal of and the interest on all such Bonds, all bonds of the County issued as provided under N.J.S.A. 40:37A-79 and all bonds of the Authority issued under the County Improvement Authorities Law."

(2) 2014 Agreement

In October 2014, the Authority issued its County General Obligation Revenue Bonds (Technical High School Project), Series 2014, in the initial aggregate principal amount of $63,890,000.00 (the "Series 2014 Bonds"), to make a loan to the County to finance the purchase of real property and the construction and equipping of a Technical High School. The payment of the principal and the interest on the Series 2014 Bonds is guaranteed by the County pursuant to a guaranty agreement executed and delivered by the County and the Authority in connection with the issuance of the Series 2014 Bonds.

Note 16: COUNTY GUARANTEES (CONT'D)

(3) 2015 Agreement

In June 2015, the Cumberland County Board of Chosen Freeholders by ordinance, authorized the issuance of refunding bonds by the Cumberland County Improvement Authority and the issuance of a guaranty up to $17,000,000.00 principal amount by the County for such refunding bonds. The Authority has previously issued its Cumberland County Improvement Authority County Guaranteed Solid Waste System Revenue Bonds, Series 2006 (the “Existing Bonds”) under a bond resolution and the County has guaranteed the payment of principal and interest on the Existing Bonds (the “Existing County Guaranty”) and the Authority now wishes to authorize the issuance of Additional Bonds in the form of refunding bonds under the Bond Resolution for the purpose of (i) advance refunding all or a portion of the Existing Bonds and (ii) paying the costs associated with the issuance of the Refunding Bonds.

The ordinance further states that: "The principal amount of the Refunding Bonds included in the gross debt of the County shall be deducted from the gross debt of the County under and for all the purposes of the Local Bond Law (a) from and after the time of issuance of the Bonds until the end of the fiscal year beginning next after the completion of the Refunding Project to be financed from the proceeds of the Bonds and (b) in any Annual Debt Statement filed pursuant to the Local Bond Law as of the end of such fiscal year or any subsequent fiscal year if the revenues or other receipts or moneys of the Authority in such year are sufficient to pay its expenses of operation and maintenance in such year and all amounts payable in such year on account of the principal of and the interest on all such Bonds, all bonds of the County issued as provided under N.J.S.A. 40:37A-79 and all bonds of the Authority issued under the County Improvement Authorities Law.”

(4) 2017 Agreement

In May 2017, the Authority issued indebtedness in connection with financing involving the New Jersey Environmental Infrastructure Trust to finance a solid waste project (the “Series 2017A NJEIT Bonds” and the “Series 2017B NJEIT Bonds”). The Authority’s Series 2017A NJEIT Bonds were issued in the principal amount of $2,510,000.00, with interest rates ranging from 3.00% to 5.00% and serial maturities ranging from $90,000.00 in 2018 to $175,000.00 in 2036. The Series 2017B NJEIT Bonds were issued in the principal amount of $7,648,515.00 at zero interest with an initial principal payment of $259,272.00 in 2017 and annual principal payments in the amount of $388,908.00 from 2018 through 2036. As of December 31, 2017, $2,510,000.00 principal amount of the Series 2017A NJEIT Bonds remained outstanding and $7,389,243.00 principal amount of the Series 2017B NJEIT Bonds remained outstanding.

(5) 2018 Agreement

In December 2018, the Cumberland County Board of Chosen Freeholders, by ordinance, authorized the issuance of one or more series of its County Guaranteed Lease Revenue Bonds, Series 2018, by the Cumberland County Improvement Authority and the issuance of a guaranty up to $65,000,000.00 principal amount by the County for such bonds for the purpose of (i) the acquisition of the Project Site; (ii) the costs of the development and construction of (a) an approximately 100,000 square foot, approximately 408-bed, County correctional facility (the “Correctional Facility”) and (b) an approximately 25,000 square foot, three-story holding center and criminal courtroom facility (the “Holding Center Facility” and together with the Correctional Facility, the "Facility") on the Project Site, for use by the County; (iii) the costs of demolition of the existing County correctional facility currently located on the Project Site; (iv) capitalized interest on any bonds, notes or other debt obligations issued by the Authority to finance the costs thereof, including the Bonds (as hereinafter defined); (v) all other costs and expenses necessary for or related to the development, construction and equipping of the Facility; and (vi) the costs of issuance with respect to the Bonds (collectively, the "2018 Project").

