NOTICE OF SALE

$19,100,000* GENERAL OBLIGATION BONDS,
CONSISTING OF
$17,600,000* GENERAL IMPROVEMENT BONDS
AND
$1,500,000* GENERAL OBLIGATION BONDS
(COUNTY COLLEGE BONDS)
(COUNTY COLLEGE BOND ACT, P.L. 1971, c.12, AS AMENDED)
(BOOK-ENTRY-ONLY)/(NON-CALLABLE)/(NOT BANK QUALIFIED)
OF THE
COUNTY OF CUMBERLAND, NEW JERSEY

SUMMARY

ISSUER:	County of Cumberland, New Jersey
PAR AMOUNT:	$19,100,000*
SECURITY:	General Obligations of the County
TAX EXEMPT:	Yes
RATINGS AND INSURANCE:	Standard & Poor's Rating "AA-"
TYPE OF SALE:	Electronic proposals via the Parity Electronic Bid System ("PARITY") of Ipreo ("Ipreo") (See Bidding Details Item herein)
BOND SALE AGENT:	PARITY
BID/AWARD DATE:	February 28, 2018 by electronic proposals until 11:00 a.m., local time, at which time they will be publicly opened, received and announced. Award by 3:00 p.m.
DATED DATE:	Date of Delivery
DELIVERY DATE:	On or about March 14, 2018
INTEREST PAYMENT DATES:	February 15 and August 15, commencing August 15, 2018
FORM:	Book-Entry-Only
FIRST CALL DATE:	Non-Callable
MINIMUM BID:	$19,100,000* (100%)
MAXIMUM BID:	$21,010,000 (110%)
BID SECURITY:	**Good Faith Check or wire transfer in the amount of $382,000 received by the County (prior to bidding)**
BASIS OF AWARD:	True Interest Cost
LEGAL OPINION:	McManimon, Scotland & Baumann, LLC, Roseland, New Jersey
OFFERING STATEMENT:	Preliminary Official Statement available at www.govdebt.net

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*Preliminary, subject to change, as described herein.

NOTICE

NOTICE IS HEREBY GIVEN that electronic proposals will be received by the County of Cumberland, New Jersey (the "County") for the purchase of the County's $19,100,000* General Obligation Bonds, Consisting of $17,600,000* General Improvement Bonds (the "General Improvement Bonds") and $1,500,000* General Obligation Bonds (County College Bonds) (County College Bond Act, P.L. 1971, c12, as amended) (the "General Obligation Bonds" and, together with the General Improvement Bonds, the "Bonds"). All Bids (as defined below) must be submitted in their entirety via "PARITY Electronic Bid System" (PARITY) prior to 11:00 a.m., New Jersey time on February 28, 2018. To bid, Bidders (as defined below) must have submitted a good faith check or wire transfer payable to the County, in the amount of $382,000 prior to the time for submission of Bids (see Bidding Details below).

Preliminary and Final Official Statement

The County's Preliminary Official Statement (the "POS"), dated on or about February 21, 2018, will be available for viewing in electronic format on www.govdebt.net. In addition, broker dealers registered with the National Association of Securities Dealers (the "NASD") and dealer banks with The Depository Trust Company ("DTC") clearing arrangements may either: (a) print out a copy of the POS on their own printer, or (b) at any time prior to February 28, 2018, elect to receive a photocopy of the POS in the mail by calling the County's bond counsel, McManimon, Scotland & Baumann, LLC ("Bond Counsel"), 75 Livingston Avenue, Roseland, New Jersey 07068. Calls should be directed to Christopher B. Langhart, Esq. at (973) 622-4855 or Elizabeth Manuel, Paralegal at (973) 622-5280. All Bidders must review the POS and certify that they have done so prior to participating in the bidding.

The POS is deemed by the County to be final as of its date, for purposes of SEC Rule 15c2-12(b)(1) under the Securities and Exchange Act of 1934, except for the omission of information concerning the offering price(s), interest rate(s), selling compensation, aggregate principal amount of the Bonds and any other terms or provisions to be determined from the successful Bid(s) or depending on such matters, and the identity of the underwriter(s). The POS is, however, subject to such further revisions, amendments and completion in a Final Official Statement (the "Final Official Statement") as may be necessary.

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.

Types of Bids Allowed

Subject to the Bid requirements described below, Bids for the Bonds must be submitted on an "All-or-None" ("AON") basis for the entire amount of $19,100,000*. First, a Bidder must submit a conforming Bid for the entire issue, and if such Bid is accepted by the County, the Bidder will be required to purchase the entire issue in accordance with such Bid.

Insurance

All or any part of the Bonds can be insured at the option of the Bidder. The insurance premium, if any, will be paid by the Bidder.

Interest Payment Dates; Description of the Bonds

The Bonds will be dated the date of delivery and will bear interest from such date payable semiannually on each February 15 and August 15, commencing on August 15, 2018.

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*Preliminary, subject to change, as described herein.

Principal Amortization

The Bonds will consist of serial bonds maturing on February 15 in the years 2019 through 2027 inclusive, as set forth in the following table:

Year	General Improvement Bonds*	General Obligation Bonds*	Combined Amount*
2019	$1,750,000	$125,000	$1,875,000
2020	$1,800,000	$125,000	$1,925,000
2021	$1,575,000	$125,000	$1,700,000
2022	$1,375,000	$125,000	$1,500,000
2023	$1,375,000	$150,000	$1,525,000
2024	$1,900,000	$175,000	$2,075,000
2025	$2,600,000	$200,000	$2,800,000
2026	$2,750,000	$225,000	$2,975,000
2027	$2,475,000	$250,000	$2,725,000

The County may and expects to, after the receipt and opening of bids, adjust the maturity schedule of the Bonds, provided however, that (1) no maturity schedule adjustment shall exceed 10% upward or downward of the principal for any maturity as specified herein, and (ii) the aggregate adjustment to the maturity schedule shall not exceed 10% upward or downward of the aggregate principal amount of Bonds, as specified herein, and the aggregate principal amount of Bonds, as adjusted, will not exceed $19,100,000. The dollar amount bid by the successful bidder shall be adjusted to reflect any adjustments in the aggregate principal amount of the Bonds to be issued. The adjusted bid price will reflect changes in the dollar amount of the underwriter's discount and the original issue premium or discount, but will not change the per bond underwriter's discount, as calculated from the bid, and the Initial Public Offering Prices required to be delivered to the County, as stated herein.

Book-Entry-Only

The Bonds will be issued in book-entry form only, initially in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Purchasers will not receive certificates representing their interests in the Bonds. Individual purchases will be in the principal amount of any multiple of $5,000, or any integral multiple thereof. Payments of principal, interest and redemption premium, if any, will be made by the County or its designated paying agent to DTC for subsequent disbursement to DTC participants to then be remitted to the beneficial owners of the Bonds.

Redemption Provisions

The Bonds are not subject to optional redemption prior to maturity.

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*Preliminary, subject to change as described herein.

Terms of PARITY

Each electronic proposal must be submitted via PARITY. No bidder will see any other bidder's bid, nor will any bidder see the status of its bid relative to other bids (e.g., whether its bid is a leading bid). To the extent any instructions or directions set forth on 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 PARITY at I-Deal at (212) 404-8102. The County may, but is not obligated to, acknowledge its acceptance in writing of any bid submitted electronically via PARITY. In the event that a bid for the Bonds is submitted via PARITY, the bidder further agrees that: The County may regard the electronic transmission of the bid via PARITY (including information about the purchase price of the Bonds, the interest rate or rates to be borne by the various maturities of the Bonds, the initial public offering price of each maturity of the Bonds and any other information included in such transmission) as though the same information were submitted on the official "Proposal for Bonds" provided by the County and executed by a duly authorized signatory of the bidder. If a bid submitted electronically via PARITY is accepted by the County, the terms of the official "Proposal for Bonds" and this Notice of Sale and the information that is electronically transmitted via PARITY shall form a contract, and the successful bidder shall be bound by the terms of such contract.

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.

The County may choose to discontinue use of electronic bidding via PARITY by issuing a notification to such effect via TM3 News Services, or by other available means, no later than 3:00 p.m., Eastern Time, on the last business date prior to the bid date.

Once the bids are communicated electronically via PARITY to the County, each bid will constitute an official "Proposal for Bonds" and shall be deemed to be an irrevocable offer to purchase the Bonds on the terms provided in this Notice of Sale. For purposes of submitting all "Proposals for Bonds," whether electronically or sealed, the time as maintained on PARITY shall constitute the official time.

Each bidder shall be solely responsible to make necessary arrangements to access PARITY for purposes of submitting its bid in a timely manner and in compliance with the requirements of this Notice of Sale. Neither the County nor i-Deal shall have any duty or obligation to provide or assure to any bidder, and neither the County nor i-Deal 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 Bonds. By using PARITY, each bidder agrees to hold the County harmless for any harm or damages caused to such bidder in connection with its use of PARITY for bidding on the Bonds.

Bidding Details

Bidders should be aware of the following bidding details associated with the sale of the Bonds:

(1) **BIDDERS MUST SUBMIT A GOOD FAITH CHECK OR WIRE TRANSFER (PLEASE CONTACT THE MUNICIPAL ADVISOR FOR WIRE INSTRUCTIONS) IN THE AMOUNT OF $382,000 PAYABLE TO THE COUNTY PRIOR TO THE TIME FOR SUBMISSION OF BIDS, HOWEVER, BIDDERS ARE ENCOURAGED TO SUBMIT CHECKS AND WIRE TRANSFERS ON THE DAY PRIOR TO THE SALE TO ASSURE RECEIPT OF PAYMENT BY THE COUNTY. CHECKS CAN BE SENT TO THE FOLLOWING ADDRESS:**

Gerald C. Seneski,
Treasurer/Chief Financial Officer
County of Cumberland
Administration Building
164 West Broad Street
Bridgeton, New Jersey 08302

BIDDERS SUBMITTING GOOD FAITH CHECKS SHOULD ALSO ENCLOSE A RETURN ENVELOPE FOR USE BY THE COUNTY.

UNSUCCESSFUL BIDDERS SUBMITTING THE GOOD FAITH DEPOSIT BY WIRE TRANSFER SHALL, NO LATER THAN THE CLOSE OF BUSINESS ON THE DATE OF SALE OF THE BONDS, PROVIDE THE COUNTY'S TREASURER/CHIEF FINANCIAL OFFICER IN WRITING WITH WIRING INSTRUCTIONS FOR THE RETURN OF SUCH UNSUCCESSFUL BIDDER'S GOOD FAITH DEPOSIT. IN THE EVENT THAT THE COUNTY FAILS TO RETURN ANY GOOD FAITH WIRES IN A TIMELY FASHION, THE COUNTY SHALL NOT BE LIABLE FOR MONETARY DAMAGES, REMEDY BEING HEREBY SPECIFICALLY LIMITED TO SPECIFIC PERFORMANCE.

(2) All Bids must be submitted via PARITY. **No telephone, telefax, telegraph or personal delivery Bids will be accepted.**

(3) All Bids for the Bonds must be submitted on an AON basis.

(4) Bidders may bid to purchase the Bonds from the County at a price of not-to-exceed 110% ($21,010,000). No Bid will be considered if the purchase price is less than 100% of the principal amount thereof. Please note the expectation of the County to adjust the amount of Bonds to the amount needed by the County, as described herein.

(5) Bidders must specify a rate of interest for each maturity of the Bonds which rate of interest must be expressed in multiples of one-eighth (1/8) or one-twentieth (1/20) of one percent (1%). The difference between the highest and lowest interest rates named in the Bid shall not exceed two percent (2%) per annum.

(6) Bidders are only permitted to submit Bids for the Bonds during the bidding period.

Definitions

"Bid" — any confirmed purchase offer received by PARITY on or before the proposal submission deadline.

"Bidder" — any firm registered and approved for participation in sale.

"Winning Bid" — any purchase offer made by a Bidder and received by PARITY that, at the end of the bidding time period, results in the lowest TIC that is acceptable to the County.

"True Interest Cost" — true interest cost shall be computed in each instance be determining the interest rate, compounded semi-annually, necessary to discount the debt service payments to the date of the Bonds and to the price bid, excluding interest accrued to the delivery date. The True Interest Cost (TIC) serves as the basis for awarding bonds to the winning Bidder.

Bid Procedure and Basis of Award

Subject to the right reserved by the County to reject any or all Bids, the Bonds will be sold to the Bidder whose Bid produces the lowest TIC for the County and otherwise complies with the Notice of Sale.

Bids must remain valid until at least 3:00 p.m., prevailing time, on the date of the sale, and if accepted by the County, prior to such time, shall be irrevocable except as otherwise provided in the Notice of Sale. Upon selection of the winning Bidder, the County will execute an award certificate to award the Bonds and will promptly communicate with the winning Bidder by telephone, e-mail or fax.

Bid Security and Method of Payment for Bonds

A Good Faith Deposit ("Deposit") in the form of a certified, treasurer's or cashier's check or wire transfer, payable to the order of the County, is required for each bid to be considered. **Wire instructions can be obtained by contacting Phoenix Advisors, LLC (the "Municipal Advisor") at (609) 291-0130 or ainverso@muniadvisors.com.** If a check is used, it must be a certified, treasurer's or cashier's check and must be provided to the County prior to the time for submission of Bids. Each bidder accepts responsibility for delivering such check or wire transfer on time and the County is not responsible for any check or wire transfer that is not received on time. No interest on the Deposit will accrue to the Purchaser. The Deposit will be applied to the purchase price of the Bonds. In the event the Purchaser fails to honor its accepted bid, the Deposit will be retained by the County. Award of the Bonds to the successful Bidder or rejection of all Bids is expected to be made within two hours after opening of the bids, but such successful Bidder may not withdraw its proposal until after 3:00 p.m. of the day of receipt of such Bids and then only if such award has not been made prior to the withdrawal. The balance of the purchase price shall be paid in Federal Funds by wire transfer to the County at closing.

Right to Reject Bids; Waive Irregularities

The County reserves the right to reject any and all Bids and to the extent permitted by law to waive any irregularity or informality in any Bid.

Information Required from the Winning Bidder

By making a bid for the Bonds, the winning bidder(s) agrees: (a) to provide to the County and its Municipal Advisor, in writing, immediately upon being unofficially awarded the Bonds, a written confirmation of the bid, which shall include the purchase price, reoffering yield(s), and other related information necessary for completion of the final Official Statement; (b) to disseminate to all members of the underwriting syndicate copies of the Official Statement; (c) to promptly file a copy of the final Official Statement with each nationally recognized Municipal Securities Information Repository; and (d) to take any and all other actions necessary to comply with applicable Securities and Exchange Commission and Municipal Securities Rulemaking County rules governing the offering, sale and delivery of the Bonds to alternate purchasers.

