

**COUNTY OF SALEM
STATE OF NEW JERSEY**

**NOTICE OF SALE
\$5,714,000 BOND ANTICIPATION NOTES, SERIES 2019**

NON-CALLABLE

Proposals are being solicited for the purchase of \$5,714,000 aggregate principal amount of Bond Anticipation Notes, Series 2019, dated June 18, 2019 and maturing June 18, 2020 (the "Notes") of the County of Salem, State of New Jersey (the "County") either (a) via Telecopy (609-291-9940), Hand Delivery or Mail received by Phoenix Advisors, LLC, the Municipal Advisor to the County of Salem, State of New Jersey (the "County"), at 625 Farnsworth Avenue, Bordentown, New Jersey 08505, or (b) electronically via PARITY® in the manner described below under the heading "Procedures Regarding Electronic Proposals" on Tuesday, June 11, 2019 until 11:15 a.m., New Jersey time.

The Notes have been authorized pursuant to the Local Bond Law, N.J.S.A. 40A:2-1 et seq., as amended and supplemented, a bond ordinance and a resolution duly adopted by the Board of Chosen Freeholders of the County and published as required by law, as applicable. The proceeds from the Notes will provide for the temporary financing of \$5,714,000 of various capital improvements in and for the County.

The Notes will be dated June 18, 2019, will mature June 18, 2020 and will bear interest commencing June 18, 2019 at the rate of interest per annum as specified in the successful proposal therefor in accordance herewith (calculated on the basis of twelve (12) thirty (30) day months in a three hundred sixty (360) day year). The Notes are not subject to redemption prior to maturity. Entities making proposals for the Notes may (i) be participants of The Depository Trust Company, New York, New York ("DTC") or affiliated with its participants, or (ii) purchase for its own account and not with a view to distribution and resale. The Notes may be issued in registered, bearer or book-entry only form and will be payable as to both principal and interest in lawful money of the United States of America by the County or a duly appointed paying agent. The Notes may also be registered in the name of and held by Cede & Co., as nominee of DTC, which may act as securities depository for the Notes (the "Securities Depository"). The Note certificate may be on deposit with DTC. DTC may be responsible for maintaining a book-entry system for recording the interests of its participants or the transfers of the interests among its participants. The participants may be responsible for maintaining records regarding the beneficial ownership interests in the Notes on behalf of the individual purchasers. Individual purchases may be made in the principal amount of \$1,000 or any integral multiple thereof (with a minimum purchase of \$5,000).

Each proposal submitted must specify a single rate of interest per annum to be borne by the Notes. Each proposal must state the purchase price of the Notes to be purchased, which shall not be less than \$5,714,000. The Notes shall be awarded to the purchaser on whose proposal the issuance thereof may be made at the lowest net interest cost to the County. If two or more proposals offer the same lowest net interest cost, the sale of the Notes will be awarded to the entity making the proposal which is selected by lot from among all such entities making such proposals.

The right is reserved to reject all proposals, and any proposals not complying with the terms of this notice or specifying additional conditions will be rejected. The right is also reserved to waive any irregularities or informalities in proposals submitted on the Official Form of Proposal for Notes.

Award or rejection of the proposals for the Notes is expected to be made within two (2) hours after receipt of the proposals, but such potential purchaser may not withdraw its proposal until after 3:00 p.m. of the day the County receives the proposals and then only if such award has not been made prior to the withdrawal.

The Notes will be delivered on June 18, 2019. PAYMENT FOR THE NOTES AT THE TIME OF ORIGINAL ISSUANCE AND DELIVERY SHALL BE BY WIRE TRANSFER OF IMMEDIATELY AVAILABLE FUNDS.

Each proposal must be submitted on June 11, 2019 by 11:15 am by (A) completing the Official Form of Proposal for Notes (attached as Exhibit A), which may be (i) enclosed in a sealed envelope and marked on the outside "Proposal for Notes" and hand delivered to the Chief Financial Officer/Treasurer of the County c/o Phoenix Advisors, LLC, the Municipal Advisor to the County, at 625 Farnsworth Avenue, Bordentown, New Jersey 08505, (ii) enclosed in a sealed envelope and marked on the outside "Proposal for Notes" and mailed to the Chief Financial Officer/Treasurer c/o Phoenix Advisors, LLC, the Municipal Advisor to the County, at 625 Farnsworth Avenue, Bordentown, New Jersey 08505, or (iii) sent via facsimile to the County c/o Phoenix Advisors, LLC, the Municipal Advisor to the County at 609-291-9940, or (B) by electronic submission via PARITY® as described further under the heading "Procedures Regarding Electronic Proposals".

Establishment of Issue Price

In the event the County receives fewer than three (3) bids for the Notes, then the Issue Price for the Notes shall be established based on the price at which at least 10% of the Notes are sold to the Public (as defined below). The winning bidder shall be required to deliver on the Delivery Date a certificate to such effect, and provide to the County, in writing, evidence satisfactory to Bond Counsel to the County of such sales price for the Notes. In the event that the winning bidder has not sold at least 10% of the Notes to the Public as of the Delivery Date (the "Unsold Notes"), the winning bidder shall (i) provide to the County, in writing, on the Delivery Date, the Expected Offering Price for the Unsold Notes and a certificate regarding same and (ii) have a continuing obligation to provide to the County, in writing, evidence satisfactory to Bond Counsel to the County of the price when at least 10% of all such Unsold Notes has been sold to the Public. "Public" means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter (as defined herein) or a related party to an Underwriter. The term "related party" generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly. "Underwriter" means (i) any person that agrees pursuant to a written contract with the County (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Notes to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Notes to the Public).

Additional Information

The obligation hereunder to deliver and to accept the Notes shall be conditioned on the availability and the delivery at the time of delivery of the Notes of (a) the approving legal opinion of the law firm of Archer & Greiner P.C., Red Bank, New Jersey ("Bond Counsel"), which will be furnished without cost to the purchaser of the Notes, such opinion to be substantially in the form set forth in the hereinafter defined Preliminary Official Statement distributed in connection with the sale of the Notes to the effect that (i) the Notes are valid and legally binding obligations of the County and, unless paid from other sources, all the taxable property within the County will be subject to the levy of *ad valorem* taxes for the payment of the principal of the Notes and the interest thereon without limitation as to rate or amount, (ii) interest on the Notes is excluded from gross income for Federal income tax purposes under current law if the County complies with all conditions subsequent contained in the Internal Revenue Code of 1986, as amended (the "Code"), except to the extent that interest on the Notes held by a corporate taxpayer is included in the income computation for calculation of the corporate alternative minimum tax, and (iii) interest on the Notes and any gain on the sale thereof is not includable as gross income under the existing New Jersey Gross Income Tax Act, (b) certificates, in form satisfactory to Bond Counsel, evidencing the proper execution and delivery of the Notes, the receipt of payment therefor and compliance with the requirements of the Code necessary to preserve Federal tax exemption, (c) a certificate, in form and tenor satisfactory to Bond Counsel and dated as of the date of delivery of the Notes, to the effect that there is no litigation pending or (to the knowledge of the signer or signers thereof) threatened affecting the validity of the Notes, and (d) a Certificate of Compliance with Secondary Market Disclosure Requirements for the Notes evidencing the County's undertaking to provide notice of certain enumerated events pursuant to Rule 15c2-12, specifically subsection (d)(3) and (b)(5)(i)(C), promulgated by the Securities and Exchange Commission pursuant to the provisions of the Securities Exchange Act of 1934, as amended and supplemented. A description of this undertaking is set forth in the Preliminary Official Statement. A copy of such approving legal opinion will be delivered with the Notes.

The County has authorized the distribution of a Preliminary Official Statement (the "Preliminary Official Statement"), "deemed final" as of its date for purposes of Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended and supplemented. The Preliminary Official Statement may be viewed electronically at www.munihub.com. In addition, broker dealers registered with the National Association of Securities Dealers (the "NASD"), dealer banks with The Depository Trust Company, New York, New York (the "DTC") clearing arrangements or entities wishing to make a proposal may either: (a) print out a copy of the Preliminary Official Statement on their own printer, or (b) at any time prior to 11:15 a.m. on June 11, 2019, elect to receive a photocopy or electronic link to the Preliminary Official Statement by contacting the County Bond Counsel, John M. Cantalupo, Esq., Archer & Greiner P.C., at Riverview Plaza, 10 Highway 35, Red Bank, New Jersey 07701, or by telephone at (732) 268-8009 or by email at jcantalupo@archerlaw.com. All Entities making a proposal must review the Preliminary Official Statement and by submitting a proposal will certify that they did so prior to submitting their proposal. Final Official Statements will be delivered to the purchaser of the Notes within the earlier of seven (7) business days following the award of the Notes or to accompany the purchasers' confirmations that request payment for the Notes, such Official Statement to be dated as of the date of the award of the Notes. The Successful Purchaser will be furnished upon request, without cost, with a reasonable number of copies of the Official Statement, which number shall not exceed 50. Neither the County, the Bond Counsel or the Municipal Advisor is responsible to any Entity making a proposal for any defect or inaccuracy in the Preliminary Official Statement as it appears on www.munihub.com.

The purchaser may at its option refuse to accept the Notes if prior to their delivery any change in the Code, shall provide that the interest thereon is taxable or shall be taxable at a future date for Federal income tax purposes. In such case, the purchaser may be relieved of its contractual obligations arising from the acceptance of its proposal.

It is anticipated that a CUSIP Identification Number will be printed on the Notes. Phoenix Advisors, LLC, the Municipal Advisor to the County, will timely apply for a CUSIP Identification Number with respect to the Notes. The CUSIP identification numbers and the CUSIP Service Bureau charge therefor shall be the responsibility of and shall be paid for by the purchaser. CUSIP identification numbers must be communicated to Bond Counsel within twenty-four (24) hours of the award of the Notes to have the CUSIP identification numbers printed on the Notes.

All proposals which are submitted electronically via PARITY® pursuant to the procedures described below shall be deemed to constitute a "Proposal for Notes" and shall be deemed to incorporate by reference all of the terms and conditions of this Notice of Sale. The submission of a proposal electronically via PARITY® shall constitute and be deemed to be the signature of the entity making the proposal on the Proposal for Notes.

Procedures Regarding Electronic Proposals

Proposals may be submitted electronically via PARITY® in accordance with this Notice of Sale, until 11:15 a.m. on June 11, 2019, but no proposal will be received after the time for receiving proposals 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 purchasers may contact the County's Municipal Advisor, Anthony Inverso of Phoenix Advisors, LLC, 625 Farnsworth Avenue, Bordentown, New Jersey 08505, or by telephone at (609) 291-0130 or email at ainverso@muniadvisors.com or PARITY® at 212-404-8102. In the event that a proposal for the Notes is submitted via PARITY®, the entity making a proposal further agrees that:

If the proposal submitted electronically via PARITY® is accepted by the County, the terms of the proposal for the Notes and this Notice of Sale, as well as the information that is electronically transmitted through PARITY®, shall form a contract and the successful purchaser shall be bound by the terms of such contract.

PARITY® is not an agent of the County, and the County shall have no liability whatsoever based on any entity making a proposal'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 entity making a proposal.

The County may choose to discontinue use of receiving proposals electronically via PARITY® by issuing a notification to such effect via Thomson News Service ("TM3") no later than 3:00 p.m. on the last business date prior to the June 11, 2019.

Once the proposals are communicated electronically via PARITY® to the County, as described above, each proposal will constitute a proposal for the Notes and shall be deemed to be an irrevocable offer to purchase the Notes on the terms provided in this Notice of Sale.

Each entity making a proposal shall be solely responsible to make necessary arrangements to access PARITY® for purposes of submitting its proposal in a timely matter and in compliance with the requirements of this Notice of Sale. Neither the County nor PARITY® shall have any duty or obligation to provide or assure access to any entity making a proposal, and neither the County 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 receipt of proposals for the Notes. By using PARITY®, each entity making a proposal agrees to hold the County harmless for any harm or damages caused to such entity making a proposal in connection with its use of PARITY® to make a proposal on the Notes.

Additional information relating to the financing of the County can be obtained by contacting the undersigned Chief Financial Officer/Treasurer at (856) 935-7510; the County's Municipal Advisor, Anthony Inverso, Phoenix Advisors, LLC, 625 Farnsworth Avenue, Bordentown, New Jersey 08505, or by telephone at (609) 291-0130 or email at ainverso@muniadvisors.com; or the County's Bond Counsel, John M. Cantalupo, Esq., Archer & Greiner P.C., Riverview Plaza, 10 Highway 35, Red Bank, New Jersey 07701, or by telephone at (732) 268-8009 or email at jcantalupo@archerlaw.com.

