

COUNTY OF CUMBERLAND, NEW JERSEY

**NOTICE OF SALE FOR
A \$17,600,000 BOND ANTICIPATION NOTE**

Pursuant to the Preliminary Official Statement dated May 8, 2017, proposals for the purchase of a \$17,600,000 Bond Anticipation Note (the "Note") of the County of Cumberland, New Jersey (the "County") will be received on **Tuesday, May 16, 2017 (the "Bid Date") until 11:30 a.m.** by:

- (i) Telecopy or e-mail (with the completed bid form scanned and attached) to Anthony Inverso, Phoenix Advisors, LLC, Bordentown, New Jersey, Municipal Advisor to the County, FAX NO. (609) 291-9940, e-mail address: ainverso@muniadvisors.com; or
- (ii) Electronic submission (via Parity) in the manner described below under the heading "Procedures Regarding Electronic Bidding".

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

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

SPECIFICATIONS OF THE NOTE

Principal Amount	\$17,600,000
Dated	May 24, 2017
Maturity Date	March 15, 2018
Interest Rate Per Annum	Specified by successful bidder
Tax Matters	Federal and State Tax-Exempt
Bank Qualified	Not Bank Qualified
Legal Opinion	McManimon, Scotland & Baumann, LLC, Roseland, NJ
Paying Agent	The County will act as paying agent

Closing	
a. date	May 24, 2017
b. location	McManimon, Scotland & Baumann, LLC, 75 Livingston Avenue, 2 nd Floor, Roseland, New Jersey or at such other place as agreed to by the Treasurer/Chief Financial Officer
Denominations	Any integral multiple of \$5,000 specified by successful bidder
Payment	Immediately available funds received prior to 11:30 a.m. on the date of closing

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

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

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

Procedure Regarding Electronic Bidding:

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

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

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

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

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

5. Each bidder shall be solely responsible to make necessary arrangements to access PARITY® for purposes of submitting its bid in a timely matter and in compliance with the requirements of this Notice of Sale. Neither the County, the financial management, nor PARITY® shall have any duty or obligation to provide or assure access to any bidder, and neither the County, the financial management nor PARITY® shall be responsible for the proper operation of, or have any liability for any delays or interruptions of, or any damages caused by, PARITY®. The County is using PARITY® as a communication mechanism, and not as the County's agent, to conduct the electronic bidding for the Note. By using PARITY®, each bidder agrees to hold the County harmless for any harm or damages caused by such bidder in connection with its use of PARITY® for bidding on the Note.

CUSIP:

It shall be the responsibility of the Purchaser to have a CUSIP identification number, if required, issued for the Note. The request for the assignment of the CUSIP identification number and the CUSIP Service Bureau charge therefor shall be the responsibility of and shall be paid for by the Purchaser. The CUSIP number must be communicated to McManimon, Scotland & Baumann, LLC, Bond Counsel to the County, within 24 hours of the award of the Note in order to have the CUSIP number printed on the Note.

Preliminary Official Statement:

A Preliminary Official Statement has been prepared in connection with the Note by the County and is "deemed final" in accordance with Rule 15c2-12 of the Securities and Exchange Commission. The winning bidder shall be responsible for providing a reoffering yield within 24 hours of award, which yield will appear on the front cover of the Preliminary Official Statement.

Gerry C. Seneski, Treasurer/Chief Financial Officer
Dated: May 8, 2017

COUNTY OF CUMBERLAND, NEW JERSEY

NOTICE OF SALE FOR
A \$17,600,000 BOND ANTICIPATION NOTE

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

DATE: May 16, 2017

PROPOSAL

<u>Amount of Note</u>	<u>Price</u>	<u>Rate of Interest</u>
\$17,600,000	\$ _____	_____ % per annum
Name of Bidder: _____	Authorized Signature: _____	
Phone Number _____	Print Name: _____	

PLEASE COMPLETE THE FOLLOWING:

Interest Payable on Note	\$ _____
Less: Premium (if any)	\$ _____
Net Interest Payable	\$ _____
Net Interest Cost %	_____ %
Purchased and Reoffered for Sale	_____ yes _____ no
Direct Purchase, Not Reoffered	_____ yes _____ no

THIS PORTION OF THE PROPOSAL IS NOT PART OF THE BID

PRELIMINARY OFFICIAL STATEMENT DATED MAY 8, 2017, AND REVISED ON MAY 9, 2017 AS TO SALE DATE AND DELIVERY DATE FOR THE BONDS ONLY

In the opinion of McManimon, Scotland & Baumann, LLC, Bond Counsel to the County (as defined herein), pursuant to Section 103(a) of the Internal Revenue Code of 1986, as amended (the "Code"), interest on the Bonds (as defined herein) and the Note (as defined herein) is not included in gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the alternative minimum tax imposed on individuals and corporations. It is also the opinion of Bond Counsel that interest on the Obligations (as defined herein) held by corporate taxpayers is included in "adjusted current earnings" in calculating alternative minimum taxable income for purposes of the federal alternative minimum tax imposed on corporations. In addition, in the opinion of Bond Counsel, interest on and any gain from the sale of the Bonds or the Note are not includable as gross income under the New Jersey Gross Income Tax Act. Bond Counsel's opinions described herein are given in reliance on representations, certifications of fact and statements of reasonable expectation made by the County in its Tax Certificate (as defined herein), assume continuing compliance by the County with certain covenants set forth in its Tax Certificate, and are based on existing statutes, regulations, administrative pronouncements and judicial decisions. See "TAX MATTERS" herein.

**COUNTY OF CUMBERLAND
NEW JERSEY
\$2,600,000* GENERAL OBLIGATION BONDS
(COUNTY COLLEGE BONDS), SERIES 2017
(COUNTY COLLEGE BOND ACT, P.L. 1971, c12, AS
AMENDED)
(BOOK-ENTRY-ONLY)/ (NON-CALLABLE)/
(NOT BANK QUALIFIED)**

**COUNTY OF CUMBERLAND
NEW JERSEY
\$17,600,000 BOND ANTICIPATION NOTE
(BOOK-ENTRY-ONLY)/ (NON-CALLABLE)/
(NOT BANK QUALIFIED)**

Dated: Date of Delivery

**Bonds Due: May 15, as shown on inside front cover
Notes Due: March 15, 2018**

The \$2,600,000* General Obligation Bonds (County College Bonds), Series 2017 (County College Bond Act P.L. 1971, c12, As Amended) (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 the Bonds maturing in each year. The \$17,600,000 Bond Anticipation Note (the "Note" and, together with the Bonds, the "Obligations") of the County will be issued in the form of one certificate for the aggregate principal amount of the Note. Upon issuance of the Obligations, 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 Note will be credited to the participants of DTC as listed on its records as of the close of business on March 15, 2018. See "THE OBLIGATIONS – Book-Entry-Only System" herein.

Interest on the Bonds will be payable semiannually on the fifteenth day of May and November in each year until maturity, commencing May 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 May 1st and November 1st (the "Record Dates" for the payment of interest on the Bonds). The principal of and interest on the Note will be paid on the maturity date to the Securities Depository by the County,

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

The Obligations are valid and legally binding obligations 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 Obligations 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 Obligations 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 Obligations. The Note is expected to be available for delivery in definitive form to the Securities Depository in New York, New York, on or about May 24, 2017. The Bonds are expected to be available for delivery in definitive form to the Securities Depository in New York, New York, on or about June 1, 2017.

**BID PROPOSALS FOR THE BONDS WILL ONLY BE ACCEPTED BY ELECTRONIC SUBMISSION
VIA THE PARITY WEBSITE AT www.newissuehome.i-deal.com
ON MAY 18, 2017 UNTIL 11:00 A.M.**

**A NOTICE OF SALE WILL BE DISTRIBUTED SEPARATELY FOR THE NOTE
AND PROPOSALS WILL BE ACCEPTED BY ELECTRONIC SUBMISSION
VIA THE PARITY WEBSITE AT www.newissuehome.i-deal.com OR BY FAX NO. 609-291-9940 OR
e-mail address: ainverso@muniadvisors.com
ON MAY 16, 2017 UNTIL 11:30 A.M.**

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

**COUNTY OF CUMBERLAND
NEW JERSEY**

**\$2,600,000* GENERAL OBLIGATION BONDS
(COUNTY COLLEGE BONDS), SERIES 2017
(COUNTY COLLEGE BOND ACT, P.L. 1971, c12, AS AMENDED)**

**MATURITIES, AMOUNTS,
INTEREST RATES, YIELDS AND CUSIP NUMBERS**

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP Number **</u>
2018	\$200,000	%	%	
2019	200,000			
2020	200,000			
2021	200,000			
2022	250,000			
2023	250,000			
2024	300,000			
2025	300,000			
2026	300,000			
2027	400,000			

**\$17,600,000
BOND ANTICIPATION NOTE, SERIES 2017**

<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP Number **</u>	<u>Maturity Date</u>
\$17,600,000	%	%		March 15, 2018

*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 and the Noteholders only at the time of issuance of the Obligations 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 Obligations 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 Obligations.

**COUNTY OF CUMBERLAND
STATE OF NEW JERSEY**

THE BOARD OF CHOSEN FREEHOLDERS

**Joseph Derella, Freeholder Director
Darlene Barber, Deputy Director
Carman Daddario, Freeholder
Carol Musso, Freeholder
James F. Quinn, Freeholder
James R. Sauro, Freeholder
Joseph V. Sparacio, Freeholder**

COUNTY OFFICIALS

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

**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 Obligation 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 Obligations 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 Obligations described herein that is deemed final as of the date hereof (or of any such supplement or amendment) by the County.

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

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

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

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

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OFFICIAL STATEMENT

Relating to
**\$2,600,000* GENERAL OBLIGATION BONDS
(COUNTY COLLEGE BONDS), SERIES 2017
(COUNTY COLLEGE BOND ACT, P.L. 1971, c12, AS AMENDED)
(BOOK-ENTRY-ONLY)/(NON-CALLABLE)/(NOT BANK QUALIFIED)
OF THE
COUNTY OF CUMBERLAND, NEW JERSEY**

And

**\$17,600,000 BOND ANTICIPATION NOTE
(BOOK-ENTRY-ONLY)/(NON-CALLABLE)/(NOT BANK QUALIFIED)
OF THE
COUNTY OF CUMBERLAND, NEW JERSEY**

INTRODUCTION

This Official Statement, which includes the cover page, the 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: (i) \$2,600,000* General Obligation Bonds (County College Bonds), Series 2017, **(County College Bond Act, P.L. 1971, c12, as Amended)**, (the "Bonds" and, together with the Note, the "Obligations"); and (ii) \$17,600,000 Bond Anticipation Note (the "Note") 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 Obligations described herein.

THE OBLIGATIONS

General Description – The Bonds

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. 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

*Preliminary, subject to change.

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 May and November in each year until maturity, commencing on May 15, 2018 to the registered owners thereof whose name appears on the registration books of the County as of each preceding May 1st and November 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.

General Description – The Note

The Notes will be issued in the principal amount of \$17,600,000 in fully registered book-entry-only form in denominations of \$5,000 or integral multiples thereof. The Note shall bear interest at the rate shown on the inside front cover page, calculated on the basis of twelve (12) thirty (30) day months in a three hundred sixty (360) day year.