Establishment of Issue Price for the Bonds

In the event the County receives at least three (3) bids for the Bonds, then the Issue Price for the Bonds shall be established based on the reasonably expected initial offering prices of the Bonds as of the Sale Date (the "Expected Offering Prices"). The Expected Offering Prices shall consist of the prices for each maturity of the Bonds used by the winning bidder in formulating its bid to purchase the Bonds. The winning bidder shall be required to deliver on the Delivery Date a certificate to such effect, and provide to the County, in writing, the Expected Offering Prices as of the Sale Date.

In the event the County receives fewer than three (3) bids for the Bonds, then the Issue Price for the Bonds shall be established based on the first price at which at least 10% of each maturity of the Bonds was sold to the Public (as defined below). The winning bidder shall be required to deliver on the Delivery Date a certificate to such effect, and provide to the County, in writing, evidence satisfactory to Bond Counsel to the County of such sales prices for each maturity of the Bonds. In the event that the winning bidder has not sold at least 10% of each maturity of the Bonds to the Public as of the Delivery Date (each, an "Unsold Maturity"), the winning bidder shall (i) provide to the County, in writing, on the Delivery Date, the Expected Offering Prices for each Unsold Maturity 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 each Unsold Maturity is sold to the Public, contemporaneous with each such sale, until at least 10% of all such Unsold Maturities have been sold to the Public.

Public means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter (as defined herein) 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 Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds 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 Bonds 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 Bonds to the Public).

Delivery of the Bonds

The Bonds will be delivered on or about March 14, 2018 (UNLESS A NOTICE OF A CHANGE IN THE DELIVERY DATE IS PUBLISHED NOT LATER THAN 2 HOURS PRIOR TO ANY ANNOUNCED DATE FOR RECEIPT OF BIDS) in New York, New York at DTC against payment of the purchase price therefor (less the amount of the good faith deposit) in Federal funds.

There will also be furnished the usual closing papers, including (1) a certificate signed by the officials who signed the Bonds stating that no litigation of any kind is now pending or, to their knowledge, threatened to restrain or enjoin the issuance or delivery of the Bonds, or in any manner questioning the proceedings and authorization under which the Bonds are issued or affecting the validity of the Bonds and (2) a certificate signed by the Freeholder Director or Treasurer/Chief Financial Officer relating to the Official Statement.

CUSIP Numbers

CUSIP numbers (one per maturity for the combined amount of the Bonds) will be applied for with respect to the Bonds by the winning bidder, but the County will assume no obligation for the assignment or printing of such numbers on the Bonds or for the correctness of such numbers, and neither the failure to print such numbers on any bond nor any error with respect thereto shall constitute cause for a failure or refusal by the purchasers thereof to accept delivery of and make payment for the Bonds. The CUSIP Service Bureau charge for the assignment of the numbers shall be the responsibility of and shall be paid for by the winning Bidder.

Legal Opinion

The approving opinion of Bond Counsel will be furnished without cost to the winning Bidder.

Postponement

The County reserves the right to postpone the date and time established for receipt of Bids. **ANY SUCH POSTPONEMENT WILL BE PUBLISHED OR POSTED BEFORE 10:30 A.M. ON THE DAY OF THE SALE**. If any date fixed for the receipt of Bids and the sale of the Bonds is postponed, an alternative sale date will be announced via PARITY at least forty-eight (48) hours prior to such alternative sale date. On any such alternative sale date, any Bidder may submit a Bid for the purchase of the Bonds in conformity in all respects with the provisions of the Notice of Sale, except for the date of sale and except for the changes announced on PARITY at the time the sale date and time are announced.

Additional Information

For further information relating to the Bonds, reference is made to the POS prepared for and authorized by the County. The Notice of Sale and the POS may be viewed on www.govdebt.net. However, the County makes no assurance or representation with respect to the form of the Notice of Sale and the POS on www.govdebt.net, and no investment decision should be made in reliance thereon. Printed copies of the POS and the Notice of Sale may be obtained from the Bond Counsel at the address and the phone number stated above. Additional information relating to the sale please contact PARITY at I-Deal at (212) 404-8102. Additional information relating to the financing of the County can be obtained by contacting the undersigned Treasurer/Chief Financial Officer at (856) 453-2138 or the Municipal Advisor at (609) 291-0130.

County of Cumberland, New Jersey

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

Dated: February 21, 2018

NEW ISSUE – Book-Entry-Only

RATING: S&P: "AA-"
(See "RATING" herein)

PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY 21, 2018

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 Bonds (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 Bonds is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax; however, interest paid to certain corporate holders of the Bonds indirectly may be subject to alternative minimum tax under circumstances described under "TAX MATTERS" herein. Based upon existing law, interest on the Bonds 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
$19,100,000* GENERAL OBLIGATION BONDS, CONSISTING OF
$17,600,000* GENERAL IMPROVEMENT BONDS (BOOK-ENTRY-ONLY)/ (NON-CALLABLE)/ (NOT BANK QUALIFIED)
AND
$1,500,000* GENERAL OBLIGATION BONDS (COUNTY COLLEGE BONDS) (COUNTY COLLEGE BOND ACT, P.L. 1971, c.12, AS AMENDED) (BOOK-ENTRY-ONLY)/ (NON-CALLABLE)/ (NOT BANK QUALIFIED)

Dated: Date of Delivery **Due: February 15, as shown on inside front cover**

The $19,100,000* General Obligation Bonds, consisting of $17,600,000* General Improvement Bonds (the "GI Bonds") and the $1,500,000* General Obligation Bonds (County College Bonds) (County College Bond Act P.L. 1971, c.12, as amended) (the "College Bonds" and, together with the GI Bonds, the "Bonds") of the County of Cumberland, New Jersey (the "County"), will be issued in the form of one certificate for the aggregate principal amount of each series of Bonds maturing in each year. Upon issuance of the Bonds, each 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 Bonds will be payable semiannually on the fifteenth day of February and August in each year until maturity, commencing August 15, 2018. The principal of and the interest on the Bonds will be paid to the Securities Depository by the County. Interest on the Bonds will be credited to the Participants of DTC (as defined herein) as listed on the records of DTC as of each next preceding February 1st and August 1st (the "Record Dates" for the payment of interest on the Bonds).

The Bonds are not subject to optional redemption prior to their stated maturities. See "THE BONDS –Redemption Provisions" herein.

The Bonds are valid and legally binding bonds of the County and, unless paid from other sources, are payable from *ad valorem* taxes levied upon all the taxable real property within the County for the payment of the Bonds 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 Bonds are offered when, as and if issued and delivered to the Underwriters (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, Bridgeton, New Jersey. Phoenix Advisors, LLC, Bordentown, New Jersey, served as Municipal Advisor to the County in connection with the Bonds. The Bonds are expected to be available for delivery in definitive form to the Securities Depository in New York, New York, on or about March 14, 2018.

BID PROPOSALS FOR THE BONDS WILL ONLY BE ACCEPTED BY ELECTRONIC SUBMISSION VIA THE PARITY WEBSITE AT www.newissuehome.i-deal.com ON FEBRUARY 28, 2018 UNTIL 11:00 A.M.

FOR MORE DETAILS ON HOW TO BID ELECTRONICALLY, VISIT THE WEBSITE AT www.i-dealprospectus.com

*Preliminary, subject to change.

COUNTY OF CUMBERLAND
NEW JERSEY

$19,100,000* GENERAL OBLIGATION BONDS,
CONSISTING OF
$17,600,000* GENERAL IMPROVEMENT BONDS
AND
$1,500,000* GENERAL OBLIGATION BONDS
(COUNTY COLLEGE BONDS)
(COUNTY COLLEGE BOND ACT, P.L. 1971, c.12, AS AMENDED)

MATURITIES, AMOUNTS,
INTEREST RATES, YIELDS AND CUSIP NUMBERS

Year	General Improvement Bonds*	County College Bonds*	Combined Amounts*	Interest Rate	Yield	CUSIP Number **
2019	$1,750,000	$125,000	$1,875,000	%	%	
2020	1,800,000	125,000	1,925,000			
2021	1,575,000	125,000	1,700,000			
2022	1,375,000	125,000	1,500,000			
2023	1,375,000	150,000	1,525,000			
2024	1,900,000	175,000	2,075,000			
2025	2,600,000	200,000	2,800,000			
2026	2,750,000	225,000	2,975,000			
2027	2,475,000	250,000	2,725,000			

*Preliminary, subject to change.

** "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 Bondholders only at the time of issuance of the Bonds 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 Bonds 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 Bonds.

COUNTY OF CUMBERLAND
STATE OF NEW JERSEY

THE BOARD OF CHOSEN FREEHOLDERS

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

COUNTY OFFICIALS

Ken Mecouch,
County Administrator/Clerk of the Board of Chosen Freeholders

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Gerald C. Seneski,
County Treasurer/Chief Financial Officer

Theodore E. Baker,
County Counsel

AUDITOR

Bowman & Company LLP
Voorhees, New Jersey

MUNICIPAL ADVISOR

Phoenix Advisors, LLC
Bordentown, New Jersey

BOND COUNSEL

McManimon, Scotland & Baumann, LLC
Roseland, 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 Bonds 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 Bonds 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 Bonds described herein that is deemed final as of the date hereof (or of any such supplement or amendment) 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 the affairs of the County since the date hereof or any earlier date as of which any information contained herein is given. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be used, in whole or in part, for any other purpose.

IN CONNECTION WITH THE OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS OFFERED HEREBY AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME WITHOUT PRIOR NOTICE.

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 Bonds in any jurisdiction in which it is unlawful for any person to make such an offer, solicitation or sale. No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations other than as contained in this Official Statement. If given or made, such other information or representations must not be relied upon as having been authorized by the County or the Underwriter.

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 BONDS HAVE BEEN FILED WITH THE SEC OR ANY STATE SECURITIES AGENCY. THE BONDS 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.

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 BONDS 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.

TABLE OF CONTENTS

OFFICIAL STATEMENT

Relating to

COUNTY OF CUMBERLAND, NEW JERSEY

$19,100,000* GENERAL OBLIGATION BONDS,
CONSISTING OF
$17,600,000* GENERAL IMPROVEMENT BONDS
(BOOK-ENTRY-ONLY)/(NON-CALLABLE)/(NOT BANK QUALIFIED)

And

$1,500,000* GENERAL OBLIGATION BONDS
(COUNTY COLLEGE BONDS)
(COUNTY COLLEGE BOND ACT, P.L. 1971, c.12, AS AMENDED)
(BOOK-ENTRY-ONLY)/(NON-CALLABLE)/(NOT BANK QUALIFIED)

INTRODUCTION

This Official Statement, which includes the cover page, the inside 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 $19,100,000* General Obligation Bonds, consisting of $17,600,000* General Improvement Bonds (the "GI Bonds") and $1,500,000* General Obligation Bonds (County College Bonds) (County College Bond Act, P.L. 1971, c.12, as Amended), (the "College Bonds" and, together with the GI Bonds, the "Bonds") each dated their date of delivery and maturing as shown on the inside 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 Bonds described herein.

THE BONDS

General Description

The Bonds will be issued in the form of one certificate for the aggregate principal amount of each series of Bonds maturing in each year and when issued will be registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York, which will act as securities depository ("DTC" or the "Securities Depository"). The certificates will be on deposit with the Securities Depository. The Securities Depository will be responsible for maintaining a book-entry system for recording the interest of its participants or the transfers of interests among its participants. The participants will be responsible for maintaining records regarding the beneficial ownership interests in the Bonds on behalf of the individual purchasers.

*Preliminary, subject to change.

Individual purchases may be made in the amount of any integral multiple of $5,000 through book entries made on the books and records of the Securities Depository and its participants. Individual purchasers of the Bonds will not receive certificates representing their beneficial interests in the Bonds, but each book-entry Bond owner will receive a credit balance on the books of its nominees, and this credit balance will be confirmed by an initial transaction statement stating the details of the Bonds purchased.

Interest on the Bonds is payable semi-annually on the fifteenth day of February and August in each year until maturity, commencing on August 15, 2018 to the registered owners thereof whose name appears on the registration books of the County as of each preceding February 1st and August 1st, each such date being a record date for the payment of interest on the Bonds.

The principal of and interest on the Bonds will be paid to the Securities Depository by the County. Interest will be credited to the participants of the Securities Depository as listed on the records of the Securities Depository.

Redemption Provisions

The Bonds are **not** subject to redemption prior to their stated maturities.

Book-Entry-Only System [1]

The description which follows of the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal and interest, and other payments on the Bonds to DTC Participants or Beneficial Owners (as each such terms is hereinafter defined), confirmation and transfer of beneficial ownership interests in the Bonds 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 Bonds. The Bonds 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. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such issue, 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

[1] Source: The Depository Trust Company

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 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written 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 Bonds 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 Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all the Bonds 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 Bonds 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 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Obligation are 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 Bonds 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 Bonds 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 Bonds are credited on the applicable Record Date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and distributions on the Bonds, 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 Bonds 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, Bond 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, Bond 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 Underwriter (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 BONDS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE BONDHOLDERS OR REGISTERED OWNERS OF THE BONDS (OTHER THAN UNDER THE HEADINGS "TAX MATTERS" AND "SECONDARY MARKET DISCLOSURE") SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE BONDS.

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 Bonds, the following provisions would apply: (i) the Bonds may be exchanged for an equal principal amount of Bonds 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 Bonds 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 Bonds, 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 Bonds. In such event, interest on the Bonds will be payable by check or draft, mailed on each Interest Payment Date, to the registered owners thereof as of the close of business on the Record Date, whether or not a business day.

AUTHORIZATION AND PURPOSE FOR THE GI BONDS

The GI Bonds are authorized by and are being issued pursuant to: (i) the Local Bond Law, Chapter 169 of the Laws of 1960 of the State of New Jersey, as amended and supplemented ("Local Bond Law"); (ii) the bond ordinances of the County set forth below and; (iii) a resolution of the County duly adopted on February 20, 2018 (the "Resolution").

Bond Ordinance Number	Description of Improvement and Date of Adoption	Bonds to be Issued
2015-5	Various capital improvements, finally adopted April 30, 2015.	$5,520,000
2016-3	Various capital improvements, finally adopted March 29, 2016.	6,000,000
2017-2	Various capital improvements, finally adopted April 18, 2017.	6,080,000
TOTAL		**$17,600,000**

The proceeds of the GI Bonds are being issued to: (i) currently refund the $17,600,000 Bond Anticipation Note dated and issued May 24, 2017 and maturing March

15, 2018, and (ii) pay costs and expenses incidental to the issuance and delivery of the GI Bonds.