/s/ Kelly A. Hannigan
Kelly A. Hannigan
Chief Financial Officer/Treasurer
County of Salem
State of New Jersey

Dated: June 4, 2019

EXHIBIT A

**OFFICIAL FORM OF PROPOSAL FOR
COUNTY OF SALEM, STATE OF NEW JERSEY
\$5,714,000 BOND ANTICIPATION NOTES, SERIES 2019**

June 11, 2019

VIA FACSIMILE 609-291-9940

Kelly A. Hannigan
Chief Financial Officer/Treasurer
c/o Phoenix Advisors, LLC
625 Farnsworth Avenue
Bordentown, New Jersey 08505
Attn: Anthony Inverso

Dear Chief Financial Officer/Treasurer:

Subject to the provisions of the Notice of Sale (the "Notice") which is made a part hereof, we offer to purchase the Bond Anticipation Notes, Series 2019 (the "Notes") described in such Notice in the principal amount of \$5,714,000 at a purchase price of \$ _____, provided that the Notes bear interest at the rate per annum of ____%. We do hereby certify that we have reviewed the Preliminary Official Statement dated June 11, 2019 regarding the issuance of the Notes.

Name of Entity
Making Proposal: _____

Address: _____

Authorized
Signatory: _____

Name: _____

Phone Number: _____

Email: _____

Please supply the following for informational purposes only and not as part of the foregoing proposal:

Net Interest Cost: \$ _____

Net Interest Rate: _____ %

NEW ISSUE (BOOK-ENTRY ONLY)

See "RATINGS" herein

In the opinion of Archer & Greiner P.C., Red Bank, New Jersey, Bond Counsel to the County ("Bond Counsel"), under existing statutes, regulations, rulings and court decisions, and assuming continuing compliance with certain covenants described herein, interest on the Bonds (as defined herein) and the Notes (as defined herein) (i) is not includable in gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) will not be treated as a preference item under Section 57 of the Code for purposes of calculating the Federal alternative minimum tax; however, such interest paid to certain corporate holders of the Bonds and the Notes indirectly may be subject to the Federal alternative minimum tax under the circumstances described under "TAX MATTERS" herein. Bond Counsel is further of the opinion that, under existing laws of the State of New Jersey, interest on the Bonds and on the Notes and any gain on the sale thereof is not includable in gross income under the New Jersey Gross Income Tax Act. See "TAX MATTERS" herein.

\$11,442,000*
COUNTY OF SALEM
STATE OF NEW JERSEY
GENERAL OBLIGATION BONDS, SERIES 2019
 Consisting of:
\$9,942,000* General Improvement Bonds, Series 2019
 And
\$1,500,000* County College Bonds, Series 2019
(County College Bond Act, 1971 N.J. Laws c. 12, as Amended)

\$5,714,000
COUNTY OF SALEM
STATE OF NEW JERSEY
BOND ANTICIPATION NOTES

NON-CALLABLE

Dated: June 18, 2019

Due: June 18, 2020

CALLABLE

Dated: Date of Delivery

Due: June 15, as shown on the inside front cover

The \$11,442,000* General Obligation Bonds, Series 2019, consisting of \$9,942,000* General Improvement Bonds, Series 2019 (the "General Improvement Bonds") and \$1,500,000* County College Bonds, Series 2019 (County College Bond Act, 1971 N.J. Laws c. 12, as Amended) (the "Chapter 12 Bonds" and together with the General Improvement Bonds, the "Bonds"), are general obligations of the County of Salem, State of New Jersey (the "County") and pledge the full faith and credit of the County to levy *ad valorem* taxes on all taxable property in the County without limitation as to rate or amount for the payment of the principal thereof and the interest thereon.

The \$5,714,000 Bond Anticipation Notes dated June 18, 2019 (the "Notes") are general obligations of the County, payable in the first instance from the proceeds of the sale of the bonds in anticipation of the issuance of which the Notes are issued, but if not so paid or if not paid from other sources, are payable ultimately from *ad valorem* taxes levied upon all the taxable property within the County for the payment of the Notes and the interest thereon without limitation as to rate or amount.

The Bonds and the Notes will be in fully registered book-entry only form and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC, an automated depository for securities and clearing house for securities transactions, will act as securities depository for the Bonds and the Notes. Individual purchases of the Bonds may be made in the principal amount of \$5,000 or any integral multiple thereof, through book entries made on the books and records of DTC and its participants. Individual purchases of the Bonds may be made in the principal amount of \$5,000, except that those Bonds in excess of the largest principal amount thereof not equaling a multiple of \$5,000 shall be in denominations of \$1,000 or any integral multiple thereof, through book entries made on the books and records of DTC and its participants. Individual purchases of the Notes may be made in the principal amount of \$1,000 or any integral multiple thereof (with a minimum purchase of \$5,000) through book entries made on the books and records of DTC and its participants.

The Bonds shall bear interest from their date of delivery, payable semiannually on the fifteenth day of June and December of each year, commencing June 15, 2020, at such rates of interest as shown on the inside front cover hereof. The Bonds will be payable as to principal upon presentation and surrender thereof at the offices of the County or a duly designated paying agent. Interest on the Bonds will be paid by check, draft or wire transfer, mailed, delivered or transmitted by the County to the registered owner thereof as of the Record Dates (as defined herein). The Notes shall be dated and bear interest from their date of delivery. Interest on the Notes will be payable at maturity on June 19, 2020. Principal of and interest on the Notes will be payable by the County or a duly designated paying agent on the date of maturity. As long as DTC is acting as securities depository for the Bonds and the Notes, principal and interest will be payable by wire transfer to DTC or its nominee, which is obligated to remit such principal and interest to DTC Participants. DTC Participants and Indirect Participants will be responsible for remitting such payments to the Beneficial Owners of the Bonds or the Notes. See "THE DEPOSITORY TRUST COMPANY ("DTC") INFORMATION" herein.

The Bonds are authorized by and issued pursuant to N.J.S.A. 18A:64A-1 *et seq.*, as amended and supplemented, the Local Bond Law, N.J.S.A. 40A:2-1 *et seq.*, as amended and supplemented (the "Local Bond Law"), bond ordinances of the County duly adopted on the dates set forth herein and published as required by law and by a resolution to be adopted by the Board of Chosen Freeholders of the County on May 15, 2019 (the "Resolution").

The Notes are authorized by and are issued pursuant to the Local Bond Law, a bond ordinances of the County duly adopted on the dates set forth herein and published as required by law and by the Resolution.

The Bonds are being issued to provide for (i) the current refunding of bond anticipation notes of the County; and (ii) various capital improvements in and by the County and capital improvements and acquisition of related capital equipment at and for certain facilities of Salem Community College. The Notes are being issued to provide for the temporary financing of various capital improvements in and for the County.

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

The Bonds and the Notes are not a debt or obligation, legal, moral or otherwise of the State of New Jersey, or any county, municipality or political subdivision thereof other than the County.

The Bonds and the Notes are offered when, as and if issued and delivered subject to the approval of the legality thereof by Archer & Greiner P.C., Red Bank, New Jersey, Bond Counsel, and certain other conditions. Phoenix Advisors, LLC, Bordentown, New Jersey served as Municipal Advisor to the County in connection with the Bonds and the Notes. It is anticipated that the Bonds and the Notes will be available for delivery through DTC on or about June 18, 2019.

All bids for the Bonds must be submitted prior to 11:00 a.m., prevailing New Jersey time, on Tuesday, June 11, 2019, in accordance with the Full Notice of Sale for the Bonds which can be viewed in electronic format, along with this Preliminary Official Statement, on www.munihub.com.

Proposals for the Notes will be received in accordance with the Full Notice of Sale for the Notes, which can be viewed in electronic format on www.munihub.com, on Tuesday, June 11, 2019 until 11:15 a.m., New Jersey time.

Prospective bidders may bid either on the Bonds, or on the Notes or on both issues, provided each bid is in conformance with the applicable notice of sale for such Bonds or Notes.

* Preliminary, subject to change.

**COUNTY OF SALEM
STATE OF NEW JERSEY**

\$11,442,000* GENERAL OBLIGATION BONDS, SERIES 2019

Consisting of:

\$9,942,000* General Improvement Bonds, Series 2019

And

\$1,500,000* County College Bonds, Series 2019

(County College Bond Act, 1971 N.J. Laws c. 12, as Amended)

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

Maturity June 15	General Improvement Amounts*	Chapter 12 Amounts*	Combined Amounts*	Interest Rates	Yields	CUSIP**
2020	\$417,000	\$ 80,000	\$497,000			
2021	515,000	80,000	595,000			
2022	415,000	80,000	495,000			
2023	415,000	100,000	515,000			
2024	415,000	100,000	515,000			
2025	415,000	100,000	515,000			
2026	830,000	160,000	990,000			
2027	830,000	160,000	990,000			
2028	830,000	160,000	990,000			
2029	830,000	160,000	990,000			
2030	830,000	160,000	990,000			
2031	800,000	160,000	960,000			
2032	800,000		800,000			
2033	800,000		800,000			
2034	800,000		800,000			

\$5,714,000

BOND ANTICIPATION NOTES

MATURITY, PRINCIPAL AMOUNT, INTEREST RATE, YIELD AND CUSIP**

Maturity	Par Amount	Interest Rate	Yield	CUSIP**
June 18, 2020	\$5,714,000	___%	___%	

* Preliminary, subject to change.

**CUSIP is a registered trademark of the American Bankers Association. CUSIP numbers are provided by Standard & Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. The CUSIP Numbers listed above are being provided solely for the convenience of Bondholders only at the time of issuance of the Bonds and the City does not make any representations with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specified maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

**COUNTY OF SALEM
STATE OF NEW JERSEY**

THE BOARD OF CHOSEN FREEHOLDERS

Benjamin H. Laury, Freeholder Director
R. Scott Griscom, Deputy Freeholder Director
Charles V. Hassler, Freeholder
Mickey Ostrum, Freeholder
Lee R. Ware, Freeholder

COUNTY OFFICIALS

Kelly A. Hannigan, CPA
Chief Financial Officer/Treasurer

Stacy Pennington,
Clerk of the Board of Chosen Freeholders

COUNTY COUNSEL

Karin M. Wood, Esq.

AUDITORS

Bowman & Company LLP
Woodbury and Voorhees, New Jersey

BOND COUNSEL

Archer & Greiner P.C.
Red Bank, New Jersey

MUNICIPAL ADVISOR

Phoenix Advisors, LLC
Bordentown, New Jersey

No dealer, broker, salesperson or other person has been authorized by the County to give any information or to make any representations with respect to the Bonds or the Notes other than those contained in this Official Statement and if given or made, such information or representation must not be relied upon as having been authorized by the County.

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 Notes by any person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

The presentation of information in this Official Statement is intended to show recent historic information and except as expressly stated otherwise, it is not intended to indicate future or continuing trends in the financial conditions or other affairs of the County. No representation is made that past experience, as is shown by the financial and other information, will necessarily continue or be repeated in the future.

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.

All quotations from and summaries and explanations of provisions of laws herein do not purport to be complete, and reference is made to such laws for full and complete statements of their provisions.

This Official Statement is not to be construed as a contract or an agreement between the County and the purchasers or holders of any of the Bonds or the Notes. 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, estimates and expressions of opinion herein are subject to change without notice. The delivery of this Official Statement or any sale of the Bonds or the Notes made hereunder shall not, under any circumstances, create any indication that there has been no change in the affairs of the County with the sale of the Bonds or the Notes referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

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OFFICIAL STATEMENT

OF THE

COUNTY OF SALEM STATE OF NEW JERSEY

RELATING TO

\$11,442,000* GENERAL OBLIGATION BONDS, SERIES 2019

Consisting of:

\$9,942,000* General Improvement Bonds, Series 2019

And

\$1,500,000* County College Bonds, Series 2019

(County College Bond Act, 1971 N.J. Laws C. 12, As Amended)

-And-

\$5,714,000 BOND ANTICIPATION NOTES

INTRODUCTION

The purpose of this Official Statement is to provide certain information regarding the financial and economic condition of the County of Salem (the "County"), State of New Jersey (the "State"), in connection with the sale and issuance of (i) \$11,442,000* General Obligation Bonds, Series 2019, consisting of \$9,942,000* General Improvement Bonds, Series 2019 (the "General Improvement Bonds") and \$1,500,000* County College Bonds, Series 2019 (County College Bond Act, 1971 N.J. Laws C. 12, As Amended) (the "Chapter 12 Bonds" and together with the General Improvement Bonds, the "Bonds") and (ii) \$5,714,000 aggregate principal amount of Bond Anticipation Notes of the County (the "Notes" and together with the Bonds, the "Obligations"). This Official Statement, which includes the cover page and the appendices attached hereto, has been prepared on behalf of the County by Archer & Greiner P.C., Red Bank, New Jersey, Bond Counsel to the County ("Bond Counsel") and the Chief Financial Officer/Treasurer of the County and has been authorized by the County to be distributed in connection with the sale and issuance of the Bonds and the Notes.