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

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

Redemption Provisions

The Obligations 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 Obligations, payment of principal and interest, and other payments on the Obligations to DTC Participants or Beneficial Owners (as each such term is hereinafter defined), confirmation and transfer of beneficial ownership interests in the Obligations and other related transactions by and between DTC, DTC Participants and Beneficial Owners, is based on certain information furnished by DTC to

¹ Source: The Depository Trust Company

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 Obligations. The Obligations 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. The Note will be issued in the form of one certificate for the aggregate principal amount of the Note and will be deposited with DTC.

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

Purchases of the Obligations under the DTC system must be made by or through Direct Participants, which will receive a credit for the Obligations on DTC's records. The ownership interest of each actual purchaser of each Bond and the Note ("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 Obligations 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 Obligations, except in the event that use of the book-entry system for the Obligations is discontinued.

To facilitate subsequent transfers, all the Obligations deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Obligations 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 Obligations; 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 or the Note unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County or the Paying Agent, if any, as soon as possible after the applicable Record Date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Obligations are credited on the applicable Record Date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and distributions on the Obligations, 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 Obligations 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 and Note certificates are required to be printed and delivered.

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

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

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

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

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 Obligations, the following provisions would apply: (i) the Obligations may be exchanged for an equal principal amount of Obligations 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 Obligations 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 Obligations, 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 Obligations. 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. Interest on the Note will be payable by check or draft, mailed on the maturity date of the Note, to the registered owners thereof as of the close of business on the maturity date of the Note.

AUTHORIZATION AND PURPOSE FOR THE BONDS

The 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 ordinance of the County set forth below and a resolution of the County duly adopted on April 25, 2017 (the "Resolution"); and (iii) a Certificate of Determination and Award executed by the County Treasurer/Chief Financial Officer of the County on the date hereof.

Bond Ordinance Number	Description of Improvement and Date of Adoption	Aggregate Amount of Bonds to be Issued
2016-4	Various Improvements to Buildings, Roads and Parking Lots at the Cumberland County College, finally adopted May 24, 2016.	\$2,600,000

The proceeds of the 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 Bonds.

AUTHORIZATION AND PURPOSE FOR THE NOTE

The Note is authorized by and is being issued pursuant to: (i) the Local Bond Law; (ii) the various bond ordinances of the County as set forth below; and (iii) a Certificate of Determination and Award executed by the County Treasurer/Chief Financial Officer of the County on the date hereof.

Bond Ordinance Number	Description of Improvement and Date of Adoption	Notes 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 Note will be used to provide funds to (i) currently refund the \$11,520,000 Bond Anticipation Note dated May 25, 2016 and maturing May 25, 2017, (ii) provide \$6,080,000 in new money to fund the projects described in bond ordinance 2017-2 above, and (iii) pay certain costs and expenses incidental to the issuance and delivery of the Note.

SECURITY AND SOURCE OF PAYMENT

The Obligations 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 Obligations. 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 Obligations 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 Bonds, together with interest on that amount, under the provisions of the County College Bond Act, P.L. 1971, c.12, as Amended. 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 Bonds (County College Bond Act, P.L. 1971, c.12, as amended) is dependent upon appropriations by the State Legislature from time to time. The Bonds (County College Bond Act, P.L. 1971, c.12, as amended) 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.

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, 2016 and (b) audited financial statements of the County for the years ending December 31, 2015, 2014, 2013, 2012 and 2011. 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 2016 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 and Notes.

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, 2015 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 Note, or the levy or the collection of any taxes to pay the principal of or the interest on the Bonds or the Note, or in any manner questioning the authority or the proceedings for the issuance of the Bonds or the Note or for the levy or the collection of taxes, or contesting the corporate existence or the boundaries of the County or the title of any of the present officers. Moreover, to the knowledge of the County Attorney, no litigation is presently pending or threatened that, in the opinion of the County Attorney, would have a material adverse impact on the financial condition of the County if adversely decided.

TAX MATTERS

General

Section 103(a) of the Internal Revenue Code of 1986, as amended (the "Code), provides that interest on the Obligations is not included in gross income for federal income tax purposes only if certain requirements are met. In its Certificate as to Arbitrage and Compliance with the Code (the "Tax Certificate"), which will be delivered

in connection with the issuance of the Obligations, the County will make certain representations, certifications of fact and statements of reasonable expectation in connection with the issuance of the Obligations and certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of the interest on the Obligations from gross income under Section 103(a) of the Code. Pursuant to Section 103(a) of the Code, failure to comply with these requirements could cause interest on the Obligations to be includable in gross income for federal income tax purposes retroactive to the date of issuance of the Obligations.

In the opinion of Bond Counsel, pursuant to Section 103(a) of Code, interest on the Obligations is not included in gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the alternative minimum tax imposed on individuals and corporations. Bond Counsel is also of the opinion that interest on the Obligations held by corporate taxpayers is included in "adjusted current earnings" in calculating alternative minimum taxable income for purposes of the federal alternative minimum tax imposed on corporations. Bond Counsel's opinions described herein are given in reliance on the representations, certifications of fact and statements of reasonable expectation made by the County in its Tax Certificate, assume continuing compliance by the County with certain covenants set forth in its Tax Certificate, and are based on existing statutes, regulations, administrative pronouncements and judicial decisions.

Certain Federal Tax Consequences Relating to the Obligations

Although, pursuant to Section 103(a) of the Code, interest on the Obligations is excluded from gross income for federal income tax purposes, the accrual or receipt of interest on the Obligations may otherwise affect the federal income tax liability of the recipient. The nature and extent of these other tax consequences will depend upon the recipient's particular tax status or other items of income or deduction. Bond Counsel expresses no opinion regarding any such consequences. Purchasers of the Obligations, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States), property or casualty insurance companies, banks, thrifts or other financial institutions and certain recipients of Social Security benefits, are advised to consult their own tax advisors as to the tax consequences of purchasing or holding the Obligations.

Bank Qualification

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

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

qualified under Section 265 of the Code, eighty percent (80%) of such interest may be deducted as a business expense by such institutions.

New Jersey Gross Income Tax

In the opinion of Bond Counsel, the interest on the Obligations and any gain realized on the sale of the Obligations are not includable as gross income under the New Jersey Gross Income Tax Act.

Future Events

Tax legislation, administrative action taken by tax authorities and court decisions, whether at the federal or State level, may adversely affect the exclusion of interest on and any gain realized on the sale of the Obligations under the existing New Jersey Gross Income Tax Act, and any such legislation, administrative action or court decisions could adversely affect the market price or marketability of the Obligations.

ALL POTENTIAL PURCHASERS OF THE OBLIGATIONS SHOULD CONSULT THEIR OWN ADVISORS IN ORDER TO UNDERSTAND THE TAX IMPLICATIONS OF THE CODE.

ALL POTENTIAL PURCHASERS OF THE OBLIGATIONS SHOULD CONSULT THEIR OWN ADVISORS REGARDING ANY CHANGES IN THE STATUTES, PROPOSED FEDERAL OR NEW JERSEY STATE TAX LEGISLATION, ANY CHANGES IN THE STATUS OF PENDING OR PROPOSED LEGISLATION, ADMINISTRATIVE ACTION TAKEN BY TAX AUTHORITIES, COURT DECISIONS OR PROPOSALS FOR CHANGE ON THE TAX AND MARKET IMPLICATIONS OF OWNERSHIP OF THE OBLIGATIONS.

SECONDARY MARKET DISCLOSURE

The County, pursuant to the Resolution, has covenanted for the benefit of the Bondholders, the Noteholders, and the beneficial owners of the Obligations 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, 2018 for the fiscal year ending December 31, 2017 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 and the Note (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 years ending December 31, 2011 and 2013; (ii) adopted budget, as required, for the year ending December 31, 2012; (iii) operating data, as required, for the year ending December 31, 2011; and (iv) 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 (iv) 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 for the year ending December 31, 2012 (as referenced in (i) and (iii) above) 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. Under its obligation with the Cumberland County Improvement Authority, the County has failed to timely file audited financial information, as required, for the year ending December 31, 2011 and operating data, as required, for the year ending December 31, 2011. The County has subsequently filed such items. 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 and Notes substantially in the form set forth as Appendix "C". 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 "Bonds Underwriter"), pursuant to a Certificate of Determination and Award dated May 24, 2017, at a purchase price of \$_____. The Note has been purchased from the County at a public sale by _____, as underwriter (the "Note Underwriter" and together with the Bonds Underwriter, the "Underwriters"), pursuant to a Certificate of Determination and Award dated May 24, 2017, at a purchase price of \$_____. The Obligations are being offered for sale at the yields set forth on the inside cover page of this Official Statement. The Underwriters are each obligated to purchase all of the Obligations if any of the Obligations are purchased.

The Underwriters intend to offer the Obligations 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 Underwriters may offer and sell the Obligations 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 Underwriters without prior notice.

RATINGS

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

The inclusion of Standard & Poor's "stable outlook" (the "Outlook") has been provided herein for informational purposes only and is *not* a part of the "Rating" described in the preceding paragraph. The Outlook is only Standard & Poor's forward-looking view of the County. The County has no obligation to treat any change in the Outlook as a "Disclosure Event", as defined and described under the Rule or under the provisions of the County's Continuing Disclosure Agreement, or to notify Bondholders as to any changes to the Outlook after the date hereof.

An explanation of the significance of such ratings may be obtained from Standard & Poor's at 55 Water Street, New York, New York 10041. The ratings are not a recommendation to buy, sell or hold the Bonds and Notes and there is no assurance that such ratings will continue for any given period of time or that such ratings 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 ratings by Standard & Poor's may have an adverse effect on the market price of the Obligations.

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

Bowman & Company LLP assisted in the preparation of information contained in Appendix A to the Official Statement and has reviewed certain financial and statistical information contained in the Official Statement and compared it to the County's 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 appearing in Appendix B.

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

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

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including information additional to that contained herein, may be directed to Gerald C. Seneski, the County’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 Underwriters and the holders of any of the Obligations. 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 Obligations 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: _____
Gerald C. Seneski,
County Treasurer/Chief Financial Officer

Dated: April __, 2017

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. Population for the County is as follows:

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

Labor Force (2)

	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: U.S. Census Bureau, 2010 Population.

² Source: State of New Jersey Department of Labor

COUNTY AGE CHARACTERISTICS – 2010

Age (Years)	Total 2010	Percent to Total Persons 2010
ALL AGES	156,898	100%
Under 18	37,705	24%
18-24	14,968	9.50%
25-44	44,673	28.50%
45-54	22,327	14.20%
55 & over	37,225	23.70%
MEDIAN AGE	36.5	

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 created approximately 2,700 new jobs. 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 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 food commercialization center for food business startups was proposed in early 2017 to be located adjacent.

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. 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.

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 a Twenty-first Century industries, the Cumberland County Technical Education Center opened its doors in 2016 as a full time four year high school adjacent to the Cumberland County College.

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.

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. 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, the construction of the Center for Workforce and Economic Development and the new Technical High School. 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 Improvement Authority Bonds

As of December 31, 2016 the Improvement Authority has five (5) outstanding bond issues. The first, \$24,485,000 of Solid Waste System Revenue Bonds (Series 2006) (the “2006 Bonds”), was issued in August of 2006 to finance improvements to the Improvement Authority’s solid waste complex and disposal system, along with other improvements. The payment of the principal of and the interest on the 2006 Bonds is guaranteed by the County pursuant to a guaranty agreement executed and delivered by the County and the Improvement Authority in connection with the issuance of the 2006 Bonds. In June 2015, the Improvement Authority issued its \$14,595,000 County Guaranteed Solid Waste System Revenue Refunding Bonds, Series 2015A (the “2015A Bonds”) to advance refund all of the Improvement Authority’s outstanding 2006 Bonds maturing serially in each of the years 2018 through 2026, inclusive. As of December 31, 2016, \$1,270,000 principal amount of 2006 Bonds were outstanding.