AUTHORIZATION AND PURPOSE FOR THE COLLEGE BONDS

The College Bonds are issued pursuant to (i) the Local Bond Law; (ii) the bond ordinance of the County set forth below and; (iii) the Resolution.

Bond Ordinance Number	Description of Improvement and Date of Adoption	Aggregate Amount of Bonds to be Issued
2017-3	Acquisition and installation of building access surveillance and security systems for various buildings at the Cumberland College, finally adopted May 23, 2017.	$1,500,000

The proceeds of the College Bonds are being issued to: (i) provide new money to finance the project set forth in the bond ordinance described above, and (ii) pay costs and expenses incidental to the issuance and delivery of the College Bonds.

SECURITY AND SOURCE OF PAYMENT

The Bonds are valid and legally binding general obligations of the County, and the County has pledged its full faith and credit for the payment of the principal of and interest on the Bonds. 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 Bonds without limitation as to rate or amount.

County College Bond Act

The County received a certification from the State Treasurer that the State will provide support for the College Bonds, together with interest on that amount, under the provisions of the County College Bond Act, P.L. 1971, c.12, as amended (the "County College Bond Act"). Payments from the New Jersey Department of Treasury for fifty percent (50%) of the principal and interest when due on such bonds are made to the County, upon the County's certification of amounts due, on or before the dates when such amounts are payable by the County. The support the County receives from the State for the College Bonds is dependent upon appropriations by the State Legislature from time to time. The College Bonds which are issued under the provisions of the County College Bond Act, P.L. 1971, c.12, as amended, shall not be deemed to constitute a debt or liability of the State, or a pledge of the full faith and credit of the State. Regardless of whether payments are received by the County from the State, such bonds are general obligations of the County ultimately payable in the same manner as the general improvement bonds of the County. Fifty percent of the debt service of the College Bonds is expected to be paid by the State, pursuant to the County College Bond Act. The College Bonds themselves are not being offered for sale with that security.

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 (a) compiled financial statements of the County for the year ended December 31, 2017 and (b) audited financial statements of the County for the years ending December 31, 2016, 2015, 2014, 2013 and 2012. The compiled and 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 2017 Annual Financial Statement (unaudited) and 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 Bonds.

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, September 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, 2016 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, Bridgeton, New Jersey, there is no litigation of any nature now pending or threatened, restraining or enjoining the issuance or the delivery of the Bonds, or the levy or the collection of any taxes to pay the principal of or the interest on the Bonds, or in any manner questioning the authority or the proceedings for the issuance of the Bonds 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 Bonds 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 Bonds in order to assure that interest on the Bonds 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 Bonds to lose the exclusion from gross income for federal income tax purposes, retroactive to the date of issuance of the Bonds. The County will make certain representations in its Arbitrage and Tax Certificate, which will be executed on the date of issuance of the Bonds, as to various tax requirements. The County has covenanted to comply with the provisions of the Code applicable to the Bonds and has covenanted not to take any action or fail to take any action that would cause interest on the Bonds 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 Bonds from gross income for federal income tax purposes and with respect to the treatment of interest on the Bonds 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 Bonds 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 Bonds is not an item of tax preference under Section 57 of the Code for purposes of computing the alternative minimum tax. For corporations with tax years beginning after December 31, 2017, the corporate alternative minimum tax was repealed by federal legislation, Public Law No. 115-97 (the "Tax Cuts and Jobs Act") enacted on December 22, 2017, effective for tax years beginning after December 31, 2017. For tax years beginning before January 1, 2018, interest on the Bonds is not an item of tax preference for purposes of the corporate alternate minimum tax in effect prior to enactment of the Tax Cuts and Jobs Act; however, interest on Bonds held by a corporation (other than an S corporation, regulated investment company or real estate investment trust) may be indirectly subject to federal alternative minimum tax for tax years beginning before January 1, 2018 because of its inclusion in the adjusted current earnings of a corporate holder.

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 Bonds 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 Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the County or the owners of the Bonds 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 Bonds, under current IRS procedures, the IRS will treat the County as the taxpayer and the beneficial owners of the Bonds 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 Bonds 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 Bonds.

Payments of interest on tax-exempt obligations, including the Bonds, are generally subject to IRS Form 1099-INT information reporting requirements. If a Bond 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 Discount

Certain maturities of the Bonds may be sold at an initial offering price less than the principal amount payable on such Bonds at maturity (the "Discount Bonds"). The difference between the initial public offering price of the Discount Bonds at which a substantial amount of each of the Discount Bonds was sold and the principal amount payable at maturity of each of the Discount Bonds constitutes the original issue discount. Bond Counsel is of the opinion that the appropriate portion of the original issue discount allocable to the original and each subsequent owner of the Discount Bonds will be treated for federal income tax purposes as interest not includable in gross income under Section 103 of the Code to the same extent as stated interest on the Discount Bonds. Under Section 1288 of the Code, the original issue discount on the Discount Bonds accrues on the basis of economic accrual. The basis of an initial purchaser of a Discount Bond acquired at the initial public offering price of the Discount Bonds will be increased by the amount of such accrued discount. Owners of the Discount Bonds should consult their own tax advisors with respect to the determination for federal income tax purposes of the original issue discount properly accruable with respect to the Discount Bonds and the tax accounting treatment of accrued interest.

Original Issue Premium

Certain maturities of the Bonds may be sold at an initial offering price in excess of the amount payable at the maturity date (the "Premium Bonds"). The excess, if any, of the tax basis of the Premium Bonds to a purchaser (other than a purchaser who holds such Premium Bonds 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 Premium Bonds 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 Premium Bonds. Accordingly, an owner of a Premium Bond may have taxable gain from the disposition of the Premium Bond, even though the Premium Bond is sold, or disposed of, for a price equal to the owner's original cost of acquiring the Premium Bond. Bond premium amortizes over the term of the Premium Bonds under the "constant yield method" described in regulations interpreting Section 1272 of the Code. Owners of the Premium Bonds 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 Premium Bonds.

Additional Federal Income Tax Consequences of Holding the Bonds

Prospective purchasers of the Bonds should be aware that ownership of, accrual or receipt of interest on or disposition of tax-exempt obligations, such as the Bonds, 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 Bonds from gross income pursuant to Section 103 of the Code and interest on the Bonds not constituting an item of tax preference under Section 57 of the Code. Prospective purchasers of the Bonds should consult their tax advisors with respect to all other tax consequences (including, but not limited to, those listed above) of holding the Bonds.

Changes in Federal Tax Law Regarding the Bonds

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 Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Bonds will not have an adverse effect on the tax status of interest on the Bonds or the market value or marketability of the Bonds. 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.

State Taxation

Bond Counsel is of the opinion that, based upon existing law, interest on the Bonds 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 BONDS ARE BASED UPON EXISTING LAWS AND REGULATIONS AS INTERPRETED BY RELEVANT JUDICIAL AND REGULATORY CHANGES AS OF THE DATE OF ISSUANCE OF THE BONDS, 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 BONDS 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, pursuant to the Resolution, has covenanted for the benefit of the Bondholders, and the beneficial owners of the Bonds 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 Bonds remain outstanding (unless the Bonds have been wholly defeased), the County will provide:

(a) On or prior to September 30 of each year, beginning with September 30, 2019 for the fiscal year ending December 31, 2018 and in each year in which the Bonds mature, to the Municipal Securities Rulemaking Board through the Electronic Municipal Market Access Data Port ("MSRB"):

(1) Annual financial information with respect to the County consisting of the audited financial statements (or unaudited financial statements if audited financial statements are not then available, which audited financial statements will be delivered when and if available) of the County; and

(2) Certain financial information and operating data consisting of:
- (i) County indebtedness;
- (ii) Property valuation information; and
- (iii) Tax rate, levy and collection data.

The audited financial information will be prepared in accordance with accounting principles and practices as from time to time prescribed by the Division of Local Government Services in the Department of Community Affairs of the State pursuant to Chapter 5 of Title 40A of the New Jersey Statutes and shall be filed electronically and accompanied by identifying information with the MSRB;

(b) in a timely manner not in excess of ten business days after the occurrence of the event, to the MSRB, notice of any of the following events with respect to the Bonds (herein "Material Events"):

(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 security, or other material events affecting the tax status of the security;
(7) Modifications to rights of security holders, if material;
(8) Bond calls, if material, and tender offers;
(9) Defeasances;
(10) Release, substitution, or sale of property securing repayment of the securities, if material;
(11) Rating changes;
(12) Bankruptcy, insolvency, receivership or similar event of the obligated person;

(13) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, 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;

(14) Appointment of a successor or additional trustee or the change of Name of a trustee, if material.

For the purposes of the event identified in subparagraph (12) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the County, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the County.

(c) in a timely manner to the MSRB, notice of failure of the County to provide required annual financial information on or before the date specified in the Resolution.

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 Bonds being specifically limited in the undertaking to specific performance of the covenants.

The undertaking may be amended by the County from time to time, without the consent of the Bondholders or the beneficial owners of the Bonds, in order to make modifications required in connection with a change in legal requirements or change in law, which in the opinion of nationally recognized bond counsel complies with the Rule.

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) audited financial information, as required, for the year ending December 31, 2013; (ii) adopted budget, as required, for the year ending December 31, 2012; and (iii) annual debt statements, as required, for years ending December 31, 2012 and 2013. While an auditor's compilation report for the year ending December 31, 2013, which contains the County's financial data, was filed on July 16, 2014, the final audited financial information was not filed until March 7, 2016. The County has subsequently filed such items contained in (i) to (iii) above, along with the required event notices. The County has also failed to timely file various required notices regarding a) its bond issuer rating changes; b) certain bond insurer rating changes; and c) notices regarding its failure to file certain financial information and operating data, but the County has subsequently filed such notices.

While the audited financial information and operating data of the County for the year ending December 31, 2012 was filed on time for all of the County's outstanding bond issues, such financial information was not filed on the Cumberland County Improvement Authority's County Guaranteed Solid Waste System Revenue Bonds, Series 2006. The County has also failed to timely file the required notices regarding its failure to file such audited financial information and operating data, but the County has subsequently filed such notices.

The County appointed Phoenix Advisors, LLC, Bordentown, New Jersey, in July of 2014 to act 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 Bonds 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 Bonds substantially in the forms set forth as Appendix "C" and Appendix D. Certain legal matters will be passed on for the County Attorney, Theodore E. Baker, Bridgeton, New Jersey.

UNDERWRITING

The Bonds have been purchased from the County at a public sale by ___________________________, as underwriter (the "Underwriter"), pursuant to a Certificate of Determination and Award dated February __, 2018, at a purchase price of $___________. The Bonds are being offered for sale at the yields set forth on the inside front cover page of this Official Statement. The Underwriter is obligated to purchase all of the Bonds if any of the Bonds are purchased.

The Underwriter intends to offer the Bonds to the public initially at the offering yields set forth on the inside front cover page of this Official Statement, which may subsequently change without any requirement of prior notice. The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing bonds and notes into investment trusts) at yields higher than the public offering yields set forth on the inside front cover page of this Official Statement, and such public offering yields 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 "AA-" to the Bonds.

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 Bonds 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 Bonds.

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 Bonds. 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 Bonds, 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 compiled and 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 compiled and audited financial statements to the extent specified in the Independent Accountant's Compilation Report and 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.

Neither Bond Counsel nor the Municipal Advisor have participated in the preparation of the financial or statistical information contained in this Official Statement, nor have they verified the accuracy, completeness or fairness thereof and, accordingly, express 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's 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 any of the Bonds. 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 Bonds made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County since the date hereof. The information contained in the Official Statement is not guaranteed as to accuracy or completeness.

COUNTY OF CUMBERLAND

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

Dated: February __, 2018

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.

The Cumberland County College, 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 ESRI, one of the nation's largest demographic and economic forecasting clearing houses.

2017 Estimated Population (ESRI)	158,706
2016 Estimated U.S. Census Bureau	153,797
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)

	2016	2015	2014	2013	2012
Labor Force	67,200	67,033	66,125	67,900	69,538
Employment	62,200	60,917	59,308	59,600	59,714
Unemployment	5,000	6,180	6,817	8,300	9,824
Unemployment Rate	7.5%	9.1%	10.3%	12.2%	14.1%

[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 runways in excess of 5,000 feet long, capable of handling large jets.

Rail service is handled by Conrail and Winchester & Western Railroads, providing freight transportation to most of the County's municipalities. The Winchester and Western Railroad, a short-line carrier, has shown steady growth in the number of annual carloads since taking over much of Conrail's local freight service in 1987.

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.

Manufacturing establishments in the County provide employment for more than 7,428 workers, or 11.7% of the labor force. The County's high proportion of manufacturing workers is partially explained by the fact that the County's tri-city area is a relatively self-contained urban community in which an unusual amount of manufacturing activity is concentrated. All the essential elements of a "home-grown" industrial complex appear to be present in the County.

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.

In 2004, the Inspira Health Network's new regional hospital opened near the Cumberland County College in Vineland. This new hospital has helped improve the health services as well as the economic profile of the County. The hospital currently employs 2,900 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. Various additional new buildings are planned at the College and will help to make the interchange at Route 55/Sherman Avenue one of the employment hubs of the eastern part of the County.

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, Manischewitz, Venice Maid, Pappas, Plochman, Cumberland Dairy and White Wave. Cumberland Dairy, for instance, employs 100 people making the milkshake blends used by hundreds of fast food establishments within a 150-mile radius. White Wave established a soy processing plant in Bridgeton. Vineland is the home of the largest farmers' cooperative produce auction east of the Mississippi.

The latest (2012) US Census of Agriculture ranked the County as New Jersey's highest grossing county with a market value of agricultural products sold totaling over $170 million. The County is the largest producer of nursery 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, totaling over $43 million in 2012. 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.

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. Since the County is one of the leading counties of agricultural products sold, the Food Innovation Center will enhance the types of produce that will be grown in the County.

As a companion project to the FIC, a new, 30,000 s.f. food specialization center will begin construction this year. The center will provide a location for food business startups as well as established food companies. 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.

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 three cities, Bridgeton, Millville and Vineland, have industrial parks in various stages of development:

Millville 250 acres
Millville Airport 200 acres (exclusive of airport operations)
Vineland 252 acres
Bridgeton 68 acres

In Vineland and Bridgeton, additional tracts have been proposed for industrial use. 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. The complex offers services ranging from large jet engine repair facilities to FAA inspection agencies. Four paved runways at Millville Airport 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.

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.