Note 16: <u>COUNTY GUARANTEES (CONT'D)</u>

(5) <u>2018 Agreement (Cont'd)</u>
The ordinance further states that: "The principal amount of Bonds guaranteed pursuant to this Guaranty Ordinance and included in the gross debt of the County shall be deducted from, and is deemed to be a deduction from, such gross debt under and for all purposes of the Local Bond Law (a) from and after the time of issuance of the Bonds until the end of the fiscal year beginning next after the completion of the 2018 Project being financed from the proceeds of the Bonds, and (b) in any annual debt statement filed pursuant to the Local Bond Law, as of the end of said fiscal year or any subsequent fiscal year if the revenues or other receipts or moneys of the Authority relative to the 2018 Project in such year are sufficient to pay its expenses, including the expenses of administration of the 2018 Project, in such year and all amounts which are payable in such year on account of the principal of and interest on all such guaranteed Bonds, all bonds of the County or any municipality issued as provided in N.J.S.A. 40:37A-79, and all bonds of the Authority issued under the Act, or shall be deducted as otherwise provided by law, are duly and timely paid in accordance with their terms.

<u>Non-Guaranteed CCIA Debt</u>
On September 2, 2009, the Cumberland County Freeholder Board consented to the Cumberland County Improvement Authority undertaking the Project and issuing the Loan Unit Program Bonds, Series 2009 in an amount not to exceed $60,000,000.00 for (i) purchase of general obligation bonds of the City of Vineland which were previously authorized to finance the costs of the acquisition and installation of a new simple cycle turbine generator at the Howard M. Down Generating Station and (ii) the financing of the Project through the issuance of the Authority's Local Unit Program Bonds (Vineland Municipal Electric Utility Project), Series 2009, in the aggregate principal amount not to exceed $60,000,000.00 (the "Local Unit Program Bonds, Series 2009").

The amounts outstanding under the Series 2009 Bonds and Local Unit Program Bonds are not covered under the County Guaranty.

Note 17: <u>FARMLAND PRESERVATION TRUST</u>

The Board of Chosen Freeholders authorized the Farmland and Open Space Preservation Trust Fund referendum on the November, 1994 ballot. With a 58% majority, voters authorized the dedication of one cent of the County tax rate for Farmland and Open Space Preservation. The revenue is to be used for the acquisition of lands and interests in lands for conservation of farmland or open space. In proposing the issue, the Freeholders earmarked the first three to five years of revenue exclusively for farmland preservation. Future changes to the tax rate or levy must be authorized by referendum. All revenue received is accounted for in a Trust Fund dedicated by rider (N.J.S.A. 40A:4-39) for the purpose stated. Interest earned on the investment of these funds is credited to the Farmland Preservation Trust Fund. As of December 31, 2018, the Reserve for Farmland Preservation had a balance of $458,810.97.

Note 18: <u>CONTINGENCIES</u>

<u>Grantor Agencies</u> - Amounts received or receivable from grantor agencies could be subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the County expects such amount, if any, to be immaterial.

<u>Litigation</u> - The County is a defendant in several legal proceedings that are in various stages of litigation. It is believed that the outcome, or exposure to the County, from such litigation is either unknown or potential losses, if any, would not be material to the financial statements. The County has procured insurance coverage covering all pending claims which is deemed to be adequate to meet any contingent liabilities arising from pending litigation or claims.

Note 19: CONCENTRATIONS

The County depends on financial resources flowing from, or associated with, both the federal government and the State of New Jersey. As a result of this dependency, the County is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and State laws and federal and State appropriations.