In October 2009, the Improvement Authority issued its \$6,445,000 Local Unit Program Bonds (Vineland Electric Utility Project), Series 2009A and \$53,555,000 Local Unit Program Bonds (Vineland Electric Utility Project), Series 2009B (Federally Taxable – Issuer Subsidy – Build America Bonds) (collectively, the “2009 Bonds”). The 2009 Bonds were issued for the benefit of the City of Vineland and are secured by payments due to the Improvement Authority from the City of Vineland. The 2009 Bonds are secured by an obligation of the City of Vineland and are not supported by a guaranty from the County. As of December 31, 2016, \$58,500,000 principal amount of 2009 Bonds remained outstanding.

In May 2014, the Improvement Authority issued its County-Guaranteed Revenue Bonds (Facilities Acquisition Project), Series 2014, in the initial aggregate principal amount of \$17,955,000 (the “2014 Lease Revenue Bonds”), to finance the construction of an employment and training facility and the acquisition of an office building. The payment of the principal of and the interest on the 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 2014 Lease Revenue Bonds. As of December 31, 2016, \$17,280,000 principal amount of 2014 Lease Revenue Bonds were outstanding.

In October 2014, the Improvement 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 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 of 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. As of December 31, 2016, \$62,210,000 principal amount of the Series 2014 Bonds were outstanding.

In June 2015, the Improvement Authority issued its County Guaranteed Solid Waste System Revenue Refunding Bonds, Series 2015A, in the initial aggregate principal amount of \$14,595,000 (the "Series 2015A Bonds"), to provide funds to advance refund all of the Authority's County Guaranteed Solid Waste System Revenue Bonds, Series 2006A outstanding in the aggregate principal amount of \$14,930,000 and maturing serially on January 1 in each of the years 2018 through 2026, inclusive and to fund the Bond Reserve Fund to ensure that the amount on deposit therein after the issuance of the Series 2015A Bonds equals the Bond Reserve Requirement. The Series 2015A Bonds are equally and ratably secured with the Authority's previously issued and outstanding County Guaranteed Solid Waste System Revenue Bonds, Series 2006 (the "Series 2006 Bonds"), and any additional bonds which may hereafter be issued under and in accordance with the Bond Resolution (the "Additional Bonds"). As of December 31, 2016, \$14,595,000 principal amount of the Series 2015A Bonds were 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. Many districts are faced with the task of financially supporting existing facilities or systems which may not be economically competitive in a free-market setting. Several districts have successfully instituted, and other districts may be expected to institute measures that would enable them to continue to dispose waste including the Improvement Authority, which operates the County's solid waste facility. As evidenced by the 30 percent increase in tonnage received by the Improvement Authority in 2005 over that received in 2001, the measures instituted by these districts have not limited the availability of solid waste generated in the market area surrounding the Improvement Authority.

On November 4, 1998, New Jersey voters approved Ballot Question #3 authorizing the forgiveness of \$103 million in loans to seven (7) counties and setting aside \$50 million in bond money to help other counties avoid having their solid waste facilities go bankrupt. The County is not one of the seven counties benefiting from the forgiveness of State loans.

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.

As of January, 2014, 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. With these rates, the Improvement Authority has been 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, as of December 31, 2016, \$15,865,000 in bonds which were issued by the Improvement Authority in August 2006; \$17,280,000 of Series 2014 Bonds for the Board of Social Services/Employment and Training Facilities Project; and \$62,210,000 in Series 2014 Bonds for the Technical High School Project which were issued by the Improvement Authority in 2014.

Ten Largest Non-Governmental Employers

The 10 largest non-governmental employers in the County, as of July, 2016, employed approximately 9,050 people.

<u>Employer</u>	<u>Employees</u>	<u>Nature of Business</u>	<u>Location</u>
Inspira Health Network	2,894	Health Care	Various
Durand Glass Manufacturing Co./ARC International	1,000	Glass Manufacturing	Millville
Wal-Mart	910	Retail Sales	Various
ShopRite	767	Supermarket Chain	Various
F & S Produce	600	Food Processing	Rosenhayn
Sheppard Bus Service	650	Transportation	Fairfield Twp.
WaWa	552	Food and Beverage Provider	Various
Seabrook Brothers and Sons	575	Food Processing	Upper Deerfield
OMNI Baking	500	Food Processing	Vineland
Elwyn New Jersey	448	Provides Services for People With Special Needs	Vineland

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. With a 58% majority, voters authorized the dedication of one cent of the County tax rate for Farmland and Open Space Preservation. In proposing the issue, the Freeholders earmarked the first three to five years of revenue exclusively for farmland preservation. Through March 1, 2015, \$14,093,343 has been collected through the Trust Fund, which has leveraged \$34,626,424 in State funds, \$175,012 in municipal funds and \$2,548,960 in Federal and Foundation based funds. Cumulatively through April 2017, the County has expended \$13,140,234 from its Trust Fund, matched by \$40,564,345 from the State to preserve over 20,000 acres of farmland.

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

rights, installment purchases and development of a twenty-year easement option, are aggressively pursued.

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

Housing

The County offers the advantages of life in or near the three urban centers without the drawbacks of impacted metropolitan areas. The 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 2,998 units or 5.4% to 55,834 during the 2000's. Home ownership stands at 66.7% of year round units. Median value of owner occupied units was \$168,900 in 2013. Moderate priced housing of many types is available. Current construction is keeping pace with demand. The average sales price of new homes that were issued a warranty in 2000 in the County was \$117,688, ranking 21st in New Jersey. 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.

Pinelands

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

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

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

Shopping Facilities

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

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

On the west side of Cumberland 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 Cumberland County in 2017 located on Landis Ave in Vineland, Delsea Drive (Rt 47) in Millville, and Pearl St. (Rt. 77) 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.

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 services from skilled nursing for senior citizens to intermediate care facilities for medical day care clients and others with disabilities or challenged capacities.

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 (\$12,000 to \$17,500 maximum for employees of the Department of Corrections and Prosecutor's Office). 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, 2016 in the amount of \$1,252,831 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 - "2015 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 - "2015 Audited Financial Statements of the County of Cumberland".

County Employees	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
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	<u>27</u>	<u>27</u>	<u>27</u>	<u>27</u>	<u>27</u>
TOTAL	<u>1,001</u>	<u>986</u>	<u>773</u>	<u>789</u>	<u>799</u>

Labor Contracts

The County has labor contracts with the following labor unions. There are currently NO expired contracts.

General Labor - Local #2327 of the United Auto Workers Union (UAW), representing 251 employees, expires December 31, 2020.

Social Services – Local #2327 of the United Auto Workers Union (UAW), representing 190 employees, expires December 31, 2019.

Social Services – Local #2327 of the United Auto Workers Union (UAW), representing 16 supervisory employees, expires December 31, 2019.

Social Services – Council 18 representing 5 employees expires December 31, 2017.

General Labor - Local #1036, section M, of the Communication Workers of America (CWA) representing 34 supervisory employees expires December 31, 2020.

Corrections – Local #231 of the Policemen's Benevolent Association (PBA) representing 170 county correction officers expires December 31, 2019.

Corrections – Local #194 of the Fraternal Order of the Police (FOP), Superior Officers Association, representing 26 superior corrections officers expires December 31, 2017.

Sheriff – Local #299 of the Policemen's Benevolent Association (PBA), representing 51 Sheriff Line-Officer's expires December 31, 2019.

Sheriff – Local #299 of the Policemen's Benevolent Association (PBA), Superior Officer's Association, representing 8 Sheriff Officers expires December 31, 2018.

Prosecutor – Local #396 of the Policemen's Benevolent Association (PBA) for County Prosecutor's Investigators representing 43 employees expires December 31, 2018.

Prosecutor - United Public Service Employees Union (UPSEU) representing 39 County Prosecutor's administrative staff expires December 31, 2018.

Prosecutor - Local #1036 of the Communications Workers of America (CWA) for County Prosecutor's Assistants (attorneys) representing 18 employees expires December 31, 2017.

Prosecutor – Association of Superior Assistant Prosecutors (ASAP) representing 10 employees expires on December 31, 2020.

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, 2016 Estimated

Bridgeton City	5,796
Commercial Township	606
Technical Education Center	436
Cumberland Regional	1,258
Deerfield Township	333
Downe Township	178
Fairfield Township	674
Greenwich Township	60
Hopewell Township	488
Lawrence Township	488
Maurice River Township	418
Millville City	5,887
Shiloh Borough	*
Stow Creek Township	110
Upper Deerfield Township	956
Vineland City	10,386

* 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.

2016 BUDGET

Anticipated Revenues:

Fund Balance	\$ 5,000,000.00
Miscellaneous Revenues:	
Local Revenue (Fees, Permits, Licenses, etc.)	16,148,139.00
State Aid (without offsetting appropriation)	5,856,832.00
State Assumed Social Service Program Costs	38,234,129.00
Shared Services Agreements	3,538,025.00
Revenue With Approval of the Director	1,960,374.00
Federal and State Grants with Offsetting Appropriation	6,581,510.00
Local Tax for County Purposes	<u>92,715,000.00</u>
 Total Revenues	 <u><u>\$ 170,034,009.00</u></u>

Appropriations:

General Government	\$ 5,019,696.00
Facilities and Central Expenses	7,177,725.00
Personnel Costs - Employee Benefits	35,182,594.00
Land Use Administration	771,500.00
Judicial and Corrections	35,117,506.00
Public Safety	2,145,625.00
Public Works	3,727,950.00
Parks, Recreation, Culture and Education	10,475,475.00
Human Services	918,830.00
State Assumed Social Service Programs	44,838,806.00
Unclassified and Deferred Charges	1,138,904.00
Federal and State Grants	7,701,131.00
Capital	400,000.00
Debt	<u>15,418,267.00</u>
 Total Appropriations	 <u><u>\$ 170,034,009.00</u></u>

**CAPITAL PROGRAM
PROJECTS SCHEDULED FOR THE YEARS 2016 - 2021**

<u>Project</u>	<u>Estimated Total Cost</u>	<u>Capital Improvement Fund</u>	<u>Bonds and Notes General</u>
DPW--Improve or Replace Roads, Bridges and Dams	\$ 11,860,000	\$ 564,762	\$ 11,295,238
DPW--Blackwater Branch Drainage Project	2,000,000	95,238	1,904,762
DPW--Heavy Equipment and Large Trucks	7,835,000	373,095	7,461,905
DPW--Small Equipment and Light Duty Trucks	1,255,000	59,762	1,195,238
B&G--Tools and Light Equipment	285,000	13,571	271,429
B&G--Facilities Renovations, Additions and Improvements	11,135,000	530,238	10,604,762
Public Safety--Communication Structures and Equipment	1,800,000	85,714	1,714,286
Public Safety--Facilities Renovations, Additions/Improvements	800,000	38,095	761,905
Public Safety--Fire Training Equipment	75,000	3,571	71,429
Corrections - Surveillance and Security Equipment	310,000	14,762	295,238
Corrections - Equipment (Kitchen and Laundry)	80,000	3,810	76,190
Corrections - Facilities (Razor Wire and Gate Replacement)	25,000	1,190	23,810
Corrections - Vehicles (Transport Vans)	560,000	26,667	533,333
Veterans Cemetery--Site and Building Improvements	700,000	33,333	666,667
Technology--IT Network, Library, Phones, Elections, etc.	3,280,000	156,190	3,123,810
TOTALS--ALL PROJECTS	\$ 42,000,000	\$ 1,999,998	\$ 40,000,002