In October, 1999 the Delaware River and Bay Authority took over operations of the Millville Municipal Airport in a 30 year lease of the 916 acre facility for a $1.3 million lump-sum payment to the City, with two options for renewal of the lease. The CEZ will provide assistance to businesses and enhance development at the airport.

The much anticipated opening of the New Jersey Motorsports Park (NJMP) in Millville occurred in 2008. On over 700 acres, NJMP offers an incredible amount of diverse and dynamic motorsports attractions. Phase I includes two road courses (Thunderbolt and Lightning), an exclusive motorsports country club known as the Drivers Club, VIP Suites, a first class karting facility where anyone can experience the thrill of motorsports behind the wheel for the first time, 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.

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 Bridgeton UEZ expired in January 2017, and the Millville/Vineland UEZ is set to expire in 2019 but it is hoped that the State of NJ will reauthorize the UEZ's.

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 Board continues to focus on five objectives: 1) promotion of 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.

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.

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, 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 Technical High School, the Cumberland County College, 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 cell increasing the landfill by 35 acres, which is projected to accommodate the County until 2041. The Improvement Authority also funded a $477,630 methane gas capture facility and $2.2 million for purification of leachate on site. 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 emission resulting in a long-term economic impact of over $57 million.

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. These activities include a "Conduit Bond Financing Program" a government equipment lease program and alternative energy projects. Recently, the Improvement Authority has undertaken a significant redevelopment portfolio that includes the acquisition and construction of the County Board of Social Services and Office of Employment and Training facility at a cost of $2.4 million for 116,000 square foot, which resulted in the consolidation of federal and state social services and reduced operating costs; the $7.6 million construction of the Center for Workforce and Economic Development; and the $68.6 million construction of a new Technical Education Center. Additional projects include the restoration of the East Point Lighthouse that preserved this historic landmark with the intention of increasing regional tourism. The Improvement Authority has also become the office of Economic Development for the County. The Improvement Authority will also own and manage many of the facilities to be acquired and/or constructed.

Outstanding Authority Bonds

In August 2006, the Authority issued its Solid Waste System Revenue Bonds (Series 2006), in the initial 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. The Series 2015A Bonds are not secured by the Indenture that secures the Series 2017 Bonds. The payment of the principal of and the interest on the Series 2015A 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 2015A Bonds. As of December 31, 2017, $14,595,000 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 initial aggregate principal amount of $60,000,000. The Series 2009 Bonds were issued for the benefit of the City and are secured by payments due to the Authority from the City. The Series 2009 Bonds are not secured by the Indenture that secures the Series 2017 Bonds. As of December 31, 2017, $58,000,000 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 initial 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 Series 2014 Lease Revenue Bonds are not secured by the Indenture that secures the Series 2017 Bonds. The payment of the principal of and the interest on the Series 2014 Lease Revenue 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 Lease Revenue Bonds. As of December 31, 2017, $16,810,000 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 initial aggregate principal amount of $63,890,000 (the "Series 2014 Technical School Bonds"), to finance the construction of a new County technical school. The Series 2014 Technical School Bonds are not secured by the Indenture that secures the Series 2017 Bonds. 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, 2017, $60,465,000 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 initial 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. The Series 2015 State Office Building Bonds are not secured by the Indenture that secures the Series 2017 Bonds. As of December 31, 2017, $3,710,000 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. As of December 31, 2017, $2,510,000 principal amount of the Series 2017A NJEIT Bonds remained outstanding and $7,389,243 principal amount of the Series 2017B NJEIT Bonds remained outstanding.

In October 2017, the Authority issued Revenue Bonds (Office Building Acquisition Project), Series 2017 (Federally Taxable) in the principal amount of $12,000,000. The proceeds from the sale of the Bond, by and between the Authority and Capital Bank of New Jersey, as purchaser and paying agent, have been used to finance the acquisition of an existing industrial/office complex located at 51-71 West Park Avenue which is comprised of (a) a 32,000 square foot office building, (b) a 30,000 square foot maintenance facility, and (c) a 270,000 square foot warehouse/distribution center. The bond is a first priority mortgage pursuant to which the Authority has assigned, subject to certain reserved rights, its interest under the Lease agreements. As of December 31, 2017, the entire principal amount remained outstanding.

In December 2017, the Authority issued its City General Obligation Lease Revenue Bonds (Vineland Public Safety Building Project), Series 2017, in the initial aggregate principal amount of $21,935,000 (the "Series 2017 Vineland Public Safety Building Bonds"), to provide funds which will be used to finance the acquisition of certain real property in the City of Vineland, County of Cumberland, New Jersey (the "City") on behalf of the City, which, together with certain real property currently owned by the City, will comprise the Project Site for the development and construction of an approximately 53,000 square foot public safety facility on the project site and the costs of equipping the Facility. As of December 31, 2017, the entire principal amount remained outstanding.

In December 2017, the Authority ("Borrower") secured a term loan with TD Bank, N.A. ("Lender") in the amount of $7,357,350 secured by property located at E. Broad to Willow Streets, City of Bridgeton, Cumberland County, New Jersey to be used to fund a loan from the Borrower to the Investment Fund in connection with the NMTC Transaction and to pay costs and expenses incident to closing the Loan. As of December 31, 2017, the entire principal amount remained outstanding.

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 July, 2017, employed approximately 9,050 people.

Employer	Employees	Nature of Business	Location
Inspira Health Network	2,900	Health Care	Various
Durand Glass Manufacturing Co./ARC International	1,100	Glass Manufacturing	Millville
Wal-Mart	920	Retail Sales	Various
ShopRite	791	Supermarket Chain	Various
F & S Produce	750	Food Processing	Rosenhayn
Sheppard Bus Service	650	Transportation	Fairfield Twp.
Seabrook Brothers and Sons	590	Food Processing	Upper Deerfield
WaWa	533	Food and Beverage Provider	Various
OMNI Baking	500	Food Processing	Vineland
Elwyn New Jersey	448	Provides Services for People With Special Needs	Vineland

Source: Cumberland County government, 2018

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 2017, the County has preserved 20,217 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 cities of Millville and Vineland have experienced the largest recent-year increase in housing inventory. The Townships of Fairfield, Hopewell and Upper Deerfield surrounding Bridgeton City also have added significantly to inventory. In all, the County's housing stock grew by 3,430 units or 6.5% to 56,299 during the 2000's. Home ownership stands at 64.3% of year round units. Median value of owner occupied units was $170,674 in 2017.[1] Moderate priced housing of many types is available. Current construction is keeping pace with demand. The 2017 average sales price of homes in the County was $143,900 according to Zillow (a major real estate and home sales network.) Zillow indicates that home values have increased 5.1% in the past year and are expected to increase by another 2.9% in the coming 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 $66,452 slightly below the national average. Since 2010, household income has increased from $62,929 or 0.8% annually. This rate of income growth is expected to accelerate significantly as the national and regional economies improve.

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.

[1] ESRI, 2017 data

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 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 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, is opening three stores within the County in 2017 located in Vineland, Millville, and in Upper Deerfield just north of Bridgeton.

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.

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.

There is a Reserve for Accumulated Sick Leave at December 31, 2017 in the amount of $1,212,130.55 based upon the Compiled Financial Statement of the County. The adequacy of this reserve has not been determined and is not intended to represent the full liability of the County. For additional information regarding compensated absences, see Appendix B - "2016 Audited Financial Statements of the County of Cumberland".

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 - "2016 Audited Financial Statements of the County of Cumberland".

County Employees	**2017**	**2016**	**2015**	**2014**	**2013**
County Tax Levy	611	597	611	627	637
Board of Health Tax Levy	40	40	40	40	40
County Library	12	11	11	11	11
Workforce Development Grants	45	45	45	45	45
Aging Grants	39	39	39	39	39
Social Services Grants	227	227			
Other Grants	27	27	27	27	27
TOTAL	1,001	986	773	789	799

Labor Contracts

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

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, 2017

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, 2021
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, 2018

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, 2018
Local #396 Prosecutor Investigators
Line-Officers, representing 39 employees expires December 31, 2018
Superior Officer's, representing 11 employees expires 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, 2017 Estimated
Bridgeton City	6,206
Commercial Township	559
Technical Education Center	640
Cumberland Regional	1,173
Deerfield Township	363
Downe Township	190
Fairfield Township	627
Greenwich Township	63
Hopewell Township	483
Lawrence Township	570
Maurice River Township	416
Millville City	5,535
Shiloh Borough	*
Stow Creek Township	124
Upper Deerfield Township	846
Vineland City	10,276

* School is closed and they send to Hopewell.

HIGHER EDUCATION FACILITIES

Cumberland County College

Cumberland County College, fully accredited by the Middle States Association of Colleges and Secondary Schools, 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. The College is also dedicated to fostering social and cultural enlightenment within the community. It is sponsored by the people of the County through their Board of Chosen Freeholders who, in turn, appoint eight of the eleven member Board of Trustees. Two members are appointed by the state and the Superintendent of Schools is a member by statute.

The College was founded in November, 1963. The 100-acre campus is located on Sherman Avenue in Vineland. Classes were held for the first time in the autumn of 1966 - making the College New Jersey's first two year college to open on its own campus. Since then the College has gone on to offer a quality education at a reasonable cost. Cumberland County College offers 90 career and transfer programs of study. There are eleven buildings on campus, including the most recent, the Shirlee and Bernard Brown University Center. The Frank Guaracini, Jr. Fine and

Performing Arts Center, dedicated in January, 1995, features local, regional and national talent. The Cumberland County College leases a 3,600 square foot building on High Street in Millville for their Clay College. In 2013, a 7,200 square foot facility named the *Paula J. Ring* Education Center on Buck Street in Millville was gifted through the Cumberland County College Foundation. *Washington Monthly* recently ranked the College as the 29th best community college in the nation.

As of the Fall of 2016, 1,730 full-time students and 1,418 part-time students were enrolled, for a total enrollment of 3,148.

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.

The Technical School is transitioning to a full time high school with a 4 year phase-in beginning in September of 2016. In its final year, the school is projected to have 1,000 high school students. Additionally, the Technical School serves an adult student population in the evening hours with 50 students which is projected to rise to over 100 during the next 2 years.

As of September, 2016 there were approximately 233 full time students, 304 shared time students, 39 STRIVE students, and 50 adult students for a total of 626 students.

2017 BUDGET

Anticipated Revenues:		
Fund Balance	$	5,400,000.00
Miscellaneous Revenues:		
Local Revenue (Fees, Permits, Licenses, etc.)		14,758,893.00
State Aid (without offsetting appropriation)		5,298,432.00
Shared Services Agreements		2,116,500.00
Revenue With Approval of the Director		2,397,689.00
Federal and State Grants with Offsetting Appropriations		32,909,878.00
Local Tax for County Purposes		94,760,000.00
Total Revenues	$	157,641,392.00
Appropriations:		
General Government	$	5,118,515.00
Facilities and Central Expenses		7,460,000.00
Personnel Costs - Employee Benefits		32,325,691.00
Land Use Administration		769,000.00
Judicial and Corrections		34,695,690.00
Public Safety		2,108,125.00
Public Works		3,854,950.00
Parks, Recreation, Culture and Education		10,779,885.00
Human Services		992,780.00
Unclassified and Deferred Charges		480,000.00
Federal and State Grants with Offsetting Revenues		40,624,874.00
Capital		2,000,000.00
Debt		16,431,882.00
Total Appropriations	$	157,641,392.00

CAPITAL PROGRAM
PROJECTS SCHEDULED FOR THE YEARS 2017 - 2022

Project	Estimated Total Cost	Current Year	Capital Improvement Fund	Bonds and Notes General
DPW--Improve or Replace Roads, Bridges and Dams	$ 12,700,000		$ 635,000	$ 12,065,000
DPW--Heavy Equipment and Large Trucks	7,840,000		392,000	7,448,000
DPW--Small Equipment and Light Duty Trucks	1,435,000		71,750	1,363,250
B&G--Facilities Renovations, Additions and Improvements	8,550,000		427,500	8,122,500
Public Safety--Communication Structures and Equipment	2,385,000		119,250	2,265,750
Public Safety--Small Equipment and Light Duty Trucks	240,000		12,000	228,000
Corrections - Surveilance and Security Equipment	335,000		16,750	318,250
Corrections - Vehicles (Transport Vans)	790,000		39,500	750,500
Corrections - Equipment (Kitchen and Laundry)	100,000		5,000	95,000
Veterans Cemetery--Site and Building Improvements	875,000		43,750	831,250
Technology--IT Network, Library, Phones, Elections, etc.	2,750,000		137,500	2,612,500
State Mandate--Elections--Replace Election Booths	1,000,000		50,000	950,000
State Mandate--Criminal Justice Reform--New Construction	1,000,000		50,000	950,000
Blackwater Branch Drainage	2,000,000		100,000	1,900,000
College Security Upgrades	1,500,000			1,500,000
State Mandate--Relocate Clerk's Office	1,600,000	$1,600,000		
TOTALS--ALL PROJECTS	$ 45,100,000	$1,600,000	$ 2,100,000	$ 41,400,000

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)

		Collection Year of Levy	
Year	Tax Levy	Amount	Percentage
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%
2013	85,426,646	85,426,646	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
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
2013	9,264,006,672	0.9278	0.0100

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(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)
2017	$ 2,416,972	$ 0.0524
2016	2,369,580	0.0514
2015	2,369,580	0.0509
2014	2,369,580	0.0489
2013	2,369,580	0.0472

REAL PROPERTY CLASSIFICATION

Year	Total Assessed Value Improvements	Land	Residential	Farm	Commercial	Industrial	Apartments
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
2014	8,395,961,100	196,391,200	5,743,008,800	297,156,300	1,502,303,900	468,904,100	188,196,800
2013	8,448,836,700	199,354,900	5,741,989,200	299,515,500	1,529,285,600	493,909,500	184,782,000