This Official Statement contains specific information relating to the Bonds and the Notes, including their general description, certain matters affecting the financing, certain legal matters, historical financial information and other information pertinent to these issues. This Official Statement should be read in its entirety.

All financial and other information presented herein has been provided by the County from its records, except for information expressly attributed to other sources. The presentation of information, including tables of receipts and disbursements, is intended to show recent historical information and, but only to the extent specifically provided herein, certain projections of the immediate future, and is not necessarily indicative of future or continuing trends in the financial position or other affairs of the County.

DESCRIPTION OF THE BONDS

The Bonds are dated the date of delivery and shall mature in the principal amounts on June 15 in each of the years set forth in the table appearing on the inside front cover hereof. The Bonds shall bear interest at the rates shown on the inside front cover page hereof from their date of delivery, which interest shall be payable semiannually on the fifteenth day of June and December (each an "Interest Payment Date"), commencing June 15, 2020, in each year until maturity or prior redemption, as applicable. Interest

* Preliminary, subject to change

on the Bonds is calculated on the basis of twelve (12) thirty (30) day months in a three hundred sixty (360) day year and will be paid by check, draft or wire transfer mailed, delivered or transmitted to the registered owners of the Bonds as of each respective June 1 and December 1 preceding an Interest Payment Date (the "Record Dates"), at the address shown on the registration books for the Bonds kept for that purpose by the Chief Financial Officer/Treasurer, as Registrar and Paying Agent.

The Bonds, when issued, will be registered in the name of and held by Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds (the "Securities Depository"). Purchases of beneficial interests in the Bonds will be made in book-entry only form, without certificates, in denominations of \$5,000, except that those Bonds in excess of the largest principal amount thereof not equaling a multiple of \$5,000 shall be in denominations of \$1,000 or any integral multiple thereof, through book entries made on the books and records of DTC and its participants. Under certain circumstances, such beneficial interests in the Bonds are exchangeable for one or more fully registered Bond certificates of like series, maturity and tenor in authorized denominations.

So long as DTC or its nominee, Cede & Co., is the registered owner of the Bonds, payment of the principal of and interest on the Bonds will be made directly by the County as Paying Agent, or some other paying agent as may be designated by the County, to Cede & Co. Disbursement of such payments to the DTC Participants (as hereinafter defined) is the responsibility of DTC and disbursement of such payments to the owners of beneficial interests in the Bonds is the responsibility of the DTC Participants (as hereinafter defined). See "THE DEPOSITORY TRUST COMPANY ("DTC") INFORMATION" herein.

Optional Redemption

The Bonds maturing prior to June 15, 2027 are not subject to optional redemption. The Bonds maturing on or after June 15, 2027 shall be subject to redemption at the option of the County, in whole or in part, on any date on or after June 15, 2026, upon notice as required herein at one hundred percent (100%) of the principal amount being redeemed (the "Redemption Price"), plus accrued interest to the date fixed for redemption.

Notice of redemption shall be given by mailing by first class mail in a sealed envelope with postage prepaid to the registered owners of the Bonds not less than thirty (30) days, nor more than sixty (60) days prior to the date fixed for redemption. Such mailing shall be to the Owners of such Bonds at their respective addresses as they last appear on the registration books kept for that purpose by the Board or a duly appointed bond registrar. So long as DTC (or any successor thereto) acts as securities depository for the Bonds, such notice of redemption shall be sent directly to such depository and not to the Beneficial Owners of the Bonds. Any failure of the depository to advise any of its participants or any failure of any participant to notify any beneficial owner of any notice of redemption shall not affect the validity of the redemption proceedings. If the Board determines to redeem a portion of the Bonds prior to maturity, the Bonds to be redeemed shall be selected by the Board; the Bonds to be redeemed having the same maturity shall be selected by the securities depository in accordance with its regulations.

If notice of redemption has been given as provided herein, the Bonds or the portion thereof called for redemption shall be due and payable on the date fixed for redemption at the Redemption Price, together with accrued interest to the date fixed for redemption. Interest shall cease to accrue on and after such redemption date.

AUTHORIZATION FOR THE ISSUANCE OF THE BONDS

The Bonds are authorized by and are issued pursuant to the provisions of N.J.S.A. 18A:64A-1 et seq., as amended and supplemented, the Local Bond Law, N.J.S.A. 40A:2-1 et seq., as amended and supplemented (the "Local Bond Law"), the various bond ordinances duly adopted by the Board of Chosen Freeholders of the County on the date set forth in the chart on the following page and published as required by law, and by a resolution duly adopted by the Board of Chosen Freeholders of the County on May 15, 2019 (the "Resolution").

The bond ordinances authorizing the Bonds were published in full or in summary, as applicable, after its final adoption along with the statement that the twenty (20) day period of limitation within which a suit, action or proceeding questioning the validity of such bond ordinance could be commenced began to run from the date of the first publication of such statement. The Local Bond Law provides, that after issuance, all obligations shall be conclusively presumed to be fully authorized and issued by all laws of the State, and all persons shall be estopped from questioning their sale, execution or delivery by the County.

PURPOSE OF BOND ISSUE AND USE OF BOND PROCEEDS

Proceeds of the Bonds, along with other available funds of the County, are being used to provide for (i) the current refunding of \$10,531,000 bond anticipation notes of the County issued on June 20, 2018 and maturing on June 19, 2019 (the "Prior Notes") and (ii) various capital improvements and acquisition of related capital equipment at and for certain facilities of Salem Community College. The Bonds and the improvements or purposes for which the Bonds are to be issued have been authorized by various bond ordinances duly adopted by the Board of Chosen Freeholders of the County on the dates set forth in the following table and published as required by law:

Ordinance Number	Description and Date of Final Adoption	Amount of Prior Notes Being Refunded with the Bonds	New Money
<i>General Improvement Bonds</i>			
2011-004	Repair and Reconstruction of Roads, Bridges and Railroads Damaged by Flood, Finally Adopted 12/7/11	\$3,461,000	
2012-002	Various Improvements to Roadways, Bridges, Railroads and Other Public Property Damaged by Hurricane Irene and Previously Approved by Special Emergency Appropriations in 2011, Finally Adopted 5/14/12	\$2,681,000	
2017-01	Various Salem County Short Line Railroad Port Area Improvements, Finally Adopted 9/6/17	\$3,800,000	
<i>Chapter 12 Bonds</i>			
2019-003	Bond Ordinance Providing For The Undertaking of 2019-2020 Capital Improvements At And For Certain Facilities Of Salem Community College, Finally Adopted 5/1/19		\$1,500,000
	Subtotals	<u>\$9,942,000</u>	<u>\$1,500,000</u>
	TOTAL	<u>\$11,442,000</u>	

Security and Payment for the Bonds

The Bonds are valid and legally binding general obligations of the County for which the full faith and credit of the County are irrevocably pledged for the punctual payment of the principal of and interest on the Bonds. Unless otherwise paid from other sources, the County has the power and is obligated by law to levy

ad valorem taxes upon all the taxable property within the County for the payment of the principal of the Bonds and the interest thereon without limitation as to rate or amount.

The County is required by law to include the total amount of principal and interest on all of its general obligation indebtedness, such as the Bonds, for the current year in each annual budget unless provision has been made for payment from other sources. The enforceability of rights or remedies with respect to the Bonds may be limited by bankruptcy, insolvency or other similar laws affecting creditors' rights or remedies heretofore or hereafter enacted. See "MUNICIPAL BANKRUPTCY" herein.

The Bonds are not a debt or obligation, legal, moral or otherwise, of the State or any political subdivision thereof, other than the County, except as set forth immediately below.

The Chapter 12 Bonds are additionally secured by the County College Bond Act, 1971 N.J. Laws C. 12, as amended.

County College Bond Act, 1971 N.J. Laws C. 12

The County shall receive a certification from the State Treasurer that the State will provide support for the Chapter 12 Bonds in the principal sum of \$1,500,000, together with interest on that amount, under the provisions of the County College Bond Act, 1971 N.J. Laws c. 12, as amended. Payments from the New Jersey Department of Treasury for its proportionate share of the principal and interest when due 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 Chapter 12 Bonds is dependent upon appropriations by the State Legislature for time to time. The Chapter 12 Bonds which are issued under the provisions of the County College Bond Act, 1971 N.J. Laws 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. The Chapter 12 Bonds are otherwise general obligations of the County in the same fashion as the General Improvement Bonds and the Vocational-Technical School Bonds.

DESCRIPTION OF THE NOTES

The Notes comprise an issue of general obligation bond anticipation notes in the aggregate principal amount of \$5,714,000 of the County, which Notes are being issued in anticipation of the issuance of bonds. The Notes shall be dated and shall bear interest and shall mature as shown on the front cover page hereof. The Notes shall bear interest at the rate shown on the inside front cover page hereof, which interest is payable at maturity. Interest on the Notes is calculated on the basis of twelve (12) thirty (30) day months in a three hundred sixty (360) day year. The Notes are not subject to redemption prior to maturity.

The Notes will be issued as fully registered notes in book-entry only form, and when issued, will be registered in the name of and held by Cede & Co., as nominee of DTC. DTC will act as securities depository for the Notes. Principal of and interest on the Notes will be payable by the County or a duly designated paying agent on the date of maturity by wire transfer of immediately available funds to DTC or its nominee. Purchases of beneficial interests in the Notes will be made in book-entry only form, without certificates, in denominations of \$1,000 or any integral multiple thereof (with a minimum purchase of \$5,000) through book entries made on the books and records of DTC and its participants. Under certain circumstances, such beneficial interests in the Notes are exchangeable for one or more fully registered Note certificates in authorized denominations.

The Note certificate will be on deposit with DTC. DTC will be responsible for maintaining a book-entry system for recording the interests of its participants and transfers of the interests among its participants. The participants will be responsible for maintaining records regarding the beneficial ownership interests in the Notes on behalf of the individual purchasers. Individual purchasers of the Notes will not receive certificates representing their beneficial ownership interests in the Notes, but each book-entry owner will receive a credit balance on the books of its nominee, and this credit balance will be confirmed by an initial transaction statement stating the details of the Notes purchased. So long as DTC or its nominee,

Cede & Co., is the registered owner of the Notes, payments of the principal of and interest on the Notes will be made by the County or a duly designated paying agent directly to DTC or its nominee, Cede & Co., which will in turn remit such payments to DTC Participants, which will in turn remit such payments to the beneficial owners of the Notes. See “THE DEPOSITORY TRUST COMPANY (“DTC”) INFORMATION” herein.

AUTHORIZATION FOR THE ISSUANCE OF THE NOTES

The Notes have been authorized and are issued pursuant to: (i) the Local Bond Law and (ii) the bond ordinance duly adopted by the Board of Chosen Freeholders of the County on the dates set forth in the chart below. The bond ordinance authorizing the Notes was published in full or in summary, as applicable, after its final adoption along with the statement that the twenty (20) day period of limitation within which a suit, action or proceeding questioning the validity of such bond ordinance could be commenced began to run from the date of the first publication of such statement. The Local Bond Law provides, that after issuance, all obligations shall be conclusively presumed to be fully authorized and issued by all laws of the State, and all persons shall be estopped from questioning their sale, execution or delivery by the County.

PURPOSE OF NOTE ISSUE AND USE OF NOTE PROCEEDS

The Notes are being issued to provide for the temporary financing of \$5,714,000 of various capital improvements in and for the County. The Notes and the improvements or purposes for which the Notes are to be issued have been authorized by a bond ordinance duly adopted by the Board of Chosen Freeholders of the County on the date set forth in the following table and published as required by law:

Ordinance Number	General Purpose and Date of Final Adoption	Amount of Prior Notes Being Refunded	Amount of New Money
2019-002	Various 2019 Capital Improvements, Finally Adopted 5/1/19	\$0	\$5,714,000

TOTAL: \$5,714,000

Security for the Notes

The Notes are valid and legally binding general obligations of the County for which the full faith and credit of the County are irrevocably pledged for the punctual payment of principal of and interest on the Notes. The Notes are payable in the first instance from the proceeds of the sale of bonds in anticipation of which the Notes were issued, but if not so paid or if not paid from other sources, the County has the power, and is obligated by law to levy *ad valorem* taxes upon all taxable property in the County for the payment of the Notes and the interest thereon without limitation as to rate or amount.

The County is required by law to include the total amount of principal of and interest on all of its general obligation indebtedness, such as the Notes, for the current year in each annual budget, unless provision has been made for payment from other sources. The enforceability of rights or remedies with respect to the Notes may be limited by bankruptcy, insolvency or other similar laws affecting creditors’ rights or remedies heretofore or hereafter enacted. See “MUNICIPAL BANKRUPTCY” herein.