**CERTAIN TAX INFORMATION
TWENTY LARGEST TAXPAYERS (1)**

<u>Name</u>	<u>Nature of Business</u>	<u>2017 Assessed Valuation</u>
Cumberland Mall Associates	Shopping Mall	\$ 81,325,300
Good Mill, LLC	Developer	34,896,800
Wal-Mart Real Estate Business Trust	Real Estate	34,454,900
Vineland Construction Company	Real Estate and Trucking	32,316,300
Durand Glass Manufacturing Co	Glass Manufacturing & Distributor	24,884,600
T-Fal Corporation	Manufacturer of Kitchen Products	21,323,000
LBW Vineland LLC	Real Estate	18,854,300
ACP Cumberland Associates	Cumberland Crossing Shopping Center	16,975,000
Berks County Real Estate Associates	Retail - Boscov's	16,200,000
Lucca Freezer	Real Estate	14,365,800
General Mills Operations, Inc.	Food Processing	13,741,200
Maintree Shopping Center	Real Estate	13,200,000
Kimble Glass Inc.	Primary Glass Producer	11,326,900
LTC Mgmt LLC	Cumberland Manor	11,303,400
Lowe's Home Center Inc.	Home Improvement Center	11,200,000
Verizon – New Jersey	Telephone - Communications	11,045,068
Cedar-Carl'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)

<u>Year</u>	<u>Tax Levy</u>	<u>Collection Year of Levy</u>	
		<u>Amount</u>	<u>Percentage</u>
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%
2012	82,938,491	82,938,491	100%

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

<u>Equalized Year</u>	<u>County Valuations</u>	<u>County Tax Rate (2)</u>	<u>Farmland Preservation Tax Rate</u>
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
2012	9,301,778,441	0.9036	0.0100

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

LOCAL HEALTH SERVICES TAX

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

<u>Year</u>	<u>Tax Levy</u>	<u>Tax Rate (1)</u>
2016	\$ 2,369,580	\$ 0.0514
2015	2,369,580	0.0509
2014	2,369,580	0.0489
2013	2,369,580	0.0472
2012	1,913,228	0.0378

REAL PROPERTY CLASSIFICATION

<u>Total Assessed Value</u>							
<u>Year</u>	<u>Improvements</u>	<u>Land</u>	<u>Residential</u>	<u>Farm</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartments</u>
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

	<u>2017 (2)</u>			<u>2016 (2)</u>		
	<u>Equalized Value - Land and Improvements</u>	<u>Net Valuation on which County Taxes are Apportioned</u>	<u>Percentage (3)</u>	<u>Equalized Value - Land and Improvements</u>	<u>Net Valuation on which County Taxes are Apportioned</u>	<u>Percentage (3)</u>
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, 2016**

The following table summarizes the direct debt of the County as of December 31, 2016 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 \$92,801,762 represents 1.070% 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 Issued	Gross Debt	Deduction	Net Debt
	Bonds	Notes	Loans			Reserves/Fund Balance County College/ Guaranteed Debt	
General	\$51,557,000	\$11,520,000	\$305,117	\$2,742,500	\$66,124,617	\$754,470	\$65,370,147
County College	16,043,000				16,043,000	14,074,000	1,969,000
Vo-Tech High School	62,210,000				62,210,000	36,747,385	25,462,615
Bonds Issued by Another Public Body Guaranteed by the County	33,145,000				33,145,000	33,145,000	
	<u>\$162,955,000</u>	<u>\$11,520,000</u>	<u>\$305,117</u>	<u>\$2,742,500</u>	<u>\$177,522,617</u>	<u>\$84,720,855</u>	<u>\$92,801,762</u>

Source: County Annual Debt Statement

DEBT RATIOS AND VALUATIONS(1)

Average of Equalized Valuations of Real Property with Improvements for 2014, 2015 and 2016	\$	8,670,950,094
Statutory Net debt as a Percentage of the Average of Equalized Valuations of Real Property with Improvements for 2014, 2015 and 2016		1.070%
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		2.10%
As a percentage of 2017 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications		2.06%
Net Debt (2)		
As a percentage of 2017 Net Valuation Taxable		1.10%
As a percentage of 2017 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications		1.08%
Gross Debt Per Capita (3)		\$1,131
Net Debt Per Capita (3)		\$591

(1) As of December 31, 2016

(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 (2014-16) Equalized Valuation of Real Property including Improvements (\$8,670,950,094)	\$ 173,419,002
Net Debt	<u>92,801,762</u>
Remaining Borrowing Capacity Available Under N.J.S.A. 40A:2-6	<u><u>\$ 80,617,239</u></u>

OVERLAPPING DEBT(1)

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

**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)	<u>5,325,662</u>
	<u><u>\$ 33,825,662</u></u>

(1) As of December 31, 2016

(2) Source Authority Auditor

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

<u>Year</u>	<u>GENERAL</u>	<u>COLLEGE</u>	<u>Vo-TECH</u>	<u>TOTAL PRINCIPAL</u>	<u>TOTAL INTEREST</u>	<u>TOTAL PRINCIPAL AND INTEREST</u>
2017	\$ 5,185,000	\$ 4,025,000	\$ 1,745,000	\$ 10,955,000	\$ 5,129,983	\$ 16,084,983
2018	5,285,000	3,350,000	1,795,000	10,430,000	4,699,963	15,129,963
2019	4,205,000	3,330,000	1,850,000	9,385,000	4,331,212	13,716,212
2020	4,302,000	3,358,000	1,925,000	9,585,000	3,983,075	13,568,075
2021	4,595,000	3,340,000	2,000,000	9,935,000	3,625,800	13,560,800
2022	4,685,000	1,840,000	2,100,000	8,625,000	3,246,163	11,871,163
2023	4,795,000	1,890,000	2,205,000	8,890,000	2,906,063	11,796,063
2024	2,865,000	1,630,000	2,315,000	6,810,000	2,536,756	9,346,756
2025	1,900,000	1,100,000	2,435,000	5,435,000	2,239,131	7,674,131
2026	1,900,000	1,110,000	2,555,000	5,565,000	2,027,231	7,592,231
2027		1,160,000	2,680,000	3,840,000	1,836,519	5,676,519
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
	<u>\$ 39,717,000</u>	<u>\$ 27,883,000</u>	<u>\$ 62,210,000</u>	<u>\$129,810,000</u>	<u>\$48,272,727</u>	<u>\$178,082,727</u>

(1) As of December 31, 2016
Source: Cumberland County

APPENDIX B

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

FOR THE YEAR ENDED 2016
COMPILED FINANCIAL STATEMENTS

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, 2016 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
March 2, 2017

COUNTY OF CUMBERLAND - CURRENT FUND
Statements of Assets, Liabilities, Reserves and
Fund Balance -- Regulatory Basis
As of December 31, 2016

Assets

Regular Fund:		
Cash		\$ 26,407,048
Receivables with Full Reserves:		
Due Federal and State Grant Fund	2,097,105	
Due General Capital Fund	5,075	
Accounts Receivable - Gasoline	24,720	
Shared Service Receivable	503,325	
		<u>29,037,272</u>
Total Regular Fund		
Federal and State Grant Fund:		
Cash	8,029,325	
Federal and State Grants Receivable	24,633,383	
		<u>32,662,708</u>
Total Federal and State Grant Fund		
Total Assets		<u>\$ 61,699,980</u>

Liabilities, Reserves and Fund Balance

Regular Fund:		
Liabilities		
Appropriation Reserves	\$ 8,410,140	
Reserve for Encumbrances	2,079,289	
Accounts Payable	98,010	
Other Liabilities and Special Funds	246,468	
		<u>10,833,908</u>
Total Liabilities		
Reserve for Receivables	2,126,899	
Fund Balance	16,076,465	
		<u>29,037,272</u>
Total Regular Fund		
Federal and State Grant Fund:		
Due to Current Fund	2,097,105	
Due to State of New Jersey	23,850	
Accounts Payable	757,578	
Payable Liabilities	555,202	
Restricted Fund Balance--Social Services	3,012,817	
Unappropriated Reserves	366,413	
Appropriated Reserves	13,874,600	
Reserve for Encumbrances	11,975,143	
		<u>32,662,708</u>
Total Federal and State Grant Fund		
Total Liabilities, Reserves and Fund Balance		<u>\$ 61,699,980</u>

COUNTY OF CUMBERLAND - CURRENT FUND
Statements of Operations and Changes
in Fund Balance -- Regulatory Basis
For the Year Ended December 31, 2016

Revenue Realized:	
Fund Balance Utilized	\$ 5,000,000
Miscellaneous Revenues Anticipated:	
Operations	27,750,399
State and Federal Programs	59,809,388
Current Tax Collections	92,715,000
Non Budget Revenue and Other Income	<u>5,294,467</u>
Total Income	<u>190,569,253</u>
Expenditures and Encumbrances:	
Operations	147,125,707
Operations-State and Federal Programs, including match	21,540,712
Capital Improvements	
Debt Service	16,096,169
Other Expenditures	<u>454,429</u>
Total Expenditures and Encumbrances	<u>185,217,017</u>
Excess in Revenue	<u>5,352,237</u>
Statutory Excess to Fund Balance	5,352,237
Fund Balance, January 1	<u>15,724,228</u>
	21,076,465
Decreased by:	
Utilized by Revenue	<u>5,000,000</u>
Fund Balance, December 31	<u><u>\$ 16,076,465</u></u>

COUNTY OF CUMBERLAND - TRUST FUND
Statements of Assets, Liabilities and Reserves--
Regulatory Basis
As of December 31, 2016

Assets

Trust Fund:	
Cash	\$ 7,030,976
	<u>\$ 7,030,976</u>

Liabilities and Reserves

Trust Fund:	
Farmland and Open Space	\$ 544,345
Reserve for Payroll Payables	551,992
Trust Fund Reserves	4,537,241
Prosecutor's Law Enforcement Trust Fund Reserves	781,404
County Superintendent Audio Visual Aid Fund	21,275
Reserve for County Clerk	594,718
	<u>\$ 7,030,976</u>

COUNTY OF CUMBERLAND - GENERAL CAPITAL FUND
Statements of Assets, Liabilities, Reserves and
Fund Balance -- Regulatory Basis
As of December 31, 2016

Assets

Cash and Investments	\$ 24,135,811
Deferred Charges to Future Taxation:	
Funded	130,115,117
Unfunded	14,262,500
	<u>\$ 168,513,429</u>

Liabilities, Reserves
and Fund Balance

Reserve for Encumbrances	\$ 6,534,518
Bond Anticipation Notes	11,520,000
General Serial Bonds	129,810,000
Green Acres Loan Payable	305,117
Improvement Authorizations:	
Funded	10,985,334
Unfunded	7,237,614
Due Current Fund	5,075
Capital Improvement Fund	120,622
Reserve for Payment of Bonds	1,995,147
	<u>\$ 168,513,429</u>

COUNTY OF CUMBERLAND
Selected Information – Substantially All Disclosures Required
By the Regulatory Basis of Accounting Have Been Omitted
For the Year Ended December 31, 2016

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 Statement No. 14, as amended by GASB Statements No. 39 and 61. If the provisions of GASBS No. 14, as amended by GASB Statements No. 39 and 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 West Vine Street
Millville, New Jersey 08332

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

Component Units (Cont'd)

Cumberland County Technical Education Center
601 Bridgeton Avenue
Bridgeton, New Jersey 08302

Cumberland County Insurance Commission
790 East Commerce 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 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 2015, 2014, 2013, 2012 AND 2011

AUDITED FINANCIAL STATEMENTS

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, State of New Jersey, as of December 31, 2015, 2014, 2013, 2012 and 2011, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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.