STATEMENT OF EQUALIZED VALUATION FOR CONSTITUENT MUNICIPALITIES

	2017 (2)			2016 (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	$ 478,678,128	$ 496,375,634	5.68%	$ 463,592,745	$ 481,339,402	5.45%
Commercial Twp.	231,170,654	232,619,624	2.66%	222,545,967	224,015,848	2.54%
Deerfield Twp.	194,804,154	196,742,935	2.25%	196,587,020	199,312,993	2.26%
Downe Twp.	147,567,426	149,007,055	1.71%	158,248,023	160,081,581	1.81%
Fairfield Twp	293,201,977	294,698,002	3.37%	287,213,371	288,755,627	3.27%
Greenwich Twp.	77,218,168	78,209,453	0.90%	76,144,700	77,130,142	0.87%
Hopewell Twp.	315,502,009	317,724,721	3.64%	306,974,775	309,412,642	3.50%
Lawrence Twp.	216,586,730	218,629,078	2.50%	208,615,023	211,326,371	2.39%
Maurice Twp.	293,594,251	296,496,568	3.39%	292,840,321	295,832,398	3.35%
Millville	1,580,087,489	1,602,404,615	18.34%	1,595,852,158	1,623,687,340	18.38%
Shiloh Boro	30,379,531	30,666,180	0.35%	27,983,901	28,278,737	0.32%
Stow Creek Twp.	106,134,209	107,277,233	1.23%	102,811,119	103,970,176	1.18%
Upper Deerfield Twp.	596,305,503	605,625,952	6.93%	615,961,109	624,118,952	7.07%
Vineland	4,052,315,884	4,111,012,539	47.05%	4,141,589,132	4,205,650,115	47.61%
Total	$ 8,613,546,113	$ 8,737,489,589	100.00%	$ 8,696,959,364	$ 8,832,912,324	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, 2017

The following table summarizes the direct debt of the County as of December 31, 2017 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 $85,432,863 represents 0.980% 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. But Not	Gross	Deduction Reserves/Fund Balance County College/	Net
	Bonds	Notes	Loans	Issued	Debt	Guaranteed Debt	Debt
General	$47,676,000	$17,600,000	$209,243	$2,617,296	$68,102,539	$1,413,826	$66,688,713
County College	13,314,000				13,314,000	13,314,000	
Vo-Tech High School	60,465,000				60,465,000	41,720,850	18,744,150
Bonds Issued by Another Public Body Guaranteed by the County	41,603,020				41,603,020	41,603,020	
	$163,058,020	$17,600,000	$209,243	$2,617,296	$183,484,559	$98,051,696	$85,432,863

Source: County Annual Debt Statement

DEBT RATIOS AND VALUATIONS(1)

Average of Equalized Valuations of Real Property with Improvements for 2015, 2016 and 2017	$	8,714,607,350
Statutory Net debt as a Percentage of the Average of Equalized Valuations of Real Property with Improvements for 2015, 2016 and 2017		0.980%
2017 Net Valuation Taxable	$	8,450,292,125
2017 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	$	8,628,122,638
Gross Debt (2)		
As a percentage of 2017 Net Valuation Taxable		2.17%
As a percentage of 2017 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications		2.13%
Net Debt (2)		
As a percentage of 2017 Net Valuation Taxable		1.01%
As a percentage of 2017 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications		0.99%
Gross Debt Per Capita (3)		$1,169
Net Debt Per Capita (3)		$545

(1) As of December 31, 2017
(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 (2015-17) Equalized Valuation of Real Property		
including Improvements ($8,714,607,350)	$	174,292,147
Net Debt		85,432,863
Remaining Borrowing Capacity Available Under N.J.S.A. 40A:2-6	$	88,859,284

OVERLAPPING DEBT(1)

Gross Debt of Constituent Municipalities	$	320,709,147
Municipal Utilities and Sewerage Authority Debt of Constituent Municipalities (2)		33,825,662
	$	286,883,485

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

Landis Sewerage Authority (Vineland) (2)	$	28,500,000
Cumberland County Utilities Authority (2)		5,325,662
	$	33,825,662

(1) As of December 31, 2017

(2) Source Authority Auditor

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

Year	GENERAL	COLLEGE	Vo-TECH	TOTAL PRINCIPAL	TOTAL INTEREST	TOTAL PRINCIPAL AND INTEREST
2018	$ 5,285,000	$ 3,550,000	$ 1,795,000	$ 10,630,000	$ 4,793,120	$ 15,423,120
2019	4,205,000	3,530,000	1,850,000	9,585,000	4,390,587	13,975,587
2020	4,302,000	3,558,000	1,925,000	9,785,000	4,038,450	13,823,450
2021	4,595,000	3,540,000	2,000,000	10,135,000	3,676,175	13,811,175
2022	4,685,000	2,090,000	2,100,000	8,875,000	3,288,538	12,163,538
2023	4,795,000	2,140,000	2,205,000	9,140,000	2,938,438	12,078,438
2024	2,865,000	1,930,000	2,315,000	7,110,000	2,561,131	9,671,131
2025	1,900,000	1,400,000	2,435,000	5,735,000	2,257,506	7,992,506
2026	1,900,000	1,410,000	2,555,000	5,865,000	2,039,419	7,904,419
2027		1,560,000	2,680,000	4,240,000	1,841,019	6,081,019
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
	$ 34,532,000	$ 26,458,000	$ 60,465,000	$121,455,000	$43,535,213	$164,990,213

(1) As of December 31, 2017 (unaudited)
Source: Cumberland County

APPENDIX B

EXCERPTS FROM THE FINANCIAL STATEMENTS OF THE COUNTY OF CUMBERLAND, NEW JERSEY

FOR THE YEAR ENDED 2017

COMPILED FINANCIAL STATEMENTS

BOWMAN & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

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

Management is responsible for the accompanying financial statements of the County of Cumberland, New Jersey, which comprise the statement of assets, liabilities, reserves and fund balance--regulatory basis of the various funds as of December 31, 2017 and the related statements of operations and changes in fund balances--regulatory basis for the year then ended, in accordance with accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and for determining that this regulatory basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements to have been prepared in conformity with accounting practices prescribed by 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.

Management has elected to omit substantially all of the disclosures required by these regulatory accounting practices. If the omitted disclosures were included in the financial statements, they might influence the user’s conclusions about the County’s assets, liabilities, reserves, fund balance, revenues and expenditures. Accordingly, the financial statements are not designed for those who are not informed about such matters.

Respectfully submitted,

/s/ BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

/s/ Carol A. McAllister
Certified Public Accountant
Registered Municipal Accountant

Voorhees, New Jersey
January 31, 2018

601 White Horse Road | Voorhees, NJ 08043 | P 856.435.6200 | F 856.435.0440 | www.bowmanllp.com

COUNTY OF CUMBERLAND - CURRENT FUND
Statement of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis
As of December 31, 2017

Assets		
Regular Fund:		
Cash	$	30,766,274
Shared Service Receivable		
East Point Lighthouse		108,982
Receivables with Full Reserves:		
Commodity Billing Receivable--Gasoline		15,718
Due Federal and State Grant Fund		2,232,808
Total Assets	$	33,123,782
Liabilities, Reserves and Fund Balance		
Regular Fund:		
Liabilities		
Interfunds Receivable	$	4,129
Appropriation Reserves		6,834,526
Reserve for Encumbrances		4,424,072
Accounts Payable		50,073
Other Liabilities and Special Funds		18,797
Total Liabilities		11,331,597
Reserve for Receivables		2,248,526
Fund Balance		19,543,659
Total Liabilities, Reserves and Fund Balance	$	33,123,782

See Independent Accountant's Compilation Report and selected notes.

COUNTY OF CUMBERLAND - CURRENT FUND
Statement of Operations and Changes
in Fund Balance -- Regulatory Basis
For the Year Ended December 31, 2017

Revenue Realized:	
Fund Balance Utilized	$ 5,400,000
Miscellaneous Revenues Anticipated:	
Operations	26,812,468
State and Federal Programs	60,701,146
Current Tax Collections	94,760,000
Non Budget Revenue and Other Income	7,201,620
Total Income	194,875,234
Expenditures and Encumbrances:	
Operations	98,591,307
Operations-State and Federal Programs, including match	68,521,271
Capital Improvements	
Debt Service	18,770,882
Other Expenditures	124,580
Total Expenditures and Encumbrances	186,008,040
Statutory Excess to Fund Balance	8,867,194
Fund Balance, January 1	16,076,465
	24,943,659
Decreased by:	
Utilized by Revenue	5,400,000
Fund Balance, December 31	$ 19,543,659

See Independent Accountant's Compilation Report and selected notes.

COUNTY OF CUMBERLAND - FEDERAL AND STATE GRANT FUND
Statement of Assets, Liabilities and Reserves--
Regulatory Basis
As of December 31, 2017

Assets	
Federal and State Grant Fund:	
Cash	$ 2,187,544
Federal and State Grants Receivable	35,035,231
	$ 37,222,775
Liabilities and Reserves	
Federal and State Grant Fund:	
Due to Current Fund	$ 2,232,808
Unappropriated Reserves	155,169
Appropriated Reserves	27,712,199
Reserve for Encumbrances	7,122,599
	$ 37,222,775

See Independent Accountant's Compilation Report and selected notes.

COUNTY OF CUMBERLAND - SOCIAL SERVICES GRANT FUND
Statement of Assets, Liabilities and Reserves--
Regulatory Basis
As of December 31, 2017

Assets	
Social Services Grant Fund:	
Cash	$ 7,928,119
	$ 7,928,119
Liabilities and Reserves	
Social Services Grant Fund:	
Due to State of New Jersey	$ 17,978
Appropriated Grant Reserves	2,641,164
Accounts Payable	228,418
Payable Liabilities	87,119
Advance Payable--Reach	55,000
Unemployment Trust Fund	461,813
Reserve for Clearing Fund	346,141
Reserve for Child Support and Paternity Fund	98,155
Restricted Reach Account	(198)
Restricted Fund Balance	3,992,529
	$ 7,928,119

See Independent Accountant's Compilation Report and selected notes.

COUNTY OF CUMBERLAND - TRUST FUND
Statement of Assets, Liabilities and Reserves--
Regulatory Basis
As of December 31, 2017

Assets

Trust Fund:	
Cash	$ 8,391,701
Due NJ DEP--Green Acres	300,000
	$ 8,691,701

Liabilities and Reserves

Trust Fund:	
Farmland and Open Space	$ 283,663
Due NJ Trust for Public Lands	300,000
Reserve for Payroll Payables	570,146
Trust Fund Reserves	6,012,302
Prosecutor's Law Enforcement Trust Fund Reserves	968,423
County Superintendent Audio Visual Aid Fund	21,275
Reserve for County Clerk	535,892
	$ 8,691,701

See Independent Accountant's Compilation Report and selected notes.

COUNTY OF CUMBERLAND - GENERAL CAPITAL FUND
Statement of Assets, Liabilities, Reserves and
Fund Balance -- Regulatory Basis
As of December 31, 2017

Assets	
Cash and Investments	$ 16,044,829
Deferred Charges to Future Taxation:	
Funded	121,664,244
Unfunded	20,217,295
Interfunds Receivable	4,129
	$ 157,930,497
Liabilities, Reserves and Fund Balance	
Reserve for Encumbrances	$ 3,888,941
Bond Anticipation Notes	17,600,000
General Serial Bonds	121,455,000
Green Acres Loan Payable	209,244
Improvement Authorizations:	
Funded	4,776,058
Unfunded	8,178,722
Capital Improvement Fund	200,622
Reserve for Payment of Bonds	1,621,910
	$ 157,930,497

See Independent Accountant's Compilation Report and selected notes.

Note 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Description of Financial Reporting Entity - 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.

Component Units - The financial statements of the component units of the County of Cumberland 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* ("*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 of Cumberland accounts for its financial transactions through the use of separate funds which are described as follows:

Current Fund - The Current Fund accounts for resources and expenditures for governmental operations of a general nature, including Federal and State grant funds.

Federal, State and Other Grant Fund - The Federal, State, and Other Grant Fund accounts for resources and expenditures restricted by various outside agencies.

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.

Budgets and Budgetary Accounting - The County of Cumberland must adopt an annual budget for its current 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 municipal budget no later than January 26 of 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 eighteen 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.

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

Budgets and Budgetary Accounting (Cont'd) - 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 municipal 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 municipal 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 of Cumberland 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.

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 municipalities, 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 Township 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.

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

General Fixed Assets (Cont'd) - 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 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 are 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 for the amount due the County for the year, based upon the ratables required to be certified to the County Board of Taxation by January 10 of the current year. In addition, operations for every municipality 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.

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 payments on outstanding general capital bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis.

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

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 fiscal 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.

FOR THE YEARS ENDED 2016, 2015, 2014, 2013 AND 2012

AUDITED FINANCIAL STATEMENTS

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, 2016 and 2015, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis, statement of expenditures - regulatory basis, and statement of general fixed asset group of accounts - regulatory basis for the year ended December 31, 2016, 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, 2016 and 2015, 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, 2016 and 2015, and the results of its operations and changes in fund balance - regulatory basis of such funds for the years then ended, and the revenues - regulatory basis and expenditures - regulatory basis of the various funds, and general fixed asset group of accounts - regulatory basis, for the year ended December 31, 2016, 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

As discussed in Note 23 to the financial statements, the County disbanded the Cumberland County Board of Social Services and created the Division of Social Services within the Department of Administration and Finance of the County effective January 1, 2016. Our opinion is 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 18, 2017

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

	As of December 31,				
	2016	**2015***	**2014***	**2013***	**2012***
Assets					
Regular Fund:					
Cash	$ 29,300,465	$ 28,111,174	$ 28,700,709	$ 27,641,334	$ 23,549,589
Shared Service Receivable					
East Point Lighthouse	503,325				
Receivables with Full Reserves:					
Commodity Billing Receivable--Gasoline	24,720	22,923			
Added and Omitted Taxes	389,664	262,138	367,192	306,612	388,508
Due Federal and State Grant Fund	2,097,105	1,780,880	1,780,880	859,485	7,031,580
Due General Capital Fund	5,075	16,061	28,359		
Revenue Accounts Receivable	134,319	20,407	117,292	134,505	71,855
Total Assets	$ 32,454,673	$ 30,213,582	$ 30,994,432	$ 28,941,936	$ 31,041,532
Liabilities, Reserves and Fund Balance					
Regular Fund:					
Liabilities					
Appropriation Reserves	$ 8,410,140	$ 5,959,789	$ 7,380,462	$ 6,270,203	$ 6,167,079
Reserve for Encumbrances	2,079,289	2,317,530	2,427,060	2,142,537	2,426,214
Accounts Payable	98,010	104,302	229,241	260,835	194,494
East Point Lighthouse	243,014				
Due to Trust Other Fund				118,838	
Other Liabilities and Special Funds	2,896,872	4,005,325	4,804,766	3,841,357	3,808,954
Total Liabilities	13,727,325	12,386,946	14,841,529	12,633,770	12,596,741
Reserve for Receivables	2,650,883	2,102,408	2,293,723	1,300,602	7,491,943
Fund Balance	16,076,465	15,724,228	13,859,180	15,007,564	10,952,848
Total Regular Fund	$ 32,454,673	$ 30,213,582	$ 30,994,432	$ 28,941,936	$ 31,041,532