Note 20: TAX ABATEMENTS

Municipalities within the County are authorized to enter into property tax abatement agreements for commercial and industrial structures under N.J.S.A. 40A:21-1 (Chapter 441, P.L. 1991) known as the “Five Year Exemption and Abatement Law”. Under this law, municipalities may grant property tax abatements for a period of five years from the date of completion of construction for the purpose of encouraging the construction of new commercial and industrial structures. The first calendar year following completion, 0 percent of taxes are due, and each subsequent calendar the percentage of taxes due increases by 20 percent. During the 6th calendar year, 100 percent of taxes are assessed and due. The property owner agrees that the payment in lieu of taxes shall be made to the municipality in quarterly installments on those dates when real estate tax payments are due. Failure to make timely payments shall result in interest being assessed at the highest rate permitted for unpaid taxes and a real property tax lien on the land. The County receives 100% of its tax levy from each of the municipalities within the County and does not have any reduction in revenue as a result of these tax abatement programs.

The 2018 Equalization Tables for Cumberland County indicated 5 of 14 municipalities abated property taxes under this program. The total assessed value for properties participating in this program was $94,427,400.00 and the total assessed value abated was $58,608,600.00.

Note 21: SUBSEQUENT EVENTS

Authorization of Debt - Subsequent to December 31, the County authorized additional bonds and notes as follows:

Purpose	Adoption	Authorization
Authorizing the Guaranty of the Payment of Principal and Interest to the Cumberland County Improvement Authority for the Administration Building Project for the Purpose of Providing Additional Security of the Bonds	02/19/19	$ 5,500,000.00
Various Capital Improvements	02/26/19	6,080,000.00
Renovations and Improvements to a County Owned Building and to Expand Services for Drug and Alcohol Treatment	02/26/19	615,000.00
Renovation and Rehabilitation of Certain Buildings of the Cumberland County College	06/25/19	1,300,000.00

APPENDIX C

FORM OF BOND COUNSEL OPINION

MS&B McMANIMON • SCOTLAND • BAUMANN
75 Livingston Avenue, Roseland, NJ 07068 (973) 622-1800

_______________, 2019

County Board of Chosen Freeholders of the
County of Cumberland, New Jersey

Dear Board of Chosen Freeholders:

We have acted as bond counsel to the County of Cumberland, New Jersey (the "County"), in connection with the issuance by the County of a $13,060,000 Bond Anticipation Note dated the date hereof (the "Note"). In order to render the opinions herein, we have examined laws, documents and records of proceedings, or copies thereof, certified or otherwise identified to our satisfaction, and have undertaken such research and analyses as we have deemed necessary.

The Note is issued pursuant to the Local Bond Law of the State of New Jersey and the bond ordinance of the County listed in the Certificate of Determination and Award dated the date hereof, in all respects duly approved and published as required by law. The Note is a temporary obligation issued in anticipation of the issuance of bonds.

In our opinion, except insofar as the enforcement thereof may be limited by any applicable bankruptcy, moratorium or similar laws or application by a court of competent jurisdiction of legal or equitable principles relating to the enforcement of creditors' rights, the Note is a valid and legally binding obligation of the County, payable in the first instance from the proceeds of the sale of the bonds in anticipation of which the Note is issued, but, if not so paid, payable ultimately from *ad valorem* taxes that may be levied upon all the taxable real property within the County without limitation as to rate or amount.

On the date hereof, the County has covenanted in its Arbitrage and Tax Certificate (the "Certificate") to comply with certain continuing requirements that must be satisfied subsequent to the issuance of the Note in order to preserve the tax-exempt status of the Note pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Pursuant to Section 103 of the Code, failure to comply with these requirements could cause interest on the Note to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Note. In the event that the County continuously complies with its covenants and in reliance on representations, certifications of fact and statements of reasonable expectations made by the County in the Certificate, it is our opinion that, under existing law, interest on the Note is excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code. Interest on the Note is not an item of tax preference under Section 57 of the Code for purposes of computing federal alternative minimum tax. We express no opinion regarding other federal tax consequences arising with respect to the Note. Further, in our opinion, based upon existing law, interest on the Note and any gain on the sale thereof are not included in gross income under the New Jersey Gross Income Tax Act. These opinions are based on existing statutes, regulations, administrative pronouncements and judicial decisions.

This opinion is issued as of the date hereof. We assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may come to our attention or any changes in law or interpretations thereof that may occur after the date of this opinion or for any reason whatsoever.

Very truly yours,