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, State of New Jersey, as of December 31, 2015, 2014, 2013, 2012 and 2011, 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, State of New Jersey, as of December 31, 2015, 2014, 2013, 2012 and 2011, and the results of its operations and changes in fund balance - regulatory basis of such funds for the years then ended, in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, as described in note 1.

Emphasis of Matter

Adoption of New Accounting Principles

As discussed in note 1 to the financial statements, during the year ended December 31, 2015, the County adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. As a result of the regulatory basis of accounting, described in the previous paragraph, the implementation of these Statements only required financial statement disclosures. Our opinions are not modified with respect to this matter.

Prior Period Financial Statements

The financial statements of the County of Cumberland as of December 31, 2011, were audited by other auditors whose most recent report (December 31, 2011) was dated June 30, 2012, expressed an adverse opinion under accounting principles generally accepted in the United State of America and an unmodified opinion under the regulatory basis of accounting.

Respectfully submitted,

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

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

Voorhees, New Jersey
September 6, 2016

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

	As of December 31,				
	2015	2014	2013	2012	2011
Assets					
Regular Fund:					
Cash	\$ 28,111,174	\$ 28,700,709	\$ 27,641,335	\$ 23,549,589	\$ 20,337,781
Receivables with Full Reserves:					
Commodity Billing Receivable--Gasoline	22,923				
Added and Omitted Taxes	262,138	367,192	306,612	388,508	383,199
Due Federal and State Grant Fund	1,780,880	1,780,880	859,485	7,031,580	
Due General Capital Fund	16,061	28,359			
Revenue Accounts Receivable	20,407	117,292	134,505	71,855	76,031
Total Regular Fund	30,213,582	30,994,432	28,941,936	31,041,532	20,797,011
Federal and State Grant Fund:					
Cash	486,483	1,560	72,731		1,667,303
Federal and State Grants Receivable	28,240,937	24,832,663	25,176,600	35,917,966	30,417,906
Total Federal and State Grant Fund	28,727,421	24,834,223	25,249,330	35,917,966	32,085,209
Total Assets	\$ 58,941,002	\$ 55,828,656	\$ 54,191,267	\$ 66,959,498	\$ 52,882,220
Liabilities, Reserves and Fund Balance					
Regular Fund:					
Liabilities					
Appropriation Reserves	\$ 5,959,789	\$ 7,380,462	\$ 6,270,203	\$ 6,167,079	\$ 6,318,835
Reserve for Encumbrances	2,317,530	2,427,060	2,142,537	2,426,214	2,517,938
Accounts Payable	104,302	229,242	260,835	194,494	71,590
Due to Trust Other Fund			118,838		
Other Liabilities and Special Funds	4,005,325	4,804,766	3,841,357	3,808,954	2,909,639
Total Liabilities	12,386,946	14,841,529	12,633,771	12,596,741	11,818,002
Reserve for Receivables	2,102,408	2,293,723	1,300,602	7,491,943	459,230
Fund Balance	15,724,228	13,859,180	15,007,564	10,952,848	8,519,779
Total Regular Fund	30,213,582	30,994,432	28,941,936	31,041,532	20,797,011
Federal and State Grant Fund:					
Due to Current Fund	1,780,880	1,780,880	859,485	7,031,580	
Due to Trust Fund				167,769	
Unappropriated Reserves	538,454	21,288	41,727	117,471	26,698
Appropriated Reserves	17,858,601	15,884,047	15,148,155	23,700,250	20,793,687
Reserve for Encumbrances	8,549,486	7,148,009	9,199,963	4,900,896	11,264,824
Total Federal and State Grant Fund	28,727,421	24,834,223	25,249,330	35,917,966	32,085,209
Total Liabilities, Reserves and Fund Balance	\$ 58,941,002	\$ 55,828,656	\$ 54,191,267	\$ 66,959,498	\$ 52,882,220

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,				
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Revenue Realized:					
Current Tax Collections	\$ 89,695,000	\$ 86,997,488	\$ 85,426,646	\$ 82,938,491	\$ 82,938,491
Miscellaneous Revenues:					
State and Federal Programs	26,427,176	27,746,728	19,227,287	25,698,670	28,244,360
Other	29,760,563	27,100,756	25,403,778	42,231,527	41,080,636
Other Income	5,700,109	4,530,026	11,116,287	4,961,208	3,220,789
Fund Balance Utilized	4,800,000	4,400,000	7,000,000	7,500,762	8,319,232
	<hr/>				
Total Income	156,382,849	150,774,999	148,173,998	163,330,658	163,803,508
	<hr/>				
Expenditures and Encumbrances:					
Operating	112,089,577	99,249,673	96,749,719	99,202,537	110,100,602
Operating-State and Federal Programs	26,427,176	29,093,970	20,559,819	27,002,767	29,474,518
Capital Improvements	325,000	260,000	330,000	50,000	50,000
Debt Service	10,855,908	8,792,954	8,852,323	8,096,349	9,787,254
Deferred Charges and Statutory Expenditures	9,515	10,650,781	10,273,015	9,938,827	10,596,304
Other Expenditures	10,624	976,004	354,406	9,106,347	8,107
	<hr/>				
Total Expenditures and Encumbrances	149,717,800	149,023,382	137,119,282	153,396,827	160,016,785
	<hr/>				
Excess in Revenue	6,665,049	1,751,616	11,054,716	9,933,831	3,786,723
Adjustments to Income Before Fund Balance:					
Expenditures Included Above which were by Statute					
Deferred Charges to Budget of Succeeding Year		1,500,000			
	<hr/>				
Statutory Excess to Fund Balance	6,665,049	3,251,616	11,054,716	9,933,831	3,786,723
	<hr/>				
Fund Balance, January 1	13,859,180	15,007,564	10,952,848	8,519,779	13,052,288
	<hr/>				
Decreased by:	20,524,229	18,259,180	22,007,564	18,453,610	16,839,011
Utilized by Revenue	4,800,000	4,400,000	7,000,000	7,500,762	8,319,232
	<hr/>				
Fund Balance, December 31	\$ 15,724,229	\$ 13,859,180	\$ 15,007,564	\$ 10,952,848	\$ 8,519,779

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,				
	2015	2014	2013	2012	2011
Assets					
Trust Fund:					
Cash	\$ 5,243,665	\$ 5,875,222	\$ 7,590,195	\$ 9,048,203	\$ 9,159,473
Due from Federal and State Grant Fund				167,769	
Due from Current Fund			118,838		
Accounts Receivable - Gasoline		72,177	38,220	16,159	43,741
	5,243,665	5,947,399	7,747,253	9,232,131	9,203,214
County Open Space Fund:					
Cash	610,266	823,966	647,493	1,222,005	1,307,122
Audio-Visual Aid Fund:					
Cash	57,974	90,533	81,781	75,990	79,689
	\$ 5,911,905	\$ 6,861,898	\$ 8,476,527	\$ 10,530,126	\$ 10,590,025
Liabilities and Reserves					
Trust Fund:					
Encumbrances	\$ 405,475				
Reserve for Payroll Payables	23,460	\$ 493,253	\$ 482,116	\$ 320,006	\$ 330,052
Reserve for Performance Guarantee Deposits			17,956	17,056	101,571
Trust Fund Reserves	3,417,830	4,778,508	6,579,368	7,593,469	7,897,959
County Clerk	664,402				
Reserve for County Prosecutor's Law Enforcement Trust Account	269,576	223,911	220,146	306,305	499,244
Reserve for County Prosecutor's Seized Asset Trust Account	409,139	391,090	396,929	945,160	294,669
Reserve for Motor Vehicle Theft	1,422				
Reserve for Federal Law Enforcement Trust Account	40,926	35,964	24,637	19,756	17,800
Reserve for County Prosecutor's Asset Maintenance Account	11,434	24,673	26,100	30,379	61,919
	5,243,665	5,947,399	7,747,253	9,232,131	9,203,214
County Open Space Fund:					
Reserve for Farmland Preservation	610,266	823,966	647,493	1,222,005	1,307,122
Audio-Visual Aid Fund:					
Reserve for Audio-Visual Aid Commission Expenditures	57,974	90,533	81,781	75,990	79,689
	\$ 5,911,905	\$ 6,861,898	\$ 8,476,527	\$ 10,530,126	\$ 10,590,025

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,				
	2015	2014	2013	2012	2011
Assets					
Cash and Investments	\$ 59,990,712	\$ 89,349,803	\$ 23,115,611	\$ 27,433,115	\$ 25,798,877
Deferred Charges to Future Taxation:					
Funded	137,241,102	78,003,234	64,668,552	70,702,090	67,623,882
Unfunded	9,127,128	3,812,834	10,823,831	3,431,069	98,069
Amount to be Provided by Capital Loan Agreement		63,890,000			
Federal and State Grants Receivable				39,030	39,030
	<u>\$ 206,358,942</u>	<u>\$ 235,055,871</u>	<u>\$ 98,607,994</u>	<u>\$ 101,605,304</u>	<u>\$ 93,559,858</u>
Liabilities, Reserves and Fund Balance					
Reserve for Encumbrances	\$5,836,862	\$7,694,074	\$6,547,422	\$7,205,722	\$10,273,114
Bond Anticipation Notes	5,520,000		9,280,000	3,333,000	
General Serial Bonds	72,952,000	77,512,000	64,087,000	70,032,000	66,867,000
Green Acres Loan Payable	399,102	491,235	581,552	670,090	756,883
Improvement Authorizations:					
Funded	48,954,711	77,971,271	11,161,968	19,397,121	15,367,260
Unfunded	6,514,076	3,803,319	6,756,136	787,816	39,124
Due Current Fund	16,061	28,359			
Capital Improvement Fund	20,622	131,813	98,007	81,022	198,022
Shared Service Contract, Regional Prison Study	80,000				
Reserve for Payment of Bonds	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	39,030
Obligations Under Capital Loan Agreement	63,890,000	63,890,000			
Fund Balance			52,908	44,489	16,425
	<u>\$ 206,358,942</u>	<u>\$ 235,055,871</u>	<u>\$ 98,607,994</u>	<u>\$ 101,605,304</u>	<u>\$ 93,556,858</u>

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

COUNTY OF CUMBERLAND
Notes to Financial Statements
For the Year Ended December 31, 2015

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 West Vine Street
Millville, New Jersey 08332

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

Component Units (Cont'd)

Cumberland County Board of Social Services
275 N. Delsea Drive
Vineland, New Jersey 08360

Cumberland County Technical Education Center
601 Bridgeton Avenue
Bridgeton, New Jersey 08302

Cumberland County Insurance Commission
790 East Commerce 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" 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 of Audit 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.