* 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,				
	2016	2015	2014	2013	2012
Revenue Realized:					
Current Tax Collections	$ 92,715,000	$ 89,695,000	$ 86,997,488	$ 85,426,646	$ 82,938,491
Miscellaneous Revenues:					
State and Federal Programs	59,809,388	26,427,176	27,746,728	19,227,287	25,698,670
Other	27,811,405	29,760,563	27,100,756	25,403,778	42,231,527
Other Income	5,233,461	5,700,109	4,530,026	11,116,287	4,961,208
Fund Balance Utilized	5,000,000	4,800,000	4,400,000	7,000,000	7,500,762
Total Income	190,569,254	156,382,848	150,774,998	148,173,998	163,330,658
Expenditures and Encumbrances:					
Operating	147,125,707	112,089,577	99,249,673	96,749,719	99,202,537
Operating-State and Federal Programs	21,540,712	26,427,176	29,093,970	20,559,819	27,002,767
Prior Period Expense--Pension	147,393				
Capital Improvements	400,000	325,000	260,000	330,000	50,000
East Point Lighthouse Restoration	602,330				
Debt Service	15,090,030	10,855,908	8,792,954	8,852,323	8,096,349
Deferred Charges and Statutory Expenditures	3,809	9,515	10,650,781	10,273,015	9,938,827
Other Expenditures	307,036	10,624	976,004	354,406	9,106,347
Total Expenditures and Encumbrances	185,217,017	149,717,800	149,023,382	137,119,282	153,396,827
Excess in Revenue	5,352,237	6,665,048	1,751,616	11,054,716	9,933,831
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	5,352,237	6,665,048	3,251,616	11,054,716	9,933,831
Fund Balance, January 1	15,724,228	13,859,180	15,007,564	10,952,848	8,519,779
	21,076,465	20,524,228	18,259,180	22,007,564	18,453,610
Decreased by:					
Utilized by Revenue	5,000,000	4,800,000	4,400,000	7,000,000	7,500,762
Fund Balance, December 31	$ 16,076,465	$ 15,724,228	$ 13,859,180	$ 15,007,564	$ 10,952,848

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 and Reserves--
Regulatory Basis

	As of December 31,				
	2016	**2015***	**2014***	**2013***	**2012***
Assets					
Federal, State and Other Grant Fund:					
Cash	$ 2,166,694	$ 486,483	$ 1,560	$ 72,731	
Cash--Division of Social Services	6,481,414				
Federal and State Grants Receivable	24,633,383	28,240,938	24,832,663	25,176,600	$ 35,917,966
	$ 33,281,491	$ 28,727,421	$ 24,834,223	$ 25,249,331	$ 35,917,966
Liabilities and Reserves					
Federal, State and Other Grant Fund:					
Due to Current Fund	$ 2,097,105	$ 1,780,880	$ 1,780,880	$ 859,485	$ 7,031,580
Due to Trust Fund					167,769
Unappropriated Reserves	366,413	538,454	21,288	41,727	117,471
Appropriated Reserves	12,361,416	17,858,601	15,884,046	15,148,156	23,700,250
Reserve for Encumbrances	11,975,143	8,549,486	7,148,009	9,199,963	4,900,896
Division of Social Services:					
Due State of New Jersey--					
Temporary Assistance to Needy Families (TANF)	11,516				
Child Support	12,116				
Accounts Payable	757,577				
Payroll Liabilities	87,119				
Advance Payable--Reach	55,000				
Unemployment Trust Fund	468,083				
Appropriated Grant Reserves	1,677,063				
Reserve for Clearing Fund	262,560				
Reserve for Child Support and Paternity Fund	143,511				
Restricted Reach Account	(5,948)				
Restricted Fund Balance	3,012,817				
	$ 33,281,491	$ 28,727,421	$ 24,834,223	$ 25,249,331	$ 35,917,966

* 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,				
	2016	**2015**	**2014**	**2013**	**2012**
Assets					
Trust Fund:					
Cash	$ 6,465,356	$ 5,243,665	$ 5,875,222	$ 7,590,195	$ 9,048,203
Due from Federal and State Grant Fund					167,769
Due from Current Fund				118,838	
Accounts Receivable - Gasoline			72,177	38,220	16,159
	6,465,356	5,243,665	5,947,399	7,747,253	9,232,131
County Open Space Fund:					
Cash	544,345	610,266	823,966	647,493	1,222,005
Audio-Visual Aid Fund:					
Cash	21,275	57,974	90,533	81,781	75,990
	$ 7,030,976	$ 5,911,905	$ 6,861,898	$ 8,476,527	$ 10,530,126
Liabilities and Reserves					
Trust Fund:					
Encumbrances	$ 528,305	$ 405,475			
Reserve for Payroll Payables	23,687	23,460	$ 493,253	$ 482,116	$ 320,006
Reserve for Performance Guarantee Deposits				17,956	17,056
Trust Fund Reserves	4,537,241	3,417,830	4,778,508	6,579,368	7,593,469
County Clerk	594,718	664,402			
Reserve for County Prosecutor's Law Enforcement Trust Account	294,472	269,576	223,911	220,147	306,305
Reserve for County Prosecutor's Seized Asset Trust Account	438,641	409,139	391,090	396,929	945,160
Reserve for Motor Vehicle Theft	1,425	1,423			
Reserve for Federal Law Enforcement Trust Account	35,549	40,926	35,964	24,637	19,756
Reserve for County Prosecutor's Asset Maintenance Account	11,316	11,434	24,673	26,100	30,379
	6,465,356	5,243,665	5,947,399	7,747,253	9,232,131
County Open Space Fund:					
Reserve for Farmland Preservation	544,345	610,266	823,966	647,493	1,222,005
Audio-Visual Aid Fund:					
Reserve for Audio-Visual Aid Commission Expenditures	21,275	57,974	90,533	81,781	75,990
	$ 7,030,976	$ 5,911,905	$ 6,861,898	$ 8,476,527	$ 10,530,126

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,				
	2016	**2015**	**2014**	**2013**	**2012**
Assets					
Cash and Investments	$ 24,135,811	$ 59,990,712	$ 89,349,803	$ 23,115,611	$ 27,433,115
Deferred Charges to Future Taxation:					
Funded	130,115,117	137,241,102	78,003,234	64,668,552	70,702,090
Unfunded	14,262,500	9,127,128	3,812,834	10,823,831	3,431,069
Amount to be Provided by Capital Loan Agreement			63,890,000		
Federal and State Grants Receivable					39,030
	$ 168,513,428	$ 206,358,942	$ 235,055,871	$ 98,607,994	$ 101,605,304
Liabilities, Reserves and Fund Balance					
Reserve for Encumbrances	$6,534,518	$5,836,863	$7,694,074	$6,547,422	$7,205,722
Bond Anticipation Notes	11,520,000	5,520,000		9,280,000	3,333,000
General Serial Bonds	67,600,000	72,952,000	77,512,000	64,087,000	70,032,000
Green Acres Loan Payable	305,117	399,102	491,235	581,552	670,090
Improvement Authorizations:					
Funded	10,985,334	48,954,711	77,971,271	11,161,968	19,397,121
Unfunded	7,237,615	6,514,076	3,803,319	6,756,136	787,816
Due Current Fund	5,075	16,061	28,359		
Capital Improvement Fund	120,622	20,622	131,813	98,007	81,022
Shared Service Contract, Regional Prison Study		80,000			
Reserve for Payment of Bonds	1,995,147	2,175,507	1,248,076	43,001	15,014
Reserve for Capitalized Interest			2,285,724		
Reserve for Federal and State Grant Receivable					39,030
Obligations Under Capital Loan Agreement	62,210,000	63,890,000	63,890,000		
Fund Balance				52,908	44,489
	$ 168,513,428	$ 206,358,942	$ 235,055,871	$ 98,607,994	$ 101,605,304

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Financial Reporting Entity - 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.

Component Units - 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*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*. If the provisions of GASBS No. 14, as amended by GASBS No. 39 and GASBS No. 61, 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* ("*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 which are described as follows:

Current Fund - The current fund accounts for resources and expenditures for governmental operations of a general nature, including federal and state grant funds.

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 of 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 county. 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 county 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 the 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, state and other 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 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 for the amount due the County for the year, based upon the ratables certified to the County Board of Taxation. In addition, operations for every municipality 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.

Reclassifications – Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

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 county 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 county relative to the happening of a future condition. Such funds are classified as uninsured and uncollateralized.

As of December 31, 2016, the County’s bank balances of $71,012,287.41 were exposed to custodial credit risk as follows:

Insured by FDIC and GUDPA	$ 71,012,287.41

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
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
2013	9,264,006,672.00	0.0473	0.0100	0.9279
2012	9,301,778,441.00	0.0378	0.0100	0.9036

Comparison of Tax Levies and Collections

Year	Tax Levy	Collections	Percentage of Collections
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%
2013	85,426,646.00	85,426,646.00	100.00%
2012	82,938,491.00	82,938,491.00	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
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%
2013	15,007,563.61	4,400,000.00	29.32%
2012	10,952,847.55	7,000,000.00	63.91%

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, 2016:

Fund	Interfunds Receivable	Interfunds Payable
Current	$ 2,102,179.80	
Federal, State and Other Grant		$2,097,104.60
General Capital		5,075.20
	$ 2,102,179.80	$ 2,102,179.80

The interfund receivables and payables above predominately resulted from collections and payments made by certain funds on behalf of other funds. During the year 2017, 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 and required supplementary information. That report may be obtained by writing to:

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

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's 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's 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's 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's 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 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 and 43:3B. 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 1/55th 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 1/60th 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 before age 62 with 25 or more years of service credit 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, as defined, 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. Members contribute at a uniform rate. 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 7.06% in State fiscal year 2016. 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 (Chapter 366, P.L. 2001) increased from 8.5% of base salary to 10%. Employers' contribution amounts are based on an actuarially determined rate. The County's contribution amounts are based on an actuarially determined rate which included the normal cost and unfunded accrued liability.

As of January 1, 2016, the County disbanded the former Cumberland County Board of Social Services and created a Division of Social Services within the County operations. As a result, the County is also responsible for PERS contributions for the Division of Social Service employees. The County's contractually required contribution rate for the year ended December 31, 2016 was 13.74% 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: <u>PENSION PLANS (CONT'D)</u>

<u>General Information about the Pension Plans (Cont'd)</u>

Contributions (Cont'd)

Public Employees' Retirement System (Cont'd) - Based on the most recent PERS measurement date of June 30, 2016, the County's contractually required contribution to the pension plan for the year ended December 31, 2016 is $4,285,353.00, and is payable by April 1, 2017. 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, 2015, the County's contractually required contribution to the pension plan for the year ended December 31, 2015 was $4,026,320.00, which was paid on April 1, 2016. Employee contributions to the plan during the year ended December 31, 2016 were $2,288,272.25.

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 Chapter 78, P.L. 2011, the active member contribution rate increased from 8.5% to 10.0% in October 2011. 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, 2016 was 26.62% 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, 2016, the County's contractually required contribution to the pension plan for the year ended December 31, 2016 is $3,391,991.00, and is payable by April 1, 2017. 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, 2015, the County's contractually required contribution to the pension plan for the year ended December 31, 2015 was $3,192,768.00, which was paid on April 1, 2016. Employee contributions to the plan during the year ended December 31, 2016 were $1,291,576.79.

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, 2016 was 2.01% of the County covered payroll.

Note 6: <u>PENSION PLANS (CONT'D)</u>

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, 2016, the State's contractually required contribution, on-behalf of the County, to the pension plan for the year ended December 31, 2016 is $255,711.00, and is payable by April 1, 2017. Based on the PFRS measurement date of June 30, 2015, the State's contractually required contribution, on-behalf of the County, to the pension plan for the year ended December 31, 2015 was $298,667.00, which was paid on April 1, 2016.

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, 2016, employee contributions totaled $66,654.20, and the County's contributions were $30,797.40. 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, 2016, the County's proportionate share of the PERS net pension liability was $142,865,720.00. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. 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, 2016. 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, 2016 measurement date, the County's proportion was .4823752718%, which was an increase of .0140524223% from its proportion measured as of June 30, 2015.

At December 31, 2016, the County's proportionate share of the PERS pension expense, calculated by the plan as of the June 30, 2016 measurement date is $13,347,433.00. 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, 2016, the County's contribution to PERS was $4,026,320.00, and was paid on April 1, 2016.

Police and Firemen's Retirement System - At December 31, 2016, 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	$ 79,470,721.00
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the County	6,673,569.00
	$ 86,144,290.00

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, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. 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, 2016. 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, 2016 measurement date, the County's proportion was .4160213571%, which was an increase of .0232349039% from its proportion measured as of June 30, 2015. Likewise, at June 30, 2016, the State of New Jersey's proportion, on-behalf of the County, was .4160213571%, which was an increase of .0232349039% from its proportion, on-behalf of the County, measured as of June 30, 2015.

At December 31, 2016, the County's proportionate share of the PFRS pension expense, calculated by the plan as of the June 30, 2016 measurement date is $10,105,790.00. 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, 2016, the County's contribution to PFRS was $3,192,768.00, and was paid on April 1, 2016.

At December 31, 2016, the State's proportionate share of the PFRS pension expense, associated with the County, calculated by the plan as of the June 30, 2016 measurement date is $852,373.00. 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, 2016, 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	$ 2,656,869.00	$ -	$ 2,656,869.00	$ -	$ 520,943.00	$ 520,943.00
Changes of Assumptions	29,594,146.00	11,007,348.00	40,601,494.00	-	-	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	5,447,599.00	5,568,354.00	11,015,953.00	-	-	-
Changes in Proportion and Differences between County Contributions and Proportionate Share of Contributions	2,697,621.00	6,535,498.00	9,233,119.00	3,149,309.00	352,212.00	3,501,521.00
County Contributions Subsequent to the Measurement Date	2,142,677.00	1,695,996.00	3,838,673.00	-	-	-
	$ 42,538,912.00	$ 24,807,196.00	$ 67,346,108.00	$ 3,149,309.00	$ 873,155.00	$ 4,022,464.00

$2,142,677.00 and $1,695,996.00 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, 2017. These amounts were based on an estimated April 1, 2018 contractually required contribution, prorated from the pension plans measurement date of June 30, 2016 to the County's year end of December 31, 2016.