The Notes are not a debt or obligation, legal, moral or otherwise, of the State or any political subdivision thereof, other than the County.

THE DEPOSITORY TRUST COMPANY (“DTC”) INFORMATION

The Depository Trust Company (“DTC”), New York, New York will act as Securities Depository for the Bonds and the Notes. The Bonds and the Notes 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, as set forth on the inside front cover hereof, and will be deposited with DTC. One fully-registered Note certificate will be issued for the Notes, in the aggregate principal amount of the issue of Notes, 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 Bonds or the Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds or the Notes on DTC’s records. The ownership interest of each actual purchaser of each Bond or Note (a “Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds or the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds or the Notes, except in the event that use of the book-entry system for the Bonds or the Notes is discontinued.

To facilitate subsequent transfers, all Bonds or Notes deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds or Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds or the Notes; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds or Notes 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.

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

Principal and interest payments on the Bonds and the Notes 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 Agent, on the 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 Agent, or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal of and interest on the Bonds and the Notes 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 Agent, 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 depository with respect to the Bonds or the Notes at any time by giving reasonable notice to the County or the Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond or 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 or Note certificates will be printed and delivered by the County.

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 the County takes no responsibility for the accuracy thereof.

THE AGENT WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH DTC PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENTS TO OR PROVIDING OF NOTICE FOR THE DTC DIRECT PARTICIPANTS OR THE INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE BONDS AND THE NOTES, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE OWNERS OF THE BONDS OR THE NOTES (OTHER THAN UNDER THE CAPTION "TAX MATTERS") SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE BONDS OR THE NOTES.

PROVISIONS FOR THE PROTECTION OF GENERAL OBLIGATION DEBT

Procedure for Authorization

The County has no constitutional limit on its power to incur indebtedness other than that it may issue obligations only for public purposes pursuant to State statutes. The authorization and issuance of County debt, including the purpose, amount and nature thereof, the method and manner of the incurrence of such debt, the maturity and terms of repayment thereof, and other related matters are statutory. The County is not required to submit the proposed incurrence of indebtedness to a public referendum.

The County, by bond ordinance, may authorize and issue negotiable obligations for the financing of any capital improvement or property which it may lawfully acquire, or any purpose for which it is authorized or required by law to make an appropriation, except current expenses and payment of obligations (other

than those for temporary financings). Bond ordinances must be finally approved by the recorded affirmative vote of at least two-thirds of the full membership of the Board of Chosen Freeholders of the County. The Local Bond Law requires publication and posting of the bond ordinance or a summary thereof. If the bond ordinance requires approval or endorsement of the State, it cannot be finally adopted until such approval has been received. The Local Bond Law provides that a bond ordinance shall take effect twenty (20) days after the first publication thereof after final adoption. At the conclusion of the twenty-day period all challenges to the validity of the obligations authorized by such bond ordinance shall be precluded except for constitutional matters. Moreover, after issuance, all obligations are conclusively presumed to be fully authorized and issued by all laws of the State and any person shall be estopped from questioning their sale, execution or delivery by the County.

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

The Bonds and Notes are being issued pursuant to the provisions of the Local Bond Law. The Local Bond Law governs the issuance of bonds and notes to finance certain municipal capital expenditures. Among its provisions are requirements that bonds or notes must mature within the statutory period of usefulness of the projects being financed, that bonds be retired in either serial or sinking fund installments and that, unlike school debt, and with some exceptions, including self-liquidating obligations and those improvements involving certain State grants, a five percent (5%) cash down payment of the amount of bond and notes authorized must be generally provided. Such down payment must have been raised by budgetary appropriations, from cash on hand previously contributed for the purpose or by emergency resolution adopted pursuant to the Local Budget Law, N.J.S.A. 40A:4-1 et seq., as amended and supplemented (the "Local Budget Law"). All bonds and notes issued by the County are general "full faith and credit" obligations.

Short-Term Financing

Local governmental units, including counties, may issue bond anticipation notes to temporarily finance a capital improvement or project in anticipation of the issuance of bonds if the bond ordinance or subsequent resolution so provides. Such bond anticipation notes for capital improvements may be issued in an aggregate amount not exceeding the amount of bonds authorized in the ordinance, as may be amended and supplemented, creating such capital expenditure. A local unit's bond anticipation notes may be issued and renewed for periods not exceeding one (1) year, with the final maturity occurring and being paid no later than the first day of the fifth month following the close of the tenth fiscal year after the original issuance of the notes, provided that no notes may be renewed beyond the third anniversary date of the original notes and each anniversary date thereafter unless an amount of such notes, at least equal to the first legally payable installment of the anticipated bonds (the first year's principal payment), is paid and retired from funds other than the proceeds of obligations on or before the third anniversary date and each anniversary date thereafter.

Tax anticipation notes are limited in amount by law and, in the case of the County, may be renewed from time to time, but all such notes and renewals thereof must mature not later than June 30 of the succeeding fiscal year.

Refunding Bonds (N.J.S.A. 40A:2-51 et seq.)

Refunding bonds may be issued by a local unit pursuant to the Local Bond Law for the purpose of paying, funding or refunding its outstanding bonds, including emergency appropriations, the actuarial liabilities of a non-State administered public employee pension system and amounts owing to others for taxes levied in the local unit, or any renewals or extensions thereof, and for paying the cost of issuance of refunding bonds. The Local Finance Board, in the Division of Local Government Services, New Jersey Department of Community Affairs (the "Local Finance Board") must approve the authorization of the issuance of refunding bonds or a local unit may comply with certain requirements in State regulations in order to issue refunding bonds.

Statutory Debt Limitation

There are statutory requirements which limit the amount of debt which the County is permitted to authorize. The authorized bonded indebtedness of a county is limited by the Local Bond Law and other laws to an amount equal to two percent (2.00%) of its stated average equalized valuation basis, subject to certain exceptions noted below. N.J.S.A. 40A:2-6. The stated equalized valuation basis is set by statute as the average of the aggregate equalized valuations of all taxable real property, together with improvements to such property, and the assessed valuation of Class II railroad property within the boundaries of the County for each of the last three (3) preceding years as annually certified in the valuation of all taxable real property, in the Table of Equalized Valuations by the Director of the Division of Taxation, in the New Jersey Department of the Treasury (the "Division of Taxation"). N.J.S.A. 40A:2-2. Certain categories of debt are permitted by statute to be deducted for the purposes of computing the statutory debt limit. N.J.S.A. 40A:2-43, -44. The Local Bond Law permits the issuance of certain obligations, including obligations issued for certain emergency or self-liquidating purposes, notwithstanding the statutory debt limitation described above; but, with certain exceptions, it is then necessary to obtain the approval of the Local Finance Board. See "Exceptions to Debt Limitation - Extensions of Credit" below.

Exceptions to Debt Limitation - Extensions of Credit (N.J.S.A. 40A:2-7)

The debt limit of the County may be exceeded with the approval of the Local Finance Board. If all or any part of a proposed debt authorization is to exceed its debt limit, the County must apply to the Local Finance Board for an extension of credit. The Local Finance Board considers the request, concentrating its review on the effect of the proposed authorization on outstanding obligations and operating expenses and the anticipated ability to meet the proposed obligations. If the Local Finance Board determines that a proposed debt authorization is not unreasonable or exorbitant, that the purposes or improvements for which the obligations are issued are in the public interest and for the health, welfare and convenience or betterment of the inhabitants of the County and that the 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 services that are in the public interest and makes other statutory determinations, approval is granted. In addition to the aforesaid, debt in excess of the debt limit may be issued to fund certain obligations, for self-liquidating purposes and, in each fiscal year, in an amount not exceeding two-thirds of the amount budgeted in such fiscal year for the retirement of outstanding obligations (exclusive of obligations issued for utility or assessment purposes) plus two-thirds of the amount raised in the tax levy of the current fiscal year by the local unit for the payment of bonds or notes of any school district. The County has not exceeded its debt limit.

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

The Local Fiscal Affairs Law regulates the non-budgetary financial activities of local governments, including counties. An annual, independent audit of the local unit's accounts for the previous year must be performed by a Registered Municipal Accountant licensed in the State of New Jersey. The audit, conforming to the Division of Local Government Services, in the New Jersey Department of Community Affairs (the "Division") "Requirements of Audit", must be completed within six (6) months after the close of the County's fiscal year (June 30), includes recommendations for improvement of the local unit's financial procedures. The audit report must also be filed with the Clerk of the Board of Chosen Freeholders and is available for review during regular business hours and shall, within five (5) days thereafter be filed with the Director of the Division (the "Director"). A synopsis of the audit report, together with all recommendations made, must be published in a local newspaper within thirty (30) days of the County's receipt of the audit report. Accounting methods utilized in the conduct of the audit conform to practices prescribed by the Division, which practices differ in some respects from generally accepted accounting principles.

Annual Financial Statement (N.J.S.A. 40A:5-12 et seq.)

An annual financial statement ("Annual Financial Statement") which sets forth the financial condition of a local unit for the fiscal year must be filed with the Division not later than January 26 (in the case of a county) and not later than February 10 (in the case of a municipality) after the close of the calendar fiscal year, or not later than August 10 of the State fiscal year for those municipalities which operate on the State

fiscal year. The Annual Financial Statement is prepared either by the Chief Financial Officer or the Registered Municipal Accountant for the local unit. Such Statement reflects the results of operations for the year of the current and utility funds. If the statement of operations results in a cash deficit, the deficit must be included in full in the succeeding year's budget.

FINANCIAL MANAGEMENT

Accounting and Reporting Practices

The accounting policies of the County conform to the accounting principles applicable to local governmental units which have been prescribed by the Division. A modified accrual basis of accounting is followed with minor exceptions. Revenues are recorded as received in cash except for certain amounts which may be due from other governmental units and which are accrued. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the County's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due to the County which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue only when received. Expenditures are generally recorded on the accrual basis, except that unexpended appropriations at December 31, unless canceled by the governing body, are reported as expenditures with offsetting appropriation reserves. Appropriation reserves are available, until lapsed at the close of the succeeding fiscal year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are credited to the results of operations. As is the prevailing practice among municipalities and counties in the State, the County does not record obligations for accumulated unused vacation and sick pay.

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

The foundation of the State local finance system is the annual cash basis budget. Every local unit, including counties, must adopt an annual operating budget in the form required by 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 prior to final adoption of the budget by a County Board of Chosen Freeholders. The Local Budget Law requires each local unit to appropriate sufficient funds for payment of current debt service and, in the case of a County, 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 the preceding year, (d) reserve for uncollected taxes, and (e) other reserves and nondisbursement items. The Director is empowered to permit a higher level of anticipation, however, should there 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 budgetary review functions, focusing on anticipated revenues, and serves 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 of appropriations. N.J.S.A. 40A:4-22. If in any year the County's expenditures exceed its realized revenues for that year, then such excess (deficit) must be raised in the succeeding year's budget.

In accordance with the Local Budget Law and related regulations, (i) each local unit, with a population of more than 10,000 persons, must adopt and annually revise a six (6) year capital program, and (ii) each local unit, with a population of less than 10,000 persons, must adopt (with some exceptions) and annually revise a three (3) 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 next six (6) years or the next three (3) years, as applicable. 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. See "CAPITAL IMPROVEMENT PROGRAM" herein.