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.

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.

Budgets and Budgetary Accounting - The County 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 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.

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

Budgets and Budgetary Accounting (Cont'd) - 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. Consequently, unrealized gain or loss on investments has not been recorded in accordance with Governmental Accounting Standards Board Statement No. 31.

New Jersey local 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 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 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.

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

General Fixed Assets (Cont'd) - 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 their estimated fair market value on the acquisition date. 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 assets, 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 includes 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 Balance included in the current fund represents amounts available for anticipation as revenue in future years' budgets, with certain restrictions.

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

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.

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

Expenditures (Cont'd) - 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.

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

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

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

Impact of Recently Issued Accounting Principles

Recently Issued and Adopted Accounting Pronouncements

For the year ended December 31, 2015, the County adopted GASB 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, and GASB 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. As a result of adopting such Statements, the County was required to measure and disclose liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to their defined benefit pensions. As a result of the regulatory basis of accounting previously described in note 1, the implementation of these Statements only required financial statement disclosures. There exists no impact on the financial statements of the County.

Note 2: CASH AND CASH EQUIVALENTS

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

As of December 31, 2015, the County's bank balances of \$95,019,360.16 were exposed to custodial credit risk as follows:

Insured by FDIC and GUDPA	<u>\$ 95,019,360.16</u>
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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

<u>Year</u>	<u>Net Valuation on which County Taxes are Apportioned</u>	<u>Board of Health Tax Rate</u>	<u>Farmland Preservation Tax Rate</u>	<u>County Tax Rate</u>
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
2011	9,192,966,877.00	0.0365	0.0100	0.9128

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
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%
2011	82,938,491.00	82,938,491.00	100.00%

Note 4: FUND BALANCES APPROPRIATED

The following schedule details 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 current fund budget:

Current Fund

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
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%
2011	8,519,778.96	7,500,762.00	88.04%

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, 2015:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
Current	\$ 1,796,940.30	
Federal, State and Other Grant		\$1,780,879.77
General Capital		16,060.53
	<u>\$ 1,796,940.30</u>	<u>\$ 1,796,940.30</u>

The interfund receivables and payables above predominately resulted from collections and payments made by certain funds on behalf of other funds. During the year 2016, 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.state.nj.us/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. The PERS provides retirement, death and disability benefits. All benefits vest after ten 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 ten 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 ten 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 nonforfeitable. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employer contributions shall be vested and nonforfeitable 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 seven years beginning in July 2012. The member contribution rate was 6.92% in State fiscal year 2015. 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' contributions are based on an actuarially determined amount which includes the normal cost and unfunded accrued liability.

The County's contractually required contribution rate for the year ended December 31, 2015 was 12.46% of the County's covered-employee payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Note 6: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Contributions (Cont'd)**

Public Employees' Retirement System (Cont'd) – Based on the most recent PERS measurement date of June 30, 2015, the County's contractually required contribution to the pension plan for the year ended December 31, 2015 is \$2,716,376.00, and is payable by April 1, 2016. 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, 2014, the County's contractually required contribution to the pension plan for the year ended December 31, 2014 was \$2,604,397.00, which was paid on April 1, 2015. Employee contributions to the plan during the year ended December 31, 2015 were \$1,581,866.76.

Police and Firemen's Retirement System - The contribution policy is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. Pursuant to the provisions of 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, 2015 was 23.99% of the County's covered-employee 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, 2015, the County's contractually required contribution to the pension plan for the year ended December 31, 2015 is \$3,192,768.00, and is payable by April 1, 2016. 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, 2014, the County's contractually required contribution to the pension plan for the year ended December 31, 2014 was \$2,770,201.00, which was paid on April 1, 2015. Employee contributions to the plan during the year ended December 31, 2015 were \$1,354,902.99.

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, 2015 was 2.24% of the County's covered-employee payroll.

Note 6: PENSION PLANS (CONT'D)

General Information about the Pension Plans (Cont'd)

Contributions (Cont'd)

Police and Firemen's Retirement System (Cont'd) - Based on the most recent PFRS measurement date of June 30, 2015, the State's contractually required contribution, on-behalf of the County, to the pension plan for the year ended December 31, 2015 is \$298,667.00, and is payable by April 1, 2016. Based on the PFRS measurement date of June 30, 2014, the State's contractually required contribution, on-behalf of the County, to the pension plan for the year ended December 31, 2014 was \$202,859.00, which was paid on April 1, 2015.

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, 2015, employee contributions totaled \$55,305.76, and the County's contributions were \$25,519.49. 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, 2015, the County's proportionate share of the PERS net pension liability was \$70,925,842.00. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. 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, 2015. 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, 2015 measurement date, the County's proportion was .3159562293%, which was an increase of .0000364282% from its proportion measured as of June 30, 2014.

At December 31, 2015, the County's proportionate share of the PERS pension expense, calculated by the plan as of the June 30, 2015 measurement date is \$3,795,283.00. 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, 2015, the County's contributions to PERS were \$2,604,397.00, and were paid on April 1, 2015.

Police and Firemen's Retirement System - At December 31, 2015, 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	\$ 65,424,532.00
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the County	<u>5,737,512.00</u>
	<u>\$ 71,162,044.00</u>

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, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. 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, 2015. 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, 2015 measurement date, the County's proportion was .3927864532%, which was an increase of .0321156335% from its proportion measured as of June 30, 2014. Likewise, at June 30, 2015, the State of New Jersey's proportion, on-behalf of the County, was .3927864532%, which was an increase of .0321156335% from its proportion, on-behalf of the County, measured as of June 30, 2014.

At December 31, 2015, the County's proportionate share of the PFRS pension expense, calculated by the plan as of the June 30, 2015 measurement date is \$6,783,892.00. 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, 2015, the County's contributions to PFRS were \$2,770,201.00, and were paid on April 1, 2015.

At December 31, 2015, the State's proportionate share of the PFRS pension expense, associated with the County, calculated by the plan as of the June 30, 2015 measurement date is \$715,671.00. 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, 2015, the County had deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources			Deferred Inflows of Resources		
	PERS	PFRS	Total	PERS	PFRS	Total
Differences between Expected and Actual Experience	\$ 1,692,041.00	\$ -	\$ 1,692,041.00	\$ -	\$ 564,308.00	\$ 564,308.00
Changes of Assumptions	7,616,869.00	12,078,994.00	19,695,863.00	-	-	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	-	-	1,140,351.00	1,138,656.00	2,279,007.00
Changes in Proportion and Differences between County Contributions and Proportionate Share of Contributions	-	4,529,624.00	4,529,624.00	3,947,370.00	-	3,947,370.00
County Contributions Subsequent to the Measurement Date	1,358,188.00	1,596,384.00	2,954,572.00	-	-	-
	<u>\$10,667,098.00</u>	<u>\$ 18,205,002.00</u>	<u>\$ 28,872,100.00</u>	<u>\$ 5,087,721.00</u>	<u>\$ 1,702,964.00</u>	<u>\$ 6,790,685.00</u>

\$1,358,188.00 and \$1,596,384.00 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, 2016. These amounts were based on an estimated April 1, 2017 contractually required contribution, prorated from the pension plans measurement date of June 30, 2015 to the County's year end of December 31, 2015.

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 other deferred outflow of resources and deferred inflows of resources related to pensions over the following number of years:

	<u>PERS</u>		<u>PFRS</u>	
	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between Expected and Actual Experience				
Year of Pension Plan Deferral:				
June 30, 2014	-	-	-	-
June 30, 2015	5.72	-	-	5.53
Changes of Assumptions				
Year of Pension Plan Deferral:				
June 30, 2014	6.44	-	6.17	-
June 30, 2015	5.72	-	5.53	-
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
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

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:

<u>Year Ending Dec 31,</u>	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>
2016	\$ 599,225.00	\$ 2,986,131.00	\$ 3,585,356.00
2017	599,225.00	2,986,131.00	3,585,356.00
2018	599,224.00	2,986,133.00	3,585,357.00
2019	1,480,463.00	4,143,573.00	5,624,036.00
2020	943,052.00	1,803,686.00	2,746,738.00
	<u>\$ 4,221,189.00</u>	<u>\$14,905,654.00</u>	<u>\$19,126,843.00</u>

Actuarial Assumptions

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. 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, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	<u>PERS</u>	<u>PFRS</u>
Inflation	3.04%	3.04%
Salary Increases:		
2012-2021	2.15% - 4.40% Based on Age	2.60% - 9.48% Based on Age
Thereafter	3.15% - 5.40% Based on Age	3.60% - 10.48% Based on Age
Investment Rate of Return	7.90%	7.90%
Mortality Rate Table	RP-2000	RP-2000
Period of Actuarial Experience		
Study upon which Actuarial Assumptions were Based	July 1, 2008 - June 30, 2011	July 1, 2010 - June 30, 2013

For PERS, mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees.

Note 6: PENSION PLANS (CONT'D)

Actuarial Assumptions (Cont'd)

For PFRS, mortality rates were based on the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale AA and one year using Projection Scale BB for male service retirements with adjustments for mortality improvements from the base year based on Projection Scale BB. Mortality rates were based on the RP-2000 Combined Healthy Mortality Tables projected fourteen years using Projection Scale BB for female service retirements and beneficiaries with adjustments for mortality improvements from the base year of 2014 based on Projection Scale BB.

For PERS and PFRS, in accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2015) 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, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation %</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad U.S. Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds / Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex U.S.	3.50%	-0.40%
REIT	4.25%	5.12%
	<u>100.00%</u>	

Note 6: PENSION PLANS (CONT'D)

Actuarial Assumptions

Discount Rate - The discount rate used to measure the total pension liability at June 30, 2015 was 4.90% for PERS and 5.79% 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 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015, 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 for PFRS, the non-employer contributing entity, will be made based on the average of the last five years of 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 2033 for PERS and through 2045 for PFRS. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033 for PERS and through 2045 for PFRS, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liabilities.

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, 2015, the plans measurement date, calculated using a discount rate of 4.90%, 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 (3.90%)	Current Discount Rate (4.90%)	1% Increase (5.90%)
County's Proportionate Share of the Net Pension Liability	\$ 88,152,144.00	\$ 70,925,842.00	\$ 56,483,435.00

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, 2015, the plans measurement date, for the County and the State of New Jersey, calculated using a discount rate of 5.79%, 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 (4.79%)	Current Discount Rate (5.79%)	1% Increase (6.79%)
County's Proportionate Share of the Net Pension Liability	\$ 86,250,304.00	\$ 65,424,532.00	\$ 48,442,976.00
State of New Jersey's Proportionate Share of Net Pension Liability associated with the County	7,563,862.00	5,737,512.00	4,248,286.00
	<u>\$ 93,814,166.00</u>	<u>\$ 71,162,044.00</u>	<u>\$ 52,691,262.00</u>

Note 6: PENSION PLANS (CONT'D)

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued New Jersey Division of Pension and Benefits financial report. Information on where to obtain the report is indicated at the beginning of this note.