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
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	
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	-
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

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
2017	$ 8,195,241.00	$ 5,445,801.00	$ 13,641,042.00
2018	8,195,241.00	5,445,801.00	13,641,042.00
2019	9,540,795.00	6,780,868.00	16,321,663.00
2020	8,400,663.00	4,098,818.00	12,499,481.00
2021	2,914,986.00	466,757.00	3,381,743.00
	$ 37,246,926.00	$ 22,238,045.00	$ 59,484,971.00

Actuarial Assumptions

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. 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, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	PERS	PFRS
Inflation	3.08%	3.08%
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	7.65%	7.65%
Mortality Rate Table	RP-2000	RP-2000
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, pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. 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 plan actuary's modified MP-2014 projection scale. Post-retirement 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 and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. 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, pre-retirement mortality rates were based on the RP-2000 Pre-Retirement mortality tables projected thirteen years using Projection Scale BB and then projected on a generational basis using the plan actuary's modified 2014 projection scales. Post-retirement mortality rates for male service retirements and beneficiaries are based the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale AA and two years using the plan actuary's modified 2014 projection scales, which was further projected on a generational basis using the plan actuary's modified 2014 projection scales. Postretirement mortality rates for female service retirements and beneficiaries were based the RP-2000 Combined Healthy Mortality Tables projected thirteen years using Projection Scale BB and then two years using the plan actuary's modified 2014 projection scales, which was further projected on a generational basis using the plan actuary's modified 2014 projection scales. Disability mortality rates were based on special mortality tables used for the period after disability retirement.

For PERS and PFRS, in accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) 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's and PFRS's target asset allocation as of June 30, 2016 are summarized in the following table:

Note 6: PENSION PLANS (CONT'D)

Actuarial Assumptions (Cont'd)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad U.S. Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds / Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex U.S.	5.00%	-0.25%
REIT	5.25%	5.63%
	100.00%	

Discount Rate - The discount rate used to measure the total pension liability at June 30, 2016 was 3.98% for PERS and 5.55% 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 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, 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 30% 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 2034 for PERS and through 2050 for PFRS. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034 for PERS and through 2050 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, 2016, the plans measurement date, calculated using a discount rate of 3.98%, 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 (2.98%)	Current Discount Rate (3.98%)	1% Increase (4.98%)
County's Proportionate Share of the Net Pension Liability	$175,065,267.00	$142,865,720.00	$116,282,204.00

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, 2016, the plans measurement date, for the County and the State of New Jersey, calculated using a discount rate of 5.55%, 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 (4.55%)	Current Discount Rate (5.55%)	1% Increase (6.55%)
County's Proportionate Share of the Net Pension Liability	$102,471,668.00	$ 79,470,721.00	$ 60,714,833.00
State of New Jersey's Proportionate Share of Net Pension Liability associated with the County	8,605,077.89	6,673,569.00	5,098,539.68
	$111,076,745.89	$ 86,144,290.00	$ 65,813,372.68

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 www.nj.gov/treasury/pensions.

Note 6: PENSION PLANS (CONT'D)

Supplementary Pension Information

In accordance with GASB 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 Four Years)

	Measurement Date Ended June 30,			
	2016	2015	2014	2013
County's Proportion of the Net Pension Liability	0.4823752718%	0.4683228495%	0.4696572244%	0.4948775340%
County's Proportionate Share of the Net Pension Liability	$142,865,720.00	$105,129,095.00	$ 87,932,677.00	$ 94,580,929.00
County's Covered Payroll (Plan Measurement Period)	$ 32,826,692.00	$ 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 its Covered Payroll	435.21%	326.26%	271.12%	286.91%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	40.14%	47.93%	52.08%	48.72%

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

	Year Ended December 31,			
	2016	2015	2014	2013
County's Contractually Required Contribution	$ 4,285,353.00	$ 4,026,320.00	$ 3,871,786.00	$ 3,728,801.00
County's Contribution in Relation to the Contractually Required Contribution	(4,285,353.00)	(4,026,320.00)	(3,871,786.00)	(3,728,801.00)
County's Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
County's Covered Payroll (Calendar Year)	$31,191,762.00	$32,655,433.00	$32,256,793.00	$32,133,023.00
County's Contributions as a Percentage of its Covered Payroll	13.74%	12.33%	12.00%	11.60%

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 Four Years)

	Measurement Date Ended June 30,			
	2016	2015	2014	2013
County's Proportion of the Net Pension Liability	0.4160213571%	0.3927864532%	0.3606708197%	0.3494647436%
County's Proportionate Share of the Net Pension Liability	$79,470,721.00	$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	6,673,569.00	5,737,512.00	4,885,484.00	4,330,467.00
Total	$86,144,290.00	$71,162,044.00	$50,254,528.00	$50,788,652.00
County's Covered Payroll (Plan Measurement Period)	$13,208,504.00	$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 its Covered Payroll	601.66%	531.09%	402.56%	425.66%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.01%	56.31%	62.41%	58.70%

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

	Year Ended December 31,			
	2016	2015	2014	2013
County's Contractually Required Contribution	$ 3,391,991.00	$ 3,192,768.00	$ 2,770,201.00	$ 2,549,617.00
County's Contribution in Relation to the Contractually Required Contribution	(3,391,991.00)	(3,192,768.00)	(2,770,201.00)	(2,549,617.00)
County's Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
County's Covered Payroll (Calendar Year)	$12,742,588.00	$13,311,422.00	$12,329,444.00	$11,466,250.00
County's Contributions as a Percentage of its Covered Payroll	26.62%	23.99%	22.47%	22.24%

Other Notes to Supplementary Pension Information

Public Employees' Retirement System (PERS)

Changes in Benefit Terms - None

Changes in Assumptions - For 2016, the discount rate changed to 3.98%, the long-term expected rate of return changed to 7.65%, 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

Note 6: PENSION PLANS (CONT'D)

Other Notes to Supplementary Pension Information (Cont'd)

Public Employees' Retirement System (PERS) (Cont'd)

Changes in Assumptions (Cont'd) - 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 discount rate changed to 4.90%. In addition, the social security wage base was set at $118,500 for 2015, increasing 4.00% per annum, compounded annually and the 401(a)(17) pay limit was set at $265,000 for 2015, increasing 3.00% per annum, compounded annually. For 2014, the discount rate was 5.39%.

Police and Firemen's Retirement System (PFRS)

Changes in Benefit Terms - None

Changes in Assumptions - For 2016, the discount rate changed to 5.55%, the long-term expected rate of return changed to 7.65%, and 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, the discount rate changed to 5.79% and demographic assumptions were revised in accordance with the results of the July 1, 2010 - June 30, 2013 experience study. For 2014, the discount rate was 6.32%.

Note 7: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

As disclosed in Note 1, the County prepares its financial statements on a regulatory basis of accounting as prescribed by the Division of Local Government Services. Under this regulatory basis of accounting, the County is required to disclose the impact of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions.* The regulatory basis of accounting does not permit the inclusion of any liability associated with GASB Statement No. 45 in the County's financial statements.

Plan Description - The County's defined benefit postemployment healthcare plan, the Cumberland County Postemployment Benefits Plan (the "County Plan"), allows retiring employees, and their eligible dependents, who are at least 55 years of age with 25 or more 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, with Cumberland County under the NJ State Pension Program, and employees retiring on accidental disability pension, to receive health and prescription benefits. Eligible retirees contribute 20% of the premium.

The County Plan also allows employees retiring into a state recognized pension plan with at least 10 years of service credit with Cumberland County, or employees retiring on ordinary disability to purchase health and prescription benefits by paying the full premium. Firefighters who retire with at least 25 years of service are eligible under the 20% (rather than 100%) Co-Pay Plan, regardless of age. The County Plan was amended to include employees and retirees from the Division of Social Services (DoSS) as eligible for postemployment medical, dental and prescription drug coverage under this plan effective January 1, 2016. However, future DoSS retirees are not eligible for dental coverage. This change increased the unfunded actuarial accrued liability by $80,259,008. Upon the eligible retiree's enrollment in Medicare, the County plan benefits become secondary.

The County Plan is a single-employer postemployment healthcare plan administered by the County. The benefit provisions of the plan may be established or amended by the respective employer entity; for the County Plan that authority rests with the Board of Chosen Freeholders. The plan does not issue a separate financial report.

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

Funding Policy - The contribution requirement of the County is established by policy of the Board of Chosen Freeholders and reflected in the various union contracts. The Board may amend its policy, subject to contract inclusion, as deemed necessary. The required contribution is based on projected pay-as-you-go financing requirements. For the years 2016, 2015 and 2014, the County contributed $3,040,539.00, $1,739,736.81, and $1,768,222.38, respectively to the County plan for current premiums. Various factors, as stipulated in employee contracts, dictate whether plan members are required to make contributions to the plan. For the years 2016, 2015 and 2014, employee contributions to the plan were $796,663.53, $478,336.74, and $448,205.97, respectively.

Annual OPEB Cost - For year ended December 31, 2016, the County's annual OPEB cost (expense) of $16,037,156.00 for the plan was equal to the ARC plus certain adjustments because the County's actual contributions in prior years differed from the ARC. The County's annual required contribution (ARC), the interest on the net OPEB obligation, the adjustment to the ARC, the increase or decrease in the net OPEB obligation, the net OPEB obligation, and the percentage of annual OPEB cost contributed to the plan for years 2016, 2015, and 2014 are as follows:

	2016	2015	2014
Annual Required Contribution (ARC)	$ 20,104,732.00	$ 15,931,359.00	$ 15,931,359.00
Interest on the Net OPEB Obligation	1,890,259.00	2,306,687.00	1,951,853.00
Adjustment to the ARC	(5,957,835.00)	(5,528,730.00)	(4,678,254.00)
Annual OPEB Cost	16,037,156.00	12,709,316.00	13,204,958.00
Pay-as-You Go Cost (Existing Retirees)	(5,377,389.00)	(3,004,291.00)	(3,066,847.00)
Increase (Decrease) in the Net OPEB Obligation	10,659,767.00	9,705,025.00	10,138,111.00
Net OPEB Obligation, January 1	75,610,360.00	65,905,335.00	55,767,224.00
Net OPEB Obligation, December 31	$ 86,270,127.00	$ 75,610,360.00	$ 65,905,335.00
Percentage of Annual OPEB Cost Contributed	33.5%	23.6%	23.2%

Funded Status and Funding Progress - The funded status of the plan as of the three past actuarial valuation dates is as follows:

	2016	2014	2012
Actuarial Accrued Liability (AAL)	$ 292,199,257.00	$ 216,406,584.00	$ 154,530,727.00
Actuarial Value of Plan Assets	-	-	-
Unfunded Actuarial Accrued Liability (UAAL)	$ 292,199,257.00	$ 216,406,584.00	$ 154,530,727.00
Funded Ratio (Actuarial Value of Plan Assets / AAL)	0.0%	0.0%	0.0%
Covered Payroll (Active Plan Members)	$ 39,080,000.00	$ 39,216,000.00	$ 38,664,000.00
UAAL as a Percentage of Covered Payroll	747.7%	551.8%	399.7%

Note 7: <u>POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)</u>

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, as shown on the previous page, presents multiyear trend information that shows whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

<u>Actuarial Methods and Assumptions</u> - The projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2016 actuarial valuation, the projected unit credit actuarial cost method was used. Under this method, an actuarial accrued liability is determined as the actuarial present value of the portion of projected benefits which is allocated to service before the current plan year. In addition, a normal cost is determined as the actuarial present value of the portion of projected benefits which is allocated to service in the current plan year for each active participant under the assumed retirement age. The UAAL is being amortized (straight-line) for thirty (30) years on an open basis. The actuarial assumptions included the following:

- *Mortality*.
  - Pre-retirement – RP-2014 Employee Mortality Table with a one-year age setback
  - Post-retirement – RP-2014 Healthy Annuitant Mortality Table with a one-year age setback
  - Disabled lives – RP-2014 Disabled Retiree Mortality Table
- *Turnover*. NJ State Pensions Ultimate Withdrawal Rates - prior to benefits eligibility.
- *Assumed Retirement Age.* at first eligibility after completing 25 years of service.
- *Full Attribution Period.* service to assumed retirement age.
- *Annual Discount Rate*. Future costs have been discounted at the rate of 3.0% compounded annually for GASB 45 purposes.
- *Rates of Retirement, Rates of Withdrawal, and Rates of Disability*. The same table used to value the Public Employees' Retirement System of New Jersey - Local liability.
- *Medical and Prescription Drug Trend*. 10% in 2017, reducing by 1% per annum, leveling at 5% per annum in 2022 and later years.
- *Medical Cost Aging Factor*. NJSHBP Medical Morbidity Rates
- *Retiree Contributions*. 20% of the annual premium coverage is required from eligible retirees.

Note 8: <u>COMPENSATED ABSENCES</u>

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. 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 and $17,500 which is based on a range of 15 to 25+ years employed by the County.

Note 8: COMPENSATED ABSENCES (CONT'D)

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, 2016, accrued benefits for compensated absences are valued at $3,166,708.17. 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, 2016 the balance of fund was $1,252,831.58.

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, 2016, the County had lease agreements in effect for the following:

Capital:
None

Operating:
Land and Building (6 sites)
Copiers (approximately 76 units)

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

Year	Amount
2017	$ 1,462,097.55
2018	1,479,082.26
2019	1,497,058.50
2020	1,384,299.80
2021	1,384,908.72
2022-2026	5,180,761.41
2027-2031	2,429,307.36
2032-2036	2,101,966.08

Rental payments under operating leases for the year 2016 were $1,423,449.15.

Note 11: **CAPITAL DEBT**

General Improvement Bonds

County College Bonds, Series 2002 - On August 1, 2002, the County issued $6,300,000.00 of County College Bonds, with interest rates ranging from 3.25% to 4.20%. The Bonds were issued to permanently finance various capital improvements in and for the County and the County College. The final maturity of the bonds is August 1, 2017.

County College Bonds, Series 2006 - On August 31, 2006, the County issued $9,000,000.00 of County College Bonds, with interest rates ranging from 3.875% to 4.125%. The Bonds were issued to permanently finance various capital improvement ordinances, specifically 2002-1, 2003-2, 2004-1, and 2006-2, by the repayment of the principal of certain bond anticipation notes heretofore issued by the County. The final maturity of the bonds was August 15, 2016.

General Improvement Bonds, Series 2006 - On August 31, 2006, the County issued $19,500,000.00 of General Improvement Bonds, with interest rates ranging from 3.875% to 4.125%. The Bonds were issued to permanently finance various capital improvement ordinances, specifically 2002-1, 2003-2, 2004-1, and 2006-2, by the repayment of the principal of certain bond anticipation notes heretofore issued by the County. The final maturity of the bonds was August 15, 2016.