Limitation on Expenditures (“CAP Law”)

N.J.S.A. 40A:4-45.4 places limits on county tax levies and expenditures, this law is commonly known as the “Cap Law” (the “Cap Law”). The Cap Law provides that the County shall limit any increase in its budget to 2.5% or the Cost-of-Living Adjustment, whichever is less, of the previous year’s County tax levy, subject to certain exceptions. The Cost-of-Living Adjustment is defined as the annual percentage increase, rounded to the nearest half percent, in the Implicit Price Deflator for State and Local Government Purchases of Goods and Services produced by the United States Department of Commerce for the year preceding the current year as announced by the Director. However, in each year in which the Cost-of-Living Adjustment is equal to or less than 2.5%, the County may, by resolution approved by a majority vote of the full membership of the governing body, provide that the tax levy of the County for such year be increased by a percentage rate that is greater than the Cost-of-Living Adjustment, but not more than the 3.5% over the previous year’s county tax levy. See N.J.S.A. 40A:4-45.14. In addition, pursuant to Chapter 100 of the Laws of New Jersey of 1994 (N.J.S.A. 40A:4-45.15a, -45.15b) and Chapter 74 of the Laws of New Jersey of 2004, counties may “Cap Bank” under the Local Budget Law. Counties are permitted to appropriate available “CAP Bank” in either of the next two (2) succeeding years’ final appropriations if its actual appropriations in a fiscal year are below the allowable Cost-of-Living-Adjustment. Along with the permitted increases for total general appropriations there are certain items that are allowed to increase outside the “CAP”. Major exceptions to the “CAP” limit include:

- (a) The amount of revenue generated by the increase in valuations within the county, based solely on applying the preceding year’s county tax rate to the apportionment valuation of new construction or improvements within the county and such increase shall be levied in direct proportion to such valuation;
- (b) Capital expenditures, including appropriations for current capital expenditures whether in the capital improvement fund, or as a component of a line item elsewhere in the budget, provided that any such current capital expenditure would otherwise be bondable under the Local Bond Law;
- (c) An increase based upon emergency temporary appropriations made pursuant to N.J.S.A. 40A:4-20 to meet an urgent situation or event which immediately endangers the health, safety or property of the residents of the county, and over which the governing body had no control and for which it could not plan any emergency appropriations pursuant to N.J.S.A. 40A:4-46. Emergency temporary appropriations and emergency appropriations shall be approved by the Director and by at least two-thirds of the members of the governing body and shall not exceed in the aggregate three percent (3%) of the previous year’s final current operating appropriations;
- (d) All debt service;
- (e) Amounts required to be paid pursuant to (i) any contract with respect to use, service or provision of any project, facility or public improvement for water, sewerage, parking, senior citizen housing or similar purpose, or payments on account of debt service therefor, between a county and any other county, municipality, school or other district, agency, authority, commission, instrumentality, public corporation, body corporate and politic or political subdivision of the State; and (ii) any lease of a facility owned by a county improvement authority when such lease payment represents the proportionate amount necessary to amortize debt incurred by the authority in providing the facility which is leased, in whole or in part;
- (f) That portion of the county tax levy which represents funding to participate in any Federal or State aid program and amounts received or to be received from Federal, State or other funds in reimbursement for local expenditures. If a county provides matching funds in order to receive the Federal or State or other funds, only the amount of the match which is required by law or agreement to be provided by the county shall be excepted;
- (g) Extraordinary expenses, approved by the Local Finance Board, required for the implementation of an interlocal services agreement;

(h) Any expenditure mandated as a result of a natural disaster, civil disturbance or other emergency that is specifically authorized pursuant to a declaration of an emergency by the President of the United States or by the Governor of the State;

(i) Expenditures for the cost of services mandated by any order of court, by any Federal or State statute or administrative rule, directive, order or other legally binding device issued by a State agency which has identified such cost as mandated expenditures on certification to the Local Finance Board by the State agency;

(j) That portion of the county tax levy which represents funding to a county college in excess of the county tax levy required to fund the county college in local budget year 1992;

(k) Expenditures for the administration of general public assistance pursuant to 1995 N.J. Laws c. 259;

(l) Amounts in a separate line item of a county budget that are expended on tick-borne disease vector management activities;

(m) Amounts expended by a county under an interlocal services agreement entered into pursuant to 1973 N.J. Laws c. 208 and entered into after the effective date of 2000 N.J. Laws c. 126 or amounts expended under a joint contract pursuant to 1952 N.J. Laws c. 72 and entered into after the effective date of 2000 N.J. Laws c. 126;

(n) Amounts appropriated in the first three years after the effective date of 2003 N.J. Laws c. 92 for liability insurance, workers compensation insurance and employee group insurance;

(o) Amounts appropriated in the first three years after the effective date of 2003 N.J. Laws c. 92 for costs of domestic security preparedness and responses to incidents and threats to domestic security; and

(p) Appropriations that represent expenditures made by a county for the purpose of funding normal and accrued liability contributions to the Public Employees' Retirement System of New Jersey due in the State fiscal years 2004-2005, 2005-2006, 2006-2007, 2007-2008 and 2008-2009, or to the Police and Firemen's Retirement System due in the State fiscal years 2003-2004, 2004-2005, 2005-2006, 2006-2007 and 2007-2008, shall be exempt from the limits on increases to the county tax levy in county budgets for the local budget year in which those contributions are due.

Additionally, P.L. 2010, c.44, effective July 13, 2010, imposes a 2% cap on the tax levy of a municipality, county, fire district or solid waste collection district, 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 costs in excess of 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%.

The Division of Local Government Services has advised that counties and municipalities must comply with both the budget "cap" and the tax levy limitation. Neither the tax levy limitation nor the "Cap Law", however, limits the obligation of the County to levy *ad valorem* taxes upon all taxable property within the boundaries of the County to pay debt service on bonds and notes, including the Bonds and the Notes.

Deferral of Current Expenses

Supplemental appropriations made after the adoption of the budget and determination of the tax rate may be authorized by the governing body of a local unit, including the County, but only to meet unforeseen circumstances, to protect or promote public health, safety, morals or welfare, or to provide temporary housing or assistance prior to the next succeeding fiscal year. However, with certain exceptions described below, such appropriations must be included in full as a deferred charge in the following year's budget. Any emergency appropriation must be declared by resolution according to the definition provided in a provision of the Local Budget Law, N.J.S.A. 40A:4-48, -49, and approved by at least two-thirds of full membership of the governing body. If such emergency appropriations exceed three percent (3%) of the adopted operating budget, consent of the Director is required. N.J.S.A. 40A:4-49.

The exceptions are certain enumerated quasi-capital projects ("special emergencies") such as (i) the repair and reconstruction of streets, roads or bridges damaged by snow, ice, frost, or floods, which may be amortized over three (3) years, and (ii) the repair and reconstruction of streets, roads, bridges or other public property damaged by flood or hurricane, where such expense was unforeseen at the time of budget adoption, the repair and reconstruction of private property damaged by flood or hurricane, tax map preparation, re-evaluation programs, revision and codification of ordinances, master plan preparations, drainage map preparation for flood control purposes, studies and planning associated with the construction and installation of sanitary sewers, authorized expenses of a consolidated commission, contractually required severance liabilities resulting from the layoff or retirement of employees and the preparation of sanitary and storm system maps, all of which projects set forth in this section (ii) may be amortized over five (5) years. N.J.S.A. 40A:4-53, -54, -55, -55.1, -55.2, -55.3. Emergency appropriations for capital projects may be financed through the adoption of a bond ordinance and amortized over the useful life of the project as described above.

Budget Transfers

Budget transfers provide a degree of flexibility and afford a control mechanism for local units, including counties. Transfers between major appropriation accounts are prohibited, except for: (i) during the first three (3) months of a current fiscal year, appropriation reserves may be transferred to the immediately preceding year's budget; and (ii) transfers between major appropriation accounts are permitted during the last two (2) months of a current fiscal year. Both types of transfers require a two-thirds vote of the full membership of the governing body. Although sub-accounts within an appropriation account are not subject to the same year-end transfer restriction, they are subject to internal review and approval. Generally, transfers cannot be made from the down payment account, contingent expenses, capital improvement fund or from other sources as provided in the statute.

Anticipation of Real Estate Taxes

N.J.S.A. 40A:4-29 provides limits for the anticipation of delinquent tax collections: "[t]he maximum which may be anticipated is the sum produced by the multiplication of the amount of delinquent taxes unpaid and owing to the local unit on the first day of the current fiscal year by the percentage of collection of delinquent taxes for the year immediately preceding the current fiscal year."

In regard to current taxes, N.J.S.A. 40A:4-41(b) provides that: "[r]eceipts from the collection of taxes levied or to be levied in the municipality, or in the case of a county for general county purposes and payable in the fiscal year shall be anticipated in an amount which is not in excess of the percentage of taxes levied and payable during the next preceding fiscal year which was received in cash by the last day of the preceding fiscal year."

This provision requires that an additional amount (the "reserve for uncollected taxes") be added to the tax levy required to balance the budget so that when the percentage of the prior year's tax collection is applied to the combined total, the product will at least equal the tax levy required to balance the budget. The County receives 100% of its tax levy.

Collection of County Taxes

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 share of the taxes collected from the first taxes collected by each municipality. Consequently, counties in the State experience a 100% tax collection rate.

Anticipation of Miscellaneous Revenues

N.J.S.A. 40A:4-26 provides that: "[n]o miscellaneous revenues from any source shall be included as an anticipated revenue in the budget in an amount in excess of the amount actually realized in cash from the same source during the next preceding fiscal year, unless the director shall determine upon application by the governing body that the facts clearly warrant the expectation that such excess amount will actually be realized in cash during the fiscal year and shall certify such determination, in writing, to the local unit."

No budget or amendment thereof shall be adopted unless the Director shall have previously certified his approval of such anticipated revenues except that categorical grants-in-aid contracts may be included for their face amount with an offsetting appropriation. The fiscal years of such grants rarely coincide with a municipality's calendar fiscal year. Grant revenues are fully realized in the year in which they are budgeted by the establishment of accounts receivable and offsetting reserves.

Debt Statements

The County must report all new authorizations of debt or changes in previously authorized debt to the Division through the filing of Supplemental and Annual Debt Statements. The Supplemental Debt Statement must be submitted to the Division before final passage of any debt authorization other than a refunding debt authorization. Before January 31 of each fiscal year, the County must file an Annual Debt Statement which is dated as of the last day of the preceding fiscal year with the Division. This report is made under oath and states the authorized, issued and unissued debt of the County as of the previous December 31. Through the Annual and Supplemental Debt Statements, the Division monitors all local borrowing. Even though the County's authorizations are within its debt limits, the Division is able to enforce State regulations as to the amounts and purposes of local borrowings.

CAPITAL IMPROVEMENT PROGRAM

N.J.A.C. 5:30-4 provides that the Capital Budget and Capital Improvement Program of a local unit must be adopted as part of the annual budget. It does not by itself confer any authorization to raise or expend funds. Rather it is a document used for planning. Specific authorization to expend funds for such purposes must be granted, by a separate bond ordinance, by inclusion of a line item in the Capital Improvement Section of the budget, by an ordinance taking money from the Capital Improvement Fund, or other lawful means.

TAX MATTERS

Exclusion of Interest on the Bonds and Notes From Gross Income for Federal Tax Purposes

The Internal Revenue Code of 1986, as amended (the "Code"), imposes certain requirements that must be met on a continuing basis subsequent to the issuance of the Obligations in order to assure that interest on the Obligations will be excluded from gross income for federal income tax purposes under Section 103 of the Code. Failure of the County to comply with such requirements may cause interest on the Obligations to lose the exclusion from gross income for federal income tax purposes, retroactive to the date of issuance of the Obligations. The County will make certain representations in its tax certificate,

which will be executed on the date of issuance of the Obligations, as to various tax requirements. The County has covenanted to comply with the provisions of the Code applicable to the Obligations and has covenanted not to take any action or fail to take any action that would cause interest on the Obligations to lose the exclusion from gross income under Section 103 of the Code. Bond Counsel will rely upon the representations made in the tax certificate and will assume continuing compliance by the County with the above covenants in rendering its federal income tax opinions with respect to the exclusion of interest on the Obligations from gross income for federal income tax purposes and with respect to the treatment of interest on the Obligations for the purposes of alternative minimum tax.

Assuming the County observes its covenants with respect to compliance with the Code, Archer & Greiner P.C., Bond Counsel to the County, is of the opinion that, under existing law, interest on the Obligations is excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code, and interest on the Obligations is not an item of tax preference under Section 57 of the Code for purposes of computing the alternative minimum tax. For corporations with tax years beginning after December 31, 2017, the corporate alternative minimum tax was repealed by federal legislation, Public Law No. 115-97 (the "Tax Cuts and Jobs Act") enacted on December 22, 2017, effective for tax years beginning after December 31, 2017. For tax years beginning before January 1, 2018, interest on the Obligations is not an item of tax preference for purposes of the corporate alternate minimum tax in effect prior to enactment of the Tax Cuts and Jobs Act; however, interest on Obligations held by a corporation (other than an S corporation, regulated investment company or real estate investment trust) may be indirectly subject to federal alternative minimum tax for tax years beginning before January 1, 2018 because of its inclusion in the adjusted current earnings of a corporate holder.

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

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

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

Additional Federal Income Tax Consequences of Holding the Bonds and the Notes

Prospective purchasers of the Obligations should be aware that ownership of, accrual or receipt of interest on or disposition of tax-exempt obligations, such as the Obligations, may have additional federal income tax consequences for certain taxpayers, including, without limitation, taxpayers eligible for the earned income credit, recipients of certain Social Security and certain Railroad Retirement benefits, taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-

exempt obligations, financial institutions, property and casualty companies, foreign corporations and certain S corporations.

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

Changes in Federal Tax Law Regarding the Bonds or the Notes

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

State Taxation for the Bonds and the Notes

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

ADDITIONALLY, EACH PURCHASER OF THE BONDS OR THE NOTES SHOULD CONSULT HIS OR HER OWN ADVISOR REGARDING ANY CHANGES IN THE STATUS OF PENDING OR PROPOSED FEDERAL OR NEW JERSEY STATE TAX LEGISLATION, ADMINISTRATIVE ACTION TAKEN BY TAX AUTHORITIES, COURT DECISIONS OR LITIGATION.

ALL POTENTIAL PURCHASERS OF THE BONDS OR THE NOTES SHOULD CONSULT WITH THEIR TAX ADVISORS IN ORDER TO UNDERSTAND THE IMPLICATIONS OF THE CODE.

Other Tax Consequences

Except as described above, Bond Counsel expresses no opinion with respect to any Federal, state, local or foreign tax consequences of ownership of the Bonds or the Notes. Bond Counsel renders its opinion under existing statutes, regulations, rulings and court decisions as of the date of issuance of the Bonds or Notes and assumes no obligation to update its opinion after such date of issuance to reflect any future action, fact, circumstance, change in law or interpretation, or otherwise. Bond Counsel expresses no opinion as to the effect, if any, on the tax status of the interest on the Bonds or the Notes paid or to be paid as a result of any action hereafter taken or not taken in reliance upon an opinion of other counsel.

See Appendix C for the complete text of the proposed form of Bond Counsel's legal opinion with respect to the Bonds.

See Appendix D for the complete text of the proposed form of Bond Counsel's legal opinion with respect to the Notes.

ALL POTENTIAL PURCHASERS OF THE BONDS OR THE NOTES SHOULD CONSULT WITH THEIR TAX ADVISORS WITH RESPECT TO THE FEDERAL, STATE AND LOCAL TAX CONSEQUENCES (INCLUDING BUT NOT LIMITED TO THOSE LISTED ABOVE) OF THE OWNERSHIP OF THE BONDS OR THE NOTES.

LEGALITY FOR INVESTMENT

The State and all public officers, municipalities, counties, political subdivisions and public bodies, and agencies thereof, all banks, bankers, trust companies, savings and loan associations, savings banks and institutional, building and loan associations, investment companies, and other persons carrying on banking business, all insurance companies, and all executors, administrators, guardians, trustees, and other fiduciaries may legally invest any sinking funds, moneys or other funds belonging to them or within their control in any obligations of the County, including the Bonds and the Notes, and such Bonds and Notes are authorized security for any and all public deposits.

MUNICIPAL BANKRUPTCY

THE COUNTY HAS NOT AUTHORIZED THE FILING OF A BANKRUPTCY PETITION. THIS REFERENCE TO THE BANKRUPTCY CODE OR THE STATE STATUTE SHOULD NOT CREATE ANY IMPLICATION THAT THE COUNTY EXPECTS TO UTILIZE THE BENEFITS OF THEIR PROVISIONS, OR THAT IF UTILIZED, SUCH ACTION WOULD BE APPROVED BY THE LOCAL FINANCE BOARD, OR THAT ANY PROPOSED PLAN WOULD INCLUDE A DILUTION OF THE SOURCE OF PAYMENT OF AND SECURITY FOR THE BONDS OR THE NOTES, OR THAT THE BANKRUPTCY CODE COULD NOT BE AMENDED AFTER THE DATE HEREOF.

The undertakings of the County should be considered with reference to 11 U.S.C. § 101 et seq., as amended and supplemented (the "Bankruptcy Code"), and other bankruptcy laws affecting creditors' rights and municipalities in general. The Bankruptcy Code permits the State or any political subdivision, public agency, or instrumentality that is insolvent or unable to meet its debts to commence a voluntary bankruptcy case by filing a petition with a bankruptcy court 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 this chapter shall operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner; grants priority to certain debts owed; and provides that the plan must be accepted in writing by or on behalf of creditors holding at least two-thirds in amount and more than one half in number of the allowed claims of at least one (1) impaired class. The Bankruptcy Code specifically 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 Code.

The Bankruptcy Code provides that special revenue acquired by the debtor after the commencement of the case shall remain subject to any lien resulting from any security agreement entered into by such debtor before the commencement of such bankruptcy case. However, special revenues acquired by the debtor after commencement of the case shall continue to be available to pay debt service secured by those revenues. Furthermore, the Bankruptcy Code provides that a transfer of property of a debtor to or for the benefit of any holder of a bond or note, on account of such bond or note, may not be avoided pursuant to certain preferential transfer provisions set forth in such code.

Reference should also be made to N.J.S.A. 52:27-40 et seq., which provides that a local unit, including the County, has the power to file a petition in bankruptcy with any United States court or court in bankruptcy under the provisions of the Bankruptcy Code, for the purpose of effecting a plan of readjustment of its debts or for the composition of its debts; provided, however, the approval of the Local Finance Board, as successor to the Municipal Finance Commission, must be obtained.

APPROVAL OF LEGAL PROCEEDINGS

All legal matters incident to the authorization, the issuance, the sale and the delivery of the Bonds and the Notes are subject to the approval of Bond Counsel, whose approving legal opinion with respect to the Bonds and the Notes will be delivered with the Bonds and the Notes substantially in the forms set forth as Appendix C hereto and Appendix D hereto, respectively. Certain legal matters with respect to the Bonds and the Notes will be passed on for the County by its Counsel, Karin M. Wood, Esq. ("County Counsel").

BONDHOLDERS' AND NOTEHOLDERS' RISK

It is to be understood that the rights of the holders of the Bonds and the Notes, and the enforceability thereof, may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

CERTIFICATES OF THE COUNTY

Upon the delivery of the Bonds and the Notes, the respective original purchaser shall receive certificates, in form satisfactory to Bond Counsel and signed by officials of the County, stating to the best knowledge of said officials, that this Official Statement as of its date did not contain any untrue statement of a material fact, or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and stating, to the best knowledge of said officials, that there has been no material adverse change in the condition, financial or otherwise, of the County from that set forth in or contemplated by this Official Statement. In addition, the respective original purchaser of the Bonds or the Notes shall also receive certificates in form satisfactory to Bond Counsel evidencing the proper execution and delivery of the Bonds and the Notes and receipt of payment therefor, and certificates dated as of the date of the delivery of the Bonds and the Notes, and signed by the officers who signed the Bonds and the Notes, stating that no litigation is then pending or, to the knowledge of such officers, threatened to restrain or enjoin the issuance or delivery of the Bonds or the Notes, as applicable, or the levy or collection of taxes to pay the Bonds or Notes or the interest thereon, as applicable, or questioning the validity of the statutes or the proceedings under which the Bonds or Notes are issued, as applicable, and that neither the corporate existence or boundaries of the County, nor the title of any of the said officers to the respective offices, is being contested.

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including information additional to that contained herein, may be directed to Kelly A. Hannigan, CPA, Chief Financial Officer/Treasurer, the County of Salem, 110 Fifth Street, Salem, New Jersey 08079, telephone (856) 935-7510 or e-mail: Kelly.Hannigan@salemcountynj.gov; or County Bond Counsel, John M. Cantalupo, Esq., Archer & Greiner P.C., 10 Highway 35, Red Bank, New Jersey 07710, telephone (732) 268-8009 or email: jcantalupo@archerlaw.com; or County Municipal Advisor, Anthony Inverso, Phoenix Advisors, LLC, 625 Farnsworth Avenue, Bordentown, New Jersey 08505, telephone (609) 291-0180 or email: ainverso@muniadvisors.com.

NO DEFAULT

There is no report of any default in the payment of the principal of, redemption premium, if any, and interest on the bonds, notes or other obligations of the County as of the date hereof.

LITIGATION

To the knowledge of County Counsel, after due inquiry, there is no litigation of any nature now pending or threatened, restraining or enjoining the issuance or the delivery of the Bonds or the Notes, or the levy or the collection of any taxes to pay the principal of or the interest on the Bonds or the Notes, or in any manner questioning the authority or the proceedings for the issuance of the Bonds or the Notes 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. Further, to the knowledge of the County Counsel and except as set forth below in the next paragraph, no litigation is presently pending or threatened that, in the opinion of the

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

COMPLIANCE WITH SECONDARY MARKET DISCLOSURE REQUIREMENTS FOR THE BONDS

The County has covenanted for the benefit of bondholders to provide certain financial information and operating data on the County each year and to comply with the provisions of Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended and supplemented, and as detailed in a Continuing Disclosure Certificate (the "Bond Certificate") to be executed on behalf of the County by its Chief Financial Officer/Treasurer, in the form appearing in Appendix E hereto, such Bond Certificate to be delivered concurrently with the delivery of the Bonds. This covenant is being made by the County to assist the purchaser of the Bonds in complying with the Rule.

During the five-year period preceding the date of this Official Statement, the County previously failed to file, in accordance with the Rule, in a timely manner, under previous filing requirements: (i) its audited financial statements for the fiscal years ending December 31, 2013; (ii) annual operating data for the fiscal years ending December 31, 2013; (iii) its adopted budgets for the fiscal years ending December 31, 2014 and 2016; and (iv) its annual debt statement for the fiscal year ending December 31, 2014. In addition, the County previously failed to file event notices and late filing notices in connection with: (i) its audited financial statements; (ii) annual operating data; (iii) its adopted budgets; (iv) its annual debt statements; and (v) certain rating changes. The County appointed Phoenix Advisors, LLC, Bordentown, New Jersey, in January of 2019 to act as Continuing Disclosure Agent to ensure compliance with its continuing disclosure obligations.

COMPLIANCE WITH SECONDARY MARKET DISCLOSURE REQUIREMENTS FOR THE NOTES

The County has covenanted for the benefit of noteholders to provide notices of the occurrence of certain enumerated events with respect to the Notes, as set forth in section (b)(5)(i)(C) of the Rule (the "Notices"). The Notices will be filed by the County with the Municipal Securities Rulemaking Board and with a state information depository, if any. The specific nature of the Notices will be detailed in a certificate (the "Note Certificate") to be executed on behalf of the County by its Chief Financial Officer/Treasurer, in the form appearing in Appendix F hereto, such Note Certificate to be delivered concurrently with the delivery of the Notes. This covenant is being made by the County to assist the purchaser of the Notes in complying with the Rule.

PREPARATION OF OFFICIAL STATEMENT

Bond Counsel has participated in the preparation and review of this Official Statement, but has not participated in the collection of statistical and financial information contained in Appendices A and B and throughout this Official Statement, nor has it verified the accuracy, completeness, or fairness thereof, and, accordingly, expresses no opinion or other assurance with respect thereto.

The Municipal Advisor (as defined herein) has not participated in the preparation or review of the information contained in this Official Statement, except as hereinafter noted, nor has it verified the accuracy, completeness or fairness thereof, and, accordingly, expresses no opinion or other assurance with respect thereto.

County Counsel has not participated in the preparation of the information contained in this Official Statement, nor has he verified the accuracy, completeness, or fairness thereof, and, accordingly, expresses no opinion or other assurance with respect thereto, but has reviewed the section under the caption entitled

“LITIGATION” and expresses no opinion or assurance other than that which is specifically set forth therein with respect thereto.

Bowman & Company LLP, Auditor to the County, and Mercadien, P.C., previous Auditor to the County, have not participated in the preparation or review of the information contained in this Official Statement, except as hereinafter noted, nor have they verified the accuracy, completeness or fairness thereof, and, accordingly, express no opinion or other assurance with respect thereto, but have prepared certain applicable portions of Appendix B to this Official Statement and each take applicable responsibility for the audited financial statements to the extent as specified below under the heading “Financial Statements” and it will confirm same to the respective original purchaser of the Bonds and the Notes, by a certificate signed by an authorized officer, respectively. Additionally, Bowman & Company LLP has prepared Appendix A to this Official Statement and takes responsibility for the financial information contained therein and it will confirm same to the respective original purchaser of the Bonds and the Notes, by a certificate signed by an authorized officer.

MUNICIPAL ADVISOR

Phoenix Advisors, LLC, Bordentown, New Jersey has served as Municipal Advisor to the County with respect to the issuance of the Bonds and the Notes (the “Municipal Advisor”). 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 the Official Statement and the Appendices hereto. The Municipal Advisor is an independent firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

RATINGS

S&P Global Ratings, acting through Standard & Poor’s Financial Services LLC (“S&P”) has assigned the Bonds a rating of “AA-” and assigned the Notes a rating of “SP-1+”. Explanations of the significance of the ratings may be obtained from S&P at 55 Water Street, New York, New York 10041. Such ratings reflect only the views of such S&P, and an explanation of the significance of the ratings may be obtained from such S&P. There is no assurance that the ratings will continue for any period of time or that they will not be revised or withdrawn entirely by such S&P, if in the judgment of such S&P, circumstances so warrant. Any revision or withdrawal of the ratings may have an adverse effect on the market price of the Bonds or the Notes. Except as set forth in the Bond Certificate and the Note Certificate, respectively, the County has not agreed to take any action with respect to any proposed rating change or to bring such rating change, if any, to the attention of the owners of the Bonds or the Notes.

FINANCIAL STATEMENTS

The compiled statement of assets, liabilities, reserves and fund balance-regulatory basis of the various funds of the County as of December 31, 2018 and the related statements of operations and changes in fund balance –_regulatory basis for the year then ended, together with the selected Notes to the Financial Statements for the year then ended, and the audited financial statements for the year ended December 31, 2017 are presented in Appendix B to the Official Statement. The compiled financial statements referred to above have been prepared by Bowman & Company LLP, Voorhees, New Jersey, independent auditor, and the audited financial statements for the year ended December 31, 2017 have been audited by Mercadian, P.C. as stated in its reports appearing in Appendix B.

UNDERWRITING

Underwriting - the Bonds

The Bonds have been purchased from the County at a public sale by _____ at a purchase price of \$ _____. The Bonds are being offered for sale at the yields set forth on the inside front cover page of this Official Statement, which yields may be changed from time to time by the Bond purchaser without notice.

Underwriting - the Notes

The Notes have been purchased from the County at a public sale by _____ at a purchase price of \$ _____. The Note Purchaser is obligated to purchase all of the Notes if any Notes are purchased.

MISCELLANEOUS

This Official Statement is not to be construed as a contract or agreement between the County and the purchasers or holders of any of the Bonds or the Notes. 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 Bonds or Notes 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.

COUNTY OF SALEM

KELLY A. HANNIGAN
Chief Financial Officer/Treasurer

DATED: June __, 2019

APPENDIX A

**CERTAIN FINANCIAL AND DEMOGRAPHIC INFORMATION
CONCERNING THE COUNTY OF SALEM**

CERTAIN INFORMATION REGARDING THE COUNTY OF SALEM

General

The County of Salem, New Jersey ("County"), is situated in the southwest portion of the State of New Jersey ("State"). The Delaware River and Delaware Bay form the County's 36-mile western and southwestern border, with Wilmington, Delaware, directly across from the County's southwest border. The County of Gloucester, New Jersey, is on the County's northern side, and the County of Cumberland, New Jersey, forms the eastern and southeastern borders of the County. The County encompasses approximately 338 square miles, of which about 40% is composed of State Parks, Fish and Wildlife Management Areas, Government Facilities, and meadows or low-lying areas, 48% is devoted to agriculture, and 12% is developed for residential use (approximately 9,000 acres), and commercial and industrial use (approximately 6,500 acres).

The County is in the middle of the northeast corridor and on the State's main transportation corridor. Over 60 million people reside within 120 miles of the County's borders. The County is located in close proximity to three major business markets: (1) Philadelphia (35 miles away); (2) Baltimore (60 miles); and (3) New York City (120 miles). Wilmington, Delaware is five miles south of the County and is headquarters for E.I. DuPont de Nemours and Company ("DuPont").

Industry is located primarily along the Delaware River, and in the area of Salem City, as is the largest proportion of the County's population.

The 2017 Census of Agriculture (latest available) reported that 98,239 acres or nearly 78% of the County's land area was farmland. According to the census there were 781 farms and total agricultural sales amounted to \$102,342,000 with the average annual sales per farm at \$131,040. The County is the leading producer of soybeans among the State's 21 counties. Other important crops to the County include wheat and barley for grain, asparagus, tomatoes, corn and hay. The County is among the top three dairy producing counties in the State. Agriculture is the third largest employer.

County Government

The County operates under the freeholder form of county government, in which five members of the Board of Chosen Freeholders ("Board") are elected for staggered 3-year terms. The Board operates through a committee system and is required to perform both executive and legislative responsibilities in: (i) formulating County policies; (ii) developing new County programs; (iii) appointing members of various commissions and boards; and (iv) approving the operating and capital budgets and appropriating the funds received from the County's municipalities as well as state and federal agencies to maintain all County services. The day-to-day operations of the County are carried out by professional department heads answerable to the appropriate freeholder committee. The County abides by the regulations of the New Jersey Civil Service Commission.

The County is responsible for providing various government services, including the maintenance of the County road system, the administration of social and health care services, and the operation of recreational programs and facilities. The County provides space and personnel services for the court system; however, it is operated by the State.

The members of the Board are as follows:

<u>Name</u>	<u>Title</u>	<u>Term Expiration</u>
Honorable Benjamin H. Laury	Director	12/31/2021
Honorable R. Scott Griscom	Deputy Director	12/31/2019
Honorable Charles V. Hassler	Member	12/31/2020
Honorable Lee R. Ware	Member	12/31/2019
Honorable Gordon J. Ostrum, Jr.	Member	12/31/2021

Compensated Absences

Upon retirement, employees will receive one-half of their accumulated sick days up to a maximum of \$15,000. Unused accumulated vacation is paid for as straight time. However, only a maximum of ten vacation days may be carried over to each subsequent calendar year. For additional information regarding compensated absences, see Appendix "B": 2017 Audited Financial Statements (Note G herein).

Retirement Systems and Other Employee Benefits

All full-time permanent or qualified County employees who began employment after 1944 must enroll in one of two retirement systems (the Public Employees Retirement System or the Police and Firemen's Retirement System) depending upon their employment status. These systems were established by acts of the State Legislature. Benefits, contributions, means of funding, and the manner of administration are set by the State. The Division of Pensions within the Treasury Department of the State is the administrator of the funds with benefit and contribution levels set by the State. The County is a member of the Public Employees Retirement System ("PERS") and the Police and Firemen's Retirement System ("PFRS"). PERS and PFRS are evaluated every year by the State with employee contribution rates normally determined by the State of New Jersey. Approximately 248 employees of the County are enrolled in PERS, and 173 employees are enrolled in PFRS.

The County is not delinquent with respect to its share of contributions to PERS, PFRS, or the Federal Social Security System ("OASI").

All full-time employees are covered by AmeriHealth Administrators regarding their hospitalization, and Aetna Dental for the dental plan. The prescription plan is self-insured by the County. The County also provides to all full time and part time employees workers compensation which the County self-insures, group life insurance through the State pension system, and disability insurance through the State of New Jersey.

Labor Relations

The County employs approximately 533 persons, including part-time employees. Approximately, 86% of the County's work force is represented by the collective bargaining units listed below:

<u>Union</u>	<u>Title of Employees</u>
Local 1085, Communications Workers of America	Supervisory and non-supervisory personnel
Salem County Sheriff's Officers' Association	Non-supervisory sheriff's officers
Salem County Sheriff's Superior Officers' Association	Supervisory sheriff's officers
Salem County Correctional Officers' Association	Non-supervisory correction officers
Salem County Correctional Superior Officers' Association	Supervisory correction officers
Assistant Prosecutor ("AAP")	Employees of Prosecutor's Office

Population (1)

About 60% of the County's population lives in the western portion of the County near the Delaware River. The most populated municipalities in this area are Pennsville Township (13,409), and Carneys Point Township (8,049). Pittsgrove Township (9,393) is a rapidly growing rural municipality in the extreme eastern part of the County along the Route 55 corridor.

The following table compares the County's population with State and national trends.

<u>Year</u>	<u>County</u>	<u>State</u>	<u>United States</u>
2018 estimated	62,607	8,908,520	327,167,434
2017 estimated	62,792	9,005,644	325,719,178
2016 estimated	63,158	8,978,416	323,405,935
2015 estimated	64,180	8,958,013	321,418,820
2014 estimated	64,715	8,938,175	318,857,056
2013 estimated	65,166	8,899,339	316,128,839
2012 estimated	65,727	8,867,749	313,873,685
2011 estimated	65,902	8,821,155	311,591,917
2010 Federal	66,083	8,791,894	308,745,538

Educational Facilities

Primary and secondary public educational facilities in the County include twenty-two elementary schools, six middle schools, five high schools, a special education school, and a vocational and technical school. Higher education consists of the Salem Community College in Carneys Point. In close proximity to the County are Rutgers - the State University - Camden Campus, Rowan University, University of Pennsylvania and the Wharton School of Business in Philadelphia, the University of Delaware, and Widener University. In addition, there is a Business/Industry Outreach Program which provides customized training, on-site training, and cooperative education to prospective and current employees, as well as companies.

(1) Source: U.S. Bureau of the Census, Population Division

The Salem County Vocational Technical School ("SCVTS") operates a special purpose district in which a wide range of educational programs and services are provided to county residents. The educational programs offered by the SCVTS focus on secondary full time and share time careers, technical education programs, and Career Academy programs offered in partnership with four school districts in the County. SCVTS also operates the New Jersey Regional Day School for the New Jersey Department of Education. The program serves disabled students from Cumberland, Gloucester, and Salem Counties. Additionally, SCVTS provides programs for post-secondary students and a wide array of community and continuing education programs, all of which are available for one purpose; to serve the community's interests.

Salem Community College ("SCC") is a two-year, public, comprehensive institution of higher education authorized to grant associate degrees in the arts, fine arts, science and applied science, and certificates. SCC offers more than 40 programs of study in liberal arts, social science, business, nursing, allied health and technology. SCC features the nation's only associate degree program in scientific glass technology and offers a unique fine arts degree program in glass art. Thanks to a federal grant, SCC now offers associate in applied science degree programs in nuclear and sustainable energy technology. Fall semester enrollment exceeded 1,500 students. SCC also enrolls students in noncredit courses and customized training programs.

Health Care Facilities

The County's residents are served by two acute care hospitals - The Salem Medical Center, located in Mannington Township near the center of the County, and the Inspira Healthcare Network in Elmer Borough in the southeastern portion of the County.

The Salem Medical Center is a not for profit facility, which was acquired from The Memorial Hospital of Salem County, Inc. in February of 2019. The hospital's facilities include a Cardiac Catheterization Lab, Rehabilitation and Telemetry, Emergency Room and Mobile Intensive Care Units. The hospital employs approximately 400 healthcare professionals.

Inspira Hospital - Elmer is a 96 bed facility since January of 2000, they have a state-of-the-art intensive care unit; a modern surgical services department; a Maternity Care Center and most recently an expanded emergency department. The lobby and registration area have recently been completely designed.

In addition to the above, The South Jersey Physical Therapy and Back Rehabilitation Center is located in Pennsville. Senior Care Centers include Carneys Point Rehabilitation and Nursing Center and Southgate Health Care Center located in Carneys Point, Golden Rehabilitation and Nursing Center located in Salem, and Friends Village at Woodstown.

There are also various volunteer ambulance services throughout the County.

Recreational and Cultural Facilities

The County is home to two State Parks: (1) Fort Mott, encompassing 104 acres in the southwestern part of the County; and (2) Parvin, encompassing 1,125 acres in the southeastern part of the County in Pittsgrove Township. Additionally, within the County reside two Fish and Wildlife Refuges covering over 5,800 acres, and a National Wildlife Refuge of 2,200 acres. The County has developed two recreational parks in addition to numerous publicly and privately owned parks and recreational facilities. These include the Boy Scouts and YM/YWCA facilities.

Fishing and boating exits line the Delaware River and Delaware Bay, providing access to five boat basins with launching sites. There are also three semi-public golf courses throughout the County, bridle trails and camping sites.

Special interest attractions include the Cowtown Rodeo and Flea Market, and the Appel Farms Arts & Music Center.

The County has a rich cultural heritage with many historic sites including the Hancock House in Hancock's Bridge, a State historic site, and the Alexander Grant House in Salem, headquarters to the Salem County Historical Society, which contains an excellent museum and library. The County touts 29 patterned brick houses scattered throughout the area. The County government also maintains an important historic structure in active use; the Old County Courthouse (1817, 1907).

There are five public libraries in the County which serve the developed communities and adjacent outlying areas. The SCC also operates a bookmobile for those who are unable to avail themselves of these library facilities.

Transportation

An extensive road network provides excellent access to the County from all directions. Several important interstate and regional highways radiate from the Delaware-Memorial Bridge in Pennsville Township, connecting the County with the Boston-to-Washington (Interstate 95) corridor, Philadelphia, Atlantic City and other shore points. These routes include the New Jersey Turnpike, Interstate 295, U.S. Route #130, U.S. #40 and N.J. State Highway #49. The New Jersey Turnpike and Interstate 295 begin in the County at the Delaware Memorial Bridge.

The County has a total of 879.53 linear miles of roads, including 3.2 miles of Interstate routes, 46 miles of State highways, and 355.17 miles of County roads. Only a few isolated segments or intersections are near their design capacity at any time of the day. Therefore, the County's road network has the capacity to handle further increases in traffic volume without major new highway alignments. The County road system is the largest form of County capital investment and receives a significant portion of the County's budget for improvements and maintenance.

Regional bus service is provided by New Jersey Transit - Bus Operations which links the County with the Counties of Gloucester and Camden as well as the City of Philadelphia. The County operates intra-County bus service between the City of Salem and the Borough of Penns Grove to serve the County's employment centers, business districts and residential neighborhoods.

There are currently three active rail lines providing freight service (there is no passenger rail service in the County) that pass through the County.

Salem Secondary Line is an 18.6 mile line, which runs from Swedesboro, Gloucester County, through Woodstown and Alloway Junction to its terminus at Salem Port. Connecting Conrail Service is available at Swedesboro. The line, known as the Salem Secondary Track (purchased by Salem County from Conrail in 1985), is operated by Southern Railroad of New Jersey. Additional upgrades were completed in November of 2018.

The Cumberland and Maurice River Branch (three miles of which pass through the extreme southeastern corner of the County in Pittsgrove Township) is owned by Winchester and Western Railroad. The line carries freight through Pittsgrove Township on route from Vineland to destinations in southern Cumberland County.

Penns Grove Secondary Line, owned and operated by Conrail, runs southward from Woodbury in Gloucester County, through Oldmans Township and Penns Grove Borough, in Deepwater and in Pennsville Township. The line provides service to DuPont and several other industries in the County.

Of significance to the County's economic development is its access to the Delaware River, an important artery for waterborne transportation in the region. The waterway is maintained by the Army Corps of Engineers to an authorized depth of 40 feet from Philadelphia to the Atlantic Ocean. Some companies, such as The Chemours Company and Calpine, have developed deepwater docking facilities along the Delaware River. The South Jersey Port Corporation operating in the City of Salem has developed a barge port to serve bulk material traffic for the South Jersey area. The port development area is located on the Salem River, within two miles of the Delaware River channel, and directly across from the Chesapeake and Delaware Canal.

There are several private airports and one public airport in the County. These facilities are used principally for agricultural-related operations and for aviatational recreation. In addition, a few heliports are located in the County primarily to serve major industries. Air freight and air passenger service needs are met by Philadelphia International Airport, situated 16 miles to the north of the County and, to a limited extent, by Greater Wilmington Airport in New Castle County, Delaware, seven miles from the Delaware Memorial Bridge.

Economic Development (1)

Logistic and manufacturing firms form the County's economic base. In particular, Chemours located at the Chamber Works in Pennsville Township. The factory's wastewater treatment plant, with a capacity of 40 million gallons per day, is capable of handling large volumes of hazardous chemicals. In 2014 DuPont announced split the company, with the new company, Chemours, focusing on what they call "performance chemicals". Approximately 80-percent of the site moved into Chemours. The other 20-percent remains with DuPont.

Mannington Mills, Inc., a manufacturer of floor covering, wood flooring, carpet and ceramic tile, has its national headquarters in Mannington Township, Salem County. In 1999, Siegfried USA, a pharmaceutical manufacturer located in Pennsville Township, completed a \$2.5 million expansion that resulted in 30 new jobs with further production upgrades in 2016. J.E. Berkowitz Architectural Glass, which occupies 200,000 square feet of plant and employs 250 people, also completed an expansion in 2016. Mullica Hill Freezers & Cold Storage, Inc. opened an 110,000 square foot office/cold storage distribution facility.

In 2014 the County welcomed to the Gateway Business Park in Oldmans Township. Warehouse facilities have opened for, Five Below, jet.com, and UPS. Other expansions include, New Options Farm in Mannington and McLane trucking in Carneys Point. New franchise outlets, include Dollar Tree, Planet Fitness, and Dunkin Donuts.

The County is an important center for electric generating plants. Public Service Electric and Gas Company ("PSE&G") operates three nuclear generating plants. Two plants (Salem I and II) are owned jointly by PSE&G (50.00%), Philadelphia Electric Co. (42.59%), and Atlantic City Electric (Atlantic Electric and Delmarva Power and Light) (7.41%). Hope Creek I nuclear plant is owned by PSE&G.

PSE&G operates a nuclear training school in Salem City and has concentrated its nuclear power operations in the County. These nuclear power activities, located in Lower Alloways Creek Township on Artificial Island in the Delaware River, are major sources of employment for the County and South Jersey in

(1) Source: County Economic Development Office

general. PSE&G replaced the steam generators in Salem I which cost approximately \$150 million. Steam generator replacement on Salem Unit II was completed in the Spring of 2008. In 1999, Atlantic City Electric opened a regional headquarters and customer care center in Carneys Point Township which employs 526 people.

The 3.3125% sales tax program has helped some retailers recapture sales lost to Delaware.

Salem Port District (1)

The Salem Port District ("Port District"), which is operated by the South Jersey Port Corporation, is situated on the Salem River in Salem County approximately two miles upstream from the Delaware River and Delaware Bay, five miles from the entrance to the Chesapeake and Delaware Canal. The Port District serves barges and small ocean-going vessels. The Conrail and West Jersey rail lines, Interstate Routes 95 and 295, and the New Jersey Turnpike are accessible to incoming and outgoing cargo. All are within nine miles of the Port District.

The Port District is a Foreign Trade Zone ("FTZ"). The FTZ is an area where domestic and foreign merchandise can be stored without formal customs entry and without payments of duties and taxes. Many additional financial benefits are available to businesses that locate in the FTZ. Salem Marine Terminal is the lease operator of the port facility for the South Jersey Port Corporation.

(1) Source: County Economic Development Office

Employment(1)

<u>Year</u>	<u>Labor Force</u>	<u>Employed Persons</u>	<u>Unemployed Persons</u>	<u>Unemployment Rate</u>	
				<u>County</u>	<u>State</u>
2018	28,795	27,226	1,569	5.4%	4.1%
2017	29,891	28,061	1,830	6.1%	4.6%
2016	30,318	28,376	1,942	6.4%	5.0%
2015	31,400	29,200	2,200	7.1%	5.8%
2014	31,200	28,500	2,600	8.5%	6.8%

Per Capita Personal Income(3)

<u>Year</u>	<u>County</u>	<u>State</u>
2017 -Personal	31,681	39,069
2017 Household Median	63,934	76,475
	US Census estimates	US Census estimates
2016	\$45,187	\$61,472
2015	44,269	60,234
2014	42,426	57,634
2013	28,772	36,027
2012	27,334	53,628

Estimated Cost of Residential Construction (2)

<u>Year</u>	<u>Total Value of Permits</u>
2016	\$21,883,605
2015	19,782,503
2014	20,917,111
2013	17,254,633
2012	15,379,969

LARGEST PRIVATE SECTOR EMPLOYERS (3)

<u>Employer</u>	<u>Nature of Business</u>	<u>Approximate Number of Employees</u>
PSE&G	Nuclear Power Generating Plant	1,500
Mannington Mills, Inc.	Floor Coverings	550
Salem Medical Center	Medical Facility	400
R.E. Pierson Construction	Construction	125
Inspira Hospital - Elmer	Acute Care Facility	Cannot verify#
Atlantic City Electric	Public Utility	500
McLane NJ	Grocery Distribution	400

(1) Source: Bureau of Economic Analysis, U.S. Department of Commerce

(2) Source: New Jersey Department of Community Affairs

(3) Source: County Economic Development Office

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

<u>Business</u>	<u>Nature of Business</u>	<u>Location</u>	<u>2018 Assessed Valuation</u>
The Chemours Company FC, LLC	Manufacturer of Various Chemicals	Pennsville	\$124,000,000
PSEG Services Corp	Public Utility	Lower Alloways	113,498,600
DuPont c/o Chambers Cogen Ltd.	Manufacturer of Various Chemicals	Carneys Point	52,000,000
Mannington Mills, Inc.	Floor Coverings	Mannington	34,624,200
Salem Hospital Corp.	Acute Care Facility	Mannington	32,400,000
DuPont De Nemours EI	Manufacturer of Various Chemicals	Carneys Point	25,000,000
Mexichem Specialty Resins Inc.	PVC Dispersion Resins	Oldmans Twp	22,000,000
McLane New Jersey, Inc.	Wholesales General Line Groceries	Carneys Point	20,965,600
PHI Service Co	Business Park	Carneys Point	19,028,600
ACP Pennsville Associates	Property Invetements	Pennsville	16,925,600
Calpine New Jersey Generation LLC	Public Utility	Pennsville	15,865,800
Siegfried USA, LLC	Manufacturer of Various Chemicals	Pennsville	13,581,900
Delaware River & Bay Authority	Government	Pennsville	12,778,100
Pennsville Acquisition, LLC	Property Investments	Pennsville	12,697,300
MHG Gateway Properties, LLC	Property Investments	Oldmans Twp	11,113,600

TAX COLLECTIONS (2)

<u>Year</u>	<u>Tax Levy</u>	<u>Collection Year of Levy</u>	
		<u>Amount</u>	<u>Percentage</u>
2017	\$55,718,512	\$55,718,512	100.00%
2016	52,933,660	52,933,660	100.00
2015	51,448,093	51,448,093	100.00
2014	50,310,876	50,310,876	100.00
2013	51,356,241	51,356,241	100.00

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

<u>Year</u>	<u>County Net Valuations</u>	<u>Tax Rate(3)</u>
2018	\$5,034,771,435	\$1.164
2017	4,934,856,756	1.141
2016	5,057,825,714	1.070
2015	5,265,472,749	.980
2014	5,339,001,530	.947

(1) Source: County Tax Board.

(2) Source: County Board of Taxation. County Taxes are levied and collected directly from the constituent municipalities.

(3) Source: County Board of Taxation. Rate per \$100 of equalized value.

REAL PROPERTY CLASSIFICATION(1)

Total Assessed Value							
Year	Land and Improvements	Land	Residential	Farm	Commercial	Industrial	Apartments
2019	\$4,925,610,516	\$119,789,233	\$3,303,807,163	\$441,384,080	\$528,118,140	\$448,434,700	\$84,077,200
2018	5,001,119,005	122,781,098	3,356,970,667	438,854,800	547,013,340	454,113,400	81,385,700
2017	5,037,196,030	118,590,698	3,367,254,032	440,398,200	544,989,800	484,111,800	81,851,500
2016	5,187,391,727	122,288,197	3,468,972,934	441,922,600	573,405,200	496,061,496	84,741,300
2015	5,266,488,627	129,801,397	3,505,842,134	443,113,700	603,490,600	499,320,996	84,919,800

**STATEMENT OF EQUALIZED VALUATION
FOR CONSTITUENT MUNICIPALITIES(2)**

	2019			2018		
	Equalized Value-Land and Improvements	Net Valuation on which County Taxes are Apportioned	Apportionment of County Taxes	Equalized Value-Land and Improvements	Net Valuation on which County Taxes are Apportioned	Apportionment of County Taxes
Alloway Township	\$ 291,060,929	\$ 292,464,089	5.82%	\$ 290,938,858	\$ 292,341,815	5.81%
Carney's Point Township	635,564,771	644,128,818	12.82%	591,467,695	599,382,048	11.90%
Elmer Township	105,679,447	106,185,547	2.11%	108,197,642	108,774,005	2.16%
Elsinboro Township	103,258,926	103,810,466	2.07%	104,288,444	104,831,924	2.08%
Lower Alloways Creek Township	275,495,607	277,201,503	5.52%	295,613,280	297,149,087	5.90%
Mannington Township	191,142,324	194,994,011	3.88%	198,246,801	201,858,959	4.01%
Oldmans Township	231,663,204	248,724,333	4.95%	240,189,499	250,760,272	4.98%
Penns Grove Township	137,609,136	138,809,684	2.76%	125,812,792	127,052,953	2.52%
Pennsville Township	951,564,532	999,536,234	19.90%	1,015,628,349	1,063,432,673	21.12%
Pilesgrove Township	454,439,326	455,829,879	9.07%	443,092,047	444,496,654	8.83%
Pittsgrove Township	655,333,006	659,093,028	13.12%	655,060,662	658,649,358	13.08%
Quinton Township	170,989,241	172,649,194	3.44%	175,617,625	177,312,729	3.52%
City of Salem	137,349,012	143,176,132	2.85%	131,229,639	137,176,816	2.72%
Upper Pittsgrove Township	315,495,540	317,378,410	6.32%	306,592,594	308,534,066	6.13%
Woodstown Borough	268,631,914	269,216,117	5.36%	262,423,418	263,018,076	5.22%
Total	\$ 4,925,276,916	\$ 5,023,197,445	100.00%	\$ 4,944,399,346	\$ 5,034,771,435	100.00%

(1) Source: County Board of Taxation

(2) Sources: Equalization Tables for the County

DEBT INFORMATION

General Information

The State has enacted certain laws and statutes regulating the authorization and issuance of debt by tax levying local governmental units of the State. The statutory gross debt must include all debt authorized plus all debt issued which remains outstanding. Debt, bonds or notes, which have been refunded, and payment for which is made from escrowed U.S. Treasury securities or other permitted investments, is considered defeased. However, any debt which is self-supporting or which is payable from other sources or debt issued for refunding purposes may be deducted from