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 Three Years)

	<u>Measurement Date Ended June 30,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
County's Proportion of the Net Pension Liability	0.3159562293%	0.3159198011%	0.3461875518%
County's Proportionate Share of the Net Pension Liability	\$ 70,925,842.00	\$ 59,148,828.00	\$ 65,973,970.00
County's Covered-Employee Payroll	\$ 21,719,636.00	\$ 21,667,940.00	\$ 22,637,576.00
County's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered-Employee Payroll	326.55%	272.98%	291.44%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	47.93%	52.08%	48.72%

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

	<u>Year Ended December 31,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
County's Contractually Required Contribution	\$ 2,716,376.00	\$ 2,604,397.00	\$ 2,600,987.00
County's Contribution in Relation to the Contractually Required Contribution	<u>(2,716,376.00)</u>	<u>(2,604,397.00)</u>	<u>(2,600,987.00)</u>
County's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's Covered-Employee Payroll	\$ 21,794,044.00	\$ 21,719,636.00	\$ 21,667,940.00
County's Contributions as a Percentage of it's Covered-Employee Payroll	12.46%	11.99%	12.00%

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 Three Years)

	<u>Measurement Date Ended June 30,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
County's Proportion of the Net Pension Liability	0.3927864532%	0.3606708197%	0.3494647436%
County's Proportionate Share of the Net Pension Liability	\$ 65,424,532.00	\$ 45,369,044.00	\$ 46,458,185.00
State's Proportionate Share of the Net Pension Liability associated with the County	<u>5,737,512.00</u>	<u>4,885,484.00</u>	<u>4,330,467.00</u>
Total	<u>\$ 71,162,044.00</u>	<u>\$ 50,254,528.00</u>	<u>\$ 50,788,652.00</u>
County's Covered-Employee Payroll	\$ 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-Employee Payroll	531.09%	402.56%	425.66%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	56.31%	62.41%	58.70%

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

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

Note 6: PENSION PLANS (CONT'D)**Other Notes to Supplementary Pension Information*****Public Employees' Retirement System (PERS)***

Changes in Benefit Terms - None

Changes in Assumptions - The discount rate changed from 5.39% as of June 30, 2014, to 4.90% as of June 30, 2015, in accordance with Paragraph 44 of GASB Statement No. 67.

Other Changes in Assumptions – New assumptions related to future increases on Social Security Wage Base and the 401(a)(17) compensation limit have been added as follows:

401(a)(17) Pay Limit – 3.00 per annum
Social Security Wage Base – 4.00 per annum

Police and Firemen's Retirement System (PFRS)

Changes in Benefit Terms - None

Changes in Assumptions - The discount rate changed from 6.32% as of June 30, 2014, to 5.79% as of June 30, 2015, in accordance with Paragraph 44 of GASB Statement No. 67.

Other Changes in Assumptions – Demographic assumptions with respect to no-vested withdrawal, disability, service retirement, active death, salary increases rates and inactive mortality were revised in accordance with the results of the July 1, 2010 – June 30, 2013 experience study and approved by the Board of Trustees of the PERS Pension Plan at its February 9, 2015 Board Meeting.

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 twenty-five (25) or more years of service (twenty years (20) if a veteran) 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 with Cumberland County, or employees retiring on ordinary disability to purchase health and prescription benefits by paying the full premium.

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 2015, 2014 and 2013, the County contributed \$1,739,736.81, \$1,768,222.38 and \$1,502,071.44, 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 2015, 2014 and 2013, employee contributions to the plan were \$478,336.74, \$448,205.97 and \$470,796.07, respectively.

Annual OPEB Cost - For year ended December 31, 2015, the County's annual OPEB cost (expense) of \$12,709,316.00 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 2015, 2014, and 2013 are as follows:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Annual Required Contribution (ARC)	\$ 15,931,359.00	\$ 15,931,359.00	\$ 13,761,312.00
Interest on the Net OPEB Obligation	2,306,687.00	1,951,853.00	1,411,021.00
Adjustment to the ARC	<u>(5,528,730.00)</u>	<u>(4,678,254.00)</u>	<u>(3,825,126.00)</u>
Annual OPEB Cost	12,709,316.00	13,204,958.00	11,347,207.00
Pay-as-You Go Cost (Existing Retirees)	<u>(3,004,291.00)</u>	<u>(3,066,847.00)</u>	<u>(2,614,013.00)</u>
Increase (Decrease) in the Net OPEB Obligation	9,705,025.00	10,138,111.00	8,733,194.00
Net OPEB Obligation, January 1	<u>65,905,335.00</u>	<u>55,767,224.00</u>	<u>47,034,030.00</u>
Net OPEB Obligation, December 31	<u>\$ 75,610,360.00</u>	<u>\$ 65,905,335.00</u>	<u>\$ 55,767,224.00</u>
Percentage of Annual OPEB Cost Contributed	23.6%	23.2%	23.0%

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

	<u>2015</u>	<u>2013</u>	<u>2011</u>
Actuarial Accrued Liability (AAL)	\$ 216,406,584.00	\$ 154,530,727.00	\$ 133,012,955.00
Actuarial Value of Plan Assets	<u>-</u>	<u>-</u>	<u>-</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 216,406,584.00</u>	<u>\$ 154,530,727.00</u>	<u>\$ 133,012,955.00</u>
Funded Ratio (Actuarial Value of Plan Assets / AAL)	0.0%	0.0%	0.0%
Covered Payroll (Active Plan Members)	\$ 39,216,000.00	\$ 38,664,000.00	\$ 36,907,903.00
UAAL as a Percentage of Covered Payroll	551.8%	399.7%	360.4%

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

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.

Actuarial Methods and Assumptions - 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 January 1, 2015 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.* RP-2014 Mortality Tables (Male/Female).
 - Pre-retirement - RP-2014 Employee Mortality Table with a one-year age setback to reflect expected mortality improvement.
 - Post-retirement - RP-2014 Healthy Annuitant Mortality Table with a one-year age setback to reflect expected mortality improvement.
 - Disabled 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 2.5% 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 Trend.* 10% in 2016, reducing by 1% per annum, leveling at 5% per annum in 2021 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: COMPENSATED ABSENCES

Under the existing policy of the County, full-time employees are entitled to fifteen paid sick leave days each year. Unused sick leave may be accumulated and carried forward to the subsequent year. The County of Cumberland compensates employees for unused sick leave upon retirement. The current policy for most employee contracts provides one compensated day for every two days accumulated up to a maximum of \$9,000. 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, 2015, accrued benefits for compensated absences are valued at \$2,651,162.03. 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, 2015 the balance of fund was \$1,332,841.54.

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, 2015, the County had lease agreements in effect for the following:

- Capital:
 - None
- Operating:
 - Land and Building (6 sites)
 - Copiers (approximately 74 units)

The following is an analysis of the County's operating leases. Future minimum lease payments under operating lease agreements are as follows:

<u>Year</u>	<u>Amount</u>
2016	\$ 555,442.68
2017	579,069.24
2018	576,936.24
2019	576,988.32
2020	450,401.09
2021-2025	2,169,795.36
2026-2030	2,379,769.80
2031-2035	2,627,457.60

Rental payments under operating leases for the year 2015 were \$817,037.85.

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 15, 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 is August 15, 2021.

General Improvement Bonds, Series 2006 - On August 15, 2006, the County issued \$10,500,000.00 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 is August 15, 2018.

General Improvement Bonds, Series 2007 - On November 1, 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, 2023.

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, 2024.

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 Improvement Bonds, Series 2012 - 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.

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 8,245,000.00	\$ 2,598,848.99	\$ 10,843,848.99
2017	8,810,000.00	2,347,607.76	11,157,607.76
2018	8,735,000.00	2,018,656.76	10,753,656.76
2019	7,385,000.00	1,700,755.76	9,085,755.76
2020	7,515,000.00	1,431,118.00	8,946,118.00
2021-2025	27,792,000.00	3,173,231.28	30,965,231.28
2026-2030	4,470,000.00	163,087.50	4,633,087.50
	<u>\$ 72,952,000.00</u>	<u>\$ 13,433,306.05</u>	<u>\$ 86,385,306.05</u>

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:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 1,680,000.00	\$ 2,733,756.25	\$ 4,413,756.25
2017	1,745,000.00	2,700,156.25	4,445,156.25
2018	1,795,000.00	2,647,806.25	4,442,806.25
2019	1,850,000.00	2,593,956.25	4,443,956.25
2020	1,925,000.00	2,519,956.25	4,444,956.25
2021-2025	11,055,000.00	11,163,531.25	22,218,531.25
2026-2030	14,050,000.00	8,167,881.25	22,217,881.25
2031-2035	16,390,000.00	5,418,112.50	21,808,112.50
2036-2039	13,400,000.00	1,675,000.00	15,075,000.00
	<u>\$ 63,890,000.00</u>	<u>\$ 39,620,156.25</u>	<u>\$ 103,510,156.25</u>

Note 11: CAPITAL DEBT (CONT'D)

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:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 93,984.50	\$ 7,514.45	\$ 101,498.95
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
	<u>\$ 399,101.89</u>	<u>\$ 19,192.81</u>	<u>\$ 418,294.70</u>

Note 11: CAPITAL DEBT (CONT'D)

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>
<u>Issued</u>			
General:			
Bonds, Loans and Notes	\$ 78,871,101.89	\$ 78,003,234.53	\$ 73,948,551.80
Authorized by Another Public Body			
Guaranteed by the County -- Capital Loan Agreement	63,890,000.00	63,890,000.00	
Bonds Issued by Another Public Body			
Guaranteed by the County -- Bonds and Notes	35,145,000.00	37,070,000.00	19,680,000.00
Total Issued	<u>177,906,101.89</u>	<u>178,963,234.53</u>	<u>93,628,551.80</u>
<u>Authorized but not Issued</u>			
General:			
Bonds, Loans and Notes	3,607,127.58	14,812,833.58	1,543,831.35
Total Issued and Authorized but not Issued	<u>181,513,229.47</u>	<u>193,776,068.11</u>	<u>95,172,383.15</u>
<u>Deductions</u>			
General:			
Bonds Issued by Another Public Body			
Public Body Guaranteed by the County	35,145,000.00	37,070,000.00	19,680,000.00
Funds Temporarily Held to Pay Bonds	885,862.14	2,265,381.64	1,353,794.31
Bonds Issued and Bonds Authorized but not Issued for Capital Projects for County Colleges	14,501,500.00	14,379,500.00	12,832,500.00
Accounts Receivable from Other Public Authorities	44,399,716.60	44,399,716.60	
Est Proceeds to be Used to Pay Bonds and Notes		10,400,000.00	
Total Deductions	<u>94,932,078.74</u>	<u>108,514,598.24</u>	<u>33,866,294.31</u>
Net Debt	<u>\$ 86,581,150.73</u>	<u>\$ 85,261,469.87</u>	<u>\$ 61,306,088.84</u>

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 0.99%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
General	<u>\$ 181,513,229.47</u>	<u>\$ 94,932,078.74</u>	<u>\$ 86,581,150.73</u>

Net debt \$86,581,150.73 divided by the equalized valuation basis per N.J.S.A.40A:2-2, as amended, \$8,747,258,975.00, equals 0.99%.