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 is 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 Refunding Bonds, Series 2012 - On September 21, 2012, the County issued $2,465,000.00 of General Obligation Refunding Bonds, with interest rates ranging from 2.00% to 4.00%. The Bonds were issued to refund all of the County's $2,500,000.00 General Improvement Bonds, Series 2002 maturing on August 1 in the years 2013 through and including 2017. The final maturity of the bonds is August 1, 2017.

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.

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.

Note 11: CAPITAL DEBT (CONT'D)

General Improvement Bonds (Cont'd)

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.

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

Year	Principal	Interest	Total
2017	$ 9,210,000.00	$ 2,429,826.52	$ 11,639,826.52
2018	8,635,000.00	2,052,156.76	10,687,156.76
2019	7,535,000.00	1,737,255.76	9,272,255.76
2020	7,660,000.00	1,463,118.76	9,123,118.76
2021	7,935,000.00	1,182,843.76	9,117,843.76
2022-2026	23,715,000.00	2,344,562.52	26,059,562.52
2027-2031	2,910,000.00	176,562.50	3,086,562.50
	$ 67,600,000.00	$ 11,386,326.58	$ 78,986,326.58

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
2017	$ 1,745,000.00	$ 2,700,156.26	$ 4,445,156.26
2018	1,795,000.00	2,647,806.26	4,442,806.26
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
2022-2026	11,610,000.00	10,610,781.30	22,220,781.30
2027-2031	14,630,000.00	7,585,381.30	22,215,381.30
2032-2036	16,605,000.00	4,780,406.26	21,385,406.26
2037-2039	10,050,000.00	1,005,000.00	11,055,000.00
	$ 62,210,000.00	$ 36,886,400.16	$ 99,096,400.16

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
2017	$ 95,873.59	$ 5,625.38	$ 101,498.97
2018	97,800.65	3,698.29	101,498.94
2019	70,033.09	1,732.51	71,765.60
2020	41,410.06	622.18	42,032.24
	$ 305,117.39	$ 11,678.36	$ 316,795.75

Note 11: CAPITAL DEBT (CONT'D)

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

	2016	2015	2014
Issued			
General:			
Bonds, Loans and Notes	$ 79,425,117.39	$ 78,871,101.89	$ 78,003,234.53
Authorized by Another Public Body Guaranteed by the County -- Capital Loan Agreement	62,210,000.00	63,890,000.00	63,890,000.00
Bonds Issued by Another Public Body Guaranteed by the County -- Bonds and Notes	33,145,000.00	35,145,000.00	37,070,000.00
Total Issued	174,780,117.39	177,906,101.89	178,963,234.53
Authorized but not Issued			
General:			
Bonds, Loans and Notes	2,742,500.00	3,607,127.58	14,812,833.58
Total Issued and Authorized but not Issued	177,522,617.39	181,513,229.47	193,776,068.11
Deductions			
General:			
Bonds Issued by Another Public Body Public Body Guaranteed by the County	33,145,000.00	35,145,000.00	37,070,000.00
Funds Temporarily Held to Pay Bonds	754,470.14	885,862.14	2,265,381.64
Bonds Issued and Bonds Authorized but not Issued for Capital Projects for County Colleges	14,074,000.00	14,501,500.00	14,379,500.00
Accounts Receivable from Other Public Authorities	36,747,384.79	44,399,716.60	44,399,716.60
Est Proceeds to be Used to Pay Bonds and Notes			10,400,000.00
Total Deductions	84,720,854.93	94,932,078.74	108,514,598.24
Net Debt	$ 92,801,762.46	$ 86,581,150.73	$ 85,261,469.87

Note 11: CAPITAL DEBT (CONT'D)

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 1.07%.

	Gross Debt	Deductions	Net Debt
General	$ 177,522,617.39	$ 84,720,854.93	$ 92,801,762.46

Net debt $92,801,762.46 divided by the equalized valuation basis per N.J.S.A.40A:2-2, as amended, $8,670,950,094.33, equals 1.07%.

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

2% of Equalized Valuation Basis	$ 173,419,001.89
Less: Net Debt	92,801,762.46
Remaining Borrowing Power	$ 80,617,239.43

Note 12: CAPITAL DEBT REFUNDING

On July 13, 2016, the County issued $7,400,000.00 in Refunding Bonds, consisting of $6,462,000.00 General Improvement Refunding Bonds, $469,000.00 County College Refunding Bonds and $469,000.00 State Aid County College Refunding Bonds with interest rates between 2.00% - 5.00% to advance refund $7,467,000.00 of outstanding 2009 General Improvement Bonds, $473,500.00 of outstanding 2009 County College Bonds, and $473,500.00 of outstanding 2009 State Aid County College Bonds with interest rates between 3.50% - 4.00%. The net proceeds of $8,498,445.15 (after payment of issuance costs) were used to purchase U.S. Treasury Certificates and Notes. These securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2009 series bonds. As a result of the advance refunding, the County will reduce its total debt service payments over the next eight years by $391,014.44, which results in an economic gain (difference between the present values of the debt service payments of the old and new debt) of $363,937.50, or 4.8876% of the amount being refunded. The advance refunding meets the requirements of an in-substance defeasance and the liability for the refunded bonds was removed from the County's financial statements.

Note 13: DEFEASED DEBT

In 2016 and 2015, 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, 2016, the total amount of defeased debt outstanding, but removed from the County's financial statements, is $18,067,000.00

Note 14: 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.

Note 14: ARBITRAGE REBATE (CONT'D)

The County has multiple bonds outstanding as of December 31, 2016 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, 2016, 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, 2016.

Note 15: CHANGE ORDERS

During the year 2016, 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
2016-51	Providing Various Social Services for the Homeless and the Social Services Block Grant Homeless Assistance Program
2016-105	Architect/Engineering Design Services for Communications Tower Build Design Specifications
2016-339	Community Support Services for the 2016-2018 Area Plan
2016-342	Community Support Services for the 2016-2018 Area Plan
2016-344	Community Support Services for the 2016-2018 Area Plan
2016-346	Community Support Services for the 2016-2018 Area Plan
2016-560	Providing Various Services for the Cumberland County Youth Services Advisory Council
2016-619	Provide an Employee Benefit Program 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. 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 16: 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.

Note 16: RISK MANAGEMENT (CONT'D)

Joint Insurance Pool (Cont'd) - 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, 2016, which can be obtained from:

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

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, 2016, the balance estimated to be payable for the workers' compensation insurance was $548,301.30, 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 $95,000.00, 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, 2016. 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 2016 or future budgets. At December 31, 2016, the balances of the reserves are as follows:

Insurance Plan	Amount
Reserve for Workers' Compensation Insurance--Trust Fund	$344,180.10
Reserve for General Liability Insurance--Trust Fund	155,467.44
Reserve for Automobile and Contractors Equipment Physical Damage Insurance -- Trust Fund	395,267.89

Note 17: 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.

CCIA
Outstanding Debt Issued
Under a Lease/Loan Agreement with the County
Or Guaranteed by the County
As of December 31, 2016

	Purpose	Interest Rate	Date of Issue	Final Maturity	Amount Outstanding	Amount Guaranteed by County
(1)	County Guaranteed Solid Waste System Revenue Bonds, Series 2006	4.00-5.25%	8-3-06	1-1-26	$1,270,000.00	$1,270,000.00
(2)	County Guaranteed Lease Revenue Bonds, Series 2014	2.00-5.00%	5-29-14	5-1-39	$17,280,000.00	$17,280,000.00
(3)	County Guaranteed Revenue Bonds, Series 2014	2.00-5.00%	10-30-14	9-1-39	$62,210,000.00	$62,210,000.00
(4)	County Guaranteed Solid Waste System Revenue Refunding Bonds, Series 2015A	3.00-5.00%	6-4-15	1-1-26	$14,595,000.00	$14,595,000.00

Note 17: COUNTY GUARANTEES (CONT'D)

(1) 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.

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 (4) below regarding the 2015 agreement.

(2) 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.

Note 17: COUNTY GUARANTEES (CONT'D)

(2) 2014 Agreement (Cont'd)

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."

(3) 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.

(4) 2015 Agreement

On June 25, 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."

Note 17: <u>COUNTY GUARANTEES (CONT'D)</u>

<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 18: <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, 2016, the Reserve for Farmland Preservation had a balance of $544,345.13.

Note 19: <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 20: <u>CONCENTRATIONS</u>

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 21: TAX ABATEMENT

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 2016 Equalization Tables for Cumberland County indicated 7 of 14 municipalities abated property taxes under this program. The total assessed value for properties participating in this program was $76,427,800.00 and the total assessed value abated was $43,848,020.00.

Note 22: SUBSEQUENT EVENTS

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

Purpose	Adoption	Authorization
Various Capital Improvements	04/18/17	$ 6,080,000.00
Acquisition and Installation of Building Access, Surveillance and Security Systems for Various Buildings at the Cumberland County College	05/23/17	1,500,000.00

Note 23: CHANGE IN REPORTING ENTITY

By resolution dated November 24, 2015, the Board of Chosen Freeholders voted to disband the Cumberland County Board of Social Services, formerly an autonomous agency and a component unit of the County. By resolution dated December 22, 2015, the Board of Chosen Freeholders voted to create the Division of Social Services within the Department of Administration and Finance, effective January 1, 2016, to continue delivering human services to the residents of Cumberland County in an effective and efficient manner. All of the duties and employees of the former Board have been consolidated and merged into the County. Consequently, the beginning balances and financial transactions for the Division of Social Services are reported in the Federal, State and Other Grant Fund beginning January 1, 2016. As a result of these transactions, the following accounts in the grant fund have been adjusted as of January 1, 2016:

FEDERAL, STATE AND OTHER GRANT FUND
Statement of Assets, Liabilities, and Reserves - Regulatory Basis
As of January 1, 2016

	Previously Reported	Adjustment	Restated
Assets			
Cash	$ 486,483.26		$ 486,483.26
Cash - Division of Social Services		$ 4,017,504.68	4,017,504.68
Grants Billings Receivable	102,264.58		102,264.58
Grant Awards Receivable	28,138,672.80		28,138,672.80
Total Assets	$ 28,727,420.64	$ 4,017,504.68	$ 32,744,925.32
Liabilities and Reserves			
Due Current Fund	$ 1,780,879.77		$ 1,780,879.77
Unappropriated Reserves	538,453.66		538,453.66
Appropriated Reserves			
Other Grant Program	17,858,600.73		17,858,600.73
Encumbrances	8,549,486.48		8,549,486.48
Division of Social Services:			
Due State of New Jersey -			
Temporary Assistance to Needy Families (TANF)		$ 15,715.47	15,715.47
Child Support		15,284.16	15,284.16
Accounts Payable		24,628.35	24,628.35
Payroll Liabilities		187,154.85	187,154.85
Advance Payable - Reach		55,000.00	55,000.00
Unemployment Trust Fund		498,560.17	498,560.17
Appropriated Grant Reserves		1,014,571.08	1,014,571.08
Reserve for Clearing Fund		120,923.40	120,923.40
Reserve for Child Support and Paternity Fund		154,694.01	154,694.01
Restricted Reach Account		(7,929.00)	(7,929.00)
Restricted Fund Balance		1,938,902.19	1,938,902.19
Total Liabilities and Reserve	$ 28,727,420.64	$ 4,017,504.68	$ 32,744,925.32

APPENDIX C

FORM OF BOND COUNSEL OPINION FOR GI BONDS

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

___________, 2018

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 (the “County”), New Jersey (the “State”) in connection with the issuance by the County of the $17,600,000* General Improvement Bonds (the “Bonds”). In order to render the opinions herein, we have examined laws, documents and records of proceedings, or copies thereof, certified or otherwise identified to us, as we have deemed necessary.

The Bonds are issued pursuant to the Local Bond Law of the State of New Jersey, a resolution of the Township duly adopted February 20, 2018 pursuant to N.J.S.A. 40A:2-26(f), in all respects duly approved, and the various bond ordinances referred to therein, each in all respects duly approved and published as required by law.

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 Bonds are valid and legally binding general obligations of the County, and the County has the power and is obligated to levy *ad valorem* taxes upon all the taxable real property within the County for the payment of the Bonds and the interest thereon 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 Bonds in order to preserve the tax-exempt status of the Bonds 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 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. 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 Bonds is excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code. Interest on the Bonds is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax ("AMT"); however, during tax years beginning before January 1, 2018, interest on the Bonds held by a corporation (other than an S corporation, regulated investment company or real estate investment trust) may be indirectly subject to federal AMT because of its inclusion in the adjusted current earnings of a corporate holder. We express no opinion regarding other federal tax consequences arising with respect to the Bonds. Further, in our opinion, based upon existing law, interest on the Bonds 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.

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Very truly yours,

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* Preliminary, subject to change.

McManimon, Scotland & Baumann, LLC
Newark - Roseland - Trenton

APPENDIX D

FORM OF BOND COUNSEL OPINION FOR COUNTY COLLEGE BONDS

___________, 2018

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 (the "County"), New Jersey (the "State") in connection with the issuance by the County of the $1,500,000* General Obligation Bonds (County College Bonds) (County College Bond Act, P.L. 1971, c.12, as amended) (the "Bonds"). In order to render the opinions herein, we have examined laws, documents and records of proceedings, or copies thereof, certified or otherwise identified to us, as we have deemed necessary.

The Bonds are issued pursuant to the Local Bond Law, Title 18A, Education of the New Jersey Statutes and Bond Ordinance #2017-3 of the County, finally adopted May 23, 2017.

Fifty percent of the Bonds are entitled to the benefits of the New Jersey County College Bond Act, P.L. 1971, c.12 (the "Act") pursuant to which the State is required to annually appropriate in its budget and pay on behalf of the County an amount equal to the amount of principal and interest due on fifty percent of the Bonds directly to the Securities Depository. This portion of the Bonds is not a debt of the State and payment by the State pursuant to the Act is dependent on appropriations to be provided in accordance with the Act. Such Bonds are otherwise general obligations of the County.

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 Bonds are valid and legally binding general obligations of the County, and the County has the power and is obligated to levy *ad valorem* taxes upon all the taxable real property within the County for the payment of the Bonds and the interest thereon 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 Bonds in order to preserve the tax-exempt status of the Bonds 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 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. 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 Bonds is excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code. Interest on the Bonds is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax ("AMT"); however, during tax years beginning before January 1, 2018, interest on the Bonds held by a corporation (other than an S corporation, regulated investment company or real estate investment trust) may be indirectly subject to federal AMT because of its inclusion in the adjusted current earnings of a corporate holder. We express no opinion regarding other federal tax consequences arising with respect to the Bonds. Further, in our opinion, based upon existing law, interest on the Bonds 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.

*Preliminary, subject to change.

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.

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Very truly yours,