Note 11: CAPITAL DEBT (CONT'D)

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

2% of Equalized Valuation Basis (Municipal)	\$ 174,945,179.50
Less: Net Debt	<u>86,581,150.73</u>
Remaining Borrowing Power	<u><u>\$ 88,364,028.77</u></u>

Note 12: CAPITAL DEBT REFUNDING

On September 16, 2015, the County issued \$20,910,000.00 in Refunding Bonds, consisting of \$12,910,000.00 General Improvement Refunding Bonds, \$3,850,000.00 County College Refunding Bonds and \$4,150,000.00 State Aid County College Refunding Bonds with interest rates between 1.00% - 4.00% to advance refund \$2,400,000.00 of outstanding 2006 General Improvement Bonds, \$4,000,000.00 of outstanding 2006 County College Bonds, and \$10,600,000.00 of outstanding 2007 General Improvement Bonds, \$4,000,000.00 of outstanding 2006 State Aid County College Bonds, and to provide for the costs associated with the authorization, sale and issuance of the Bonds. As a result of the advance refunding, the County will reduce its total debt service payments over the next eight years by \$818,743.30, which results in an economic gain (difference between the present values of the debt service payments of the old and new debt) of \$714,526.54, or 3.4381% 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: ARBITRAGE REBATE

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

The County has multiple bonds outstanding as of December 31, 2015 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.

Note 14: CHANGE ORDERS

During the year 2015, 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%):

<u>Ordinance Number</u>	<u>Project Description</u>
2015-103	Drug and Alcohol Treatment Services for the Cumberland County Alcohol and Drug Abuse Services Office
2015-199	Architect/Engineering Design Services for Communications Tower Build Design Specifications
2015-283	Providing In-School Program Services for the Cumberland County Office of Employment and Training
2015-284	Providing Out-of-School Program Services for the Cumberland County Office of Employment and Training
2015-285	Providing Out-of-School Program Services for the Cumberland County Office of Employment and Training
2015-337	Providing Various Services for the Cumberland County Youth Services Advisory Council
2015-340	Providing Various Services for the Cumberland County Youth Services Advisory Council
2015-409	Providing Various Services for the Cumberland County Office on Aging and Disabled
2015-432	Construction, Alteration and Improvement of the Courthouse Façade
2015-457	ADA Improvements at 164 West Broad Street
2015-499	Providing Various Social Services for the Cumberland County Youth Services Advisory Council
2015-542	Providing Drug and Alcohol Treatment Services for the Cumberland County Alcohol and Drug Services Office
2015-543	Providing Drug and Alcohol Treatment Services for the Cumberland County Alcohol and Drug Services Office
2015-556	Providing Various Services for the Cumberland County Youth Services Advisory Council

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 15: RISK MANAGEMENT

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

Property and Liability Insurance - The County maintains commercial insurance coverage for vehicles, public officials, crime and surety bonds, etc.

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

The Commission provides its members with the following coverage:

Workers' Compensation and Employer's Liability
General Liability other than Motor Vehicles
Property Damage other than Motor Vehicles
Automobile Liability and Damage

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
Pollution Liability
Medical Professional Liability
Employed Lawyers 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, 2015, which can be obtained from:

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

The County 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.

Note 15: RISK MANAGEMENT (CONT'D)

At December 31, 2015, the balance estimated to be payable for the workers' compensation insurance was \$770,135.31, 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 \$275,000.00, 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, 2015. 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 2015 or future budgets. At December 31, 2015, the balances of the reserves are as follows:

<u>Insurance Plan</u>	<u>Amount</u>
Reserve for Workers' Compensation Insurance--Trust Fund	\$65,423.96
Reserve for General Liability Insurance--Trust Fund	55,840.24
Reserve for Automobile and Contractors Equipment Physical Damage Insurance -- Trust Fund	316,712.73

Note 16: COUNTY GUARANTEES

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

Cumberland County Improvement Authority

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

**CCIA
Outstanding Debt Issued
Under a Lease/Loan Agreement with the County
Or Guaranteed by the County
As of December 31, 2015**

	<u>Purpose</u>	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Amount Outstanding</u>	<u>Amount Guaranteed by County</u>
(1)	County Guaranteed Solid Waste System Revenue Bonds, Series 2006	4.00-5.25%	8-3-06	1-1-26	\$17,410,000	\$17,410,000
(2)	County Guaranteed Lease Revenue Bonds, Series 2014	2.00-5.00%	5-29-14	5-1-39	\$17,735,000	\$17,735,000
(3)	County Guaranteed Revenue Bonds, Series 2014	2.00-5.00%	10-30-14	9-1-39	\$63,890,000	\$63,890,000

Note 16: COUNTY GUARANTEES (CONT'D)**(1) 2006 Agreement**

On June 29, 2006, the Cumberland County Board of Chosen Freeholders by ordinance, authorized the guarantee ("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."

(2) 2014 Agreement

On May 29, 2014, the Cumberland County Board of Chosen Freeholders by ordinance, authorized the guarantee ("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 Cumberland County Improvement Authority (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 16: 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 Improvement 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. As of December 31, 2015, \$63,890,000.00 principal amount of the Series 2014 Bonds were outstanding.

Non-Guaranteed CCIA Debt

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

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

Note 17: FARMLAND PRESERVATION TRUST

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, 2015, the Reserve for Farmland Preservation had a balance of \$610,266.27.

Note 18: CONTINGENCIES

Grantor Agencies - 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.

Litigation - The County is a defendant in several legal proceedings that are in various stages of litigation in the nature of claims for alleged damages to persons and/or property and other similar types of actions rising in the course of County operations. It is believed that the outcome, or exposure to the County, from such litigation is either unknown or potential losses, if any, would not have a material adverse effect to the financial position of the County. The County has procured insurance coverage covering all pending claims which is deemed to be adequate to meet any contingent liabilities arising from pending litigation or claims.

Note 19: CONCENTRATIONS

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

Note 20: SUBSEQUENT EVENTS

Division of Social Services – On November 24, 2015, the Board of Chosen Freeholders voted to dissolve the Cumberland County Board of Social Services and have the County take over the services in order to create greater operational efficiency with respect to the administration and delivery of services. On December 22, 2015, the Board of Chosen Freeholders adopted Resolution 2015-628 creating a Division of Social Services within the Department of Administration and Finance, effective January 1, 2016.

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

<u>Purpose</u>	<u>Adoption</u>	<u>Authorization</u>
Various Capital Improvements	02/23/16	\$ 6,000,000.00
Various Improvements to Buildings, Roads and Parking Lots at the Cumberland County College	05/24/16	2,600,000.00
Advance Refunding of All or a Portion of Certain General Improvement Bonds, Series 2009	05/24/16	7,700,000.00
Technologies Upgrades for the Surrogate's Office	06/28/16	142,500.00

APPENDIX C

FORMS OF BOND COUNSEL OPINIONS

_____, 2017

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 \$2,600,000 General Obligation Bonds (County College Bonds), Series 2017 (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 #2016-4 of the County, finally adopted May 24, 2016.

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(a) of the Internal Revenue Code of 1986, as amended (the "Code"). Pursuant to Section 103(a) 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, pursuant to Section 103(a) of the Code, interest on the Bonds is not included in gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations. It is also our opinion that interest on the Bonds held by a corporate taxpayer is included in "adjusted current earnings" in calculating alternative minimum taxable income for purposes of the federal alternative minimum tax imposed on corporations. We express no opinion regarding other federal tax consequences arising with respect to the Bonds. Further, in our opinion, 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.

Very truly yours,

_____, 2017

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

Dear Board of Chosen Freeholders Members:

We have acted as bond counsel to the County of Cumberland, New Jersey (the "County") in connection with the issuance by the County of a \$17,600,000 Bond Anticipation Note dated the date hereof (the "Note"). In order to render the opinions herein, we have examined laws, documents and records of proceedings, or copies thereof, certified or otherwise identified to our satisfaction, and have undertaken such research and analyses as we have deemed necessary.

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

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

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

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

Very truly yours,

APPENDIX D

FORMS OF DISCLOSURE DISSEMINATION AGENT AGREEMENT

**CERTIFICATE AS TO THE UNDERTAKING OF
SECONDARY MARKET DISCLOSURE**

I, Gerald C. Seneski, the Treasurer/Chief Financial Officer of the County of Cumberland, a municipal corporation of the State of New Jersey and herein referred to as the "Issuer", in connection with the \$2,600,000 General Obligation Bonds (County College Bonds), Series 2017 (County College Bond Act, P.L. 1971, c.12, as Amended) (the "Bonds"), HEREBY CERTIFY TO THE BEST OF MY KNOWLEDGE AND BELIEF as follows:

Section 1. (a) On or prior to September 30 of each year, beginning with September 30, 2018 for the fiscal year ending December 31, 2017 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 and to the State Repository, if any, 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 obligated person, 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 obligated person.

(c) in a timely manner to the MSRB, and to the State Repository if any, notice of failure of the County to provide required annual financial information on or before the date specified in this resolution.

Section 2. 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.

Section 3. If all or any part of the Rule ceases to be in effect for any reason, then the information required to be provided by a resolution adopted by the County Council on January 26, 2016 (the "Resolution"), insofar as the provision of the Rule no longer in effect required the provision of such information, shall no longer be required to be provided.

Section 4. The County has failed to file certain financial information pursuant to prior undertakings during the past five years. The County has remedied this prior failure by filing all financial information required pursuant to prior undertakings for the past five years with EMMA, along with the appropriate notice of failure to file such documents. The County has further remedied this prior failure by instituting internal measures necessary to ensure timely filing in the future.

Section 5. I am authorized to enter into additional written contracts or undertakings to implement the Rule and to amend such contracts or undertakings or the undertakings set forth in the Resolution, provided such amendment in the opinion of Bond Counsel is in compliance with the Rule.

Section 6. In the event that the County fails to comply with the Rule or the written contracts or undertakings specified in the Resolution, the County shall not be liable for monetary damages, remedy being hereby specifically limited to specific performance of the Rule requirements or the written contracts or undertakings therefor.

IN WITNESS WHEREOF, I have hereunto set my hand as of this 24th day of May, 2017

Gerald C. Seneski,
Treasurer/Chief Financial Officer

**CERTIFICATE AS TO THE UNDERTAKING OF
SECONDARY MARKET DISCLOSURE**

I, Gerald C. Seneski, the Treasurer/Chief Financial Officer of the County of Cumberland, New Jersey and herein referred to as the "County", in connection with the \$17,600,000 Bond Anticipation Note (the "Note") HEREBY CERTIFY TO THE BEST OF MY KNOWLEDGE AND BELIEF as follows:

Section 1. (a) The County has covenanted to provide certain secondary market disclosure in compliance with Securities and Exchange Commission Rule 15c2-12 (the "Rule"). Specifically, the County will provide in a timely manner to each nationally recognized municipal securities information repository or to the Municipal Securities Rulemaking Board, and to the appropriate State information depository, if any, notice of the following events with respect to the Note, if material (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; and
- (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 obligated person, 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 obligated person.

(b) 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 Section 1 above.

Section 1. If all or any part of the Rule ceases to be in effect for any reason, then the information required to be provided under this resolution, insofar as the provision of the Rule no longer in effect required the provision of such information, shall no longer be required to be provided.

Section 2. I am authorized to enter into additional written contracts or undertakings to implement the Rule and to amend such contracts or undertakings or the undertakings set forth in this Certificate, provided such amendment in the opinion of Bond Counsel is in compliance with the Rule.

Section 3. In the event that the Issuer fails to comply with the Rule or the written contracts or undertakings specified in this resolution, the Issuer shall not be liable for monetary damages, remedy being hereby specifically limited to specific performance of the Rule requirements or the written contracts or undertakings therefor.

IN WITNESS WHEREOF, I have hereunto set my hand as of May 24, 2017.

Gerald C. Seneski, Treasurer/Chief Financial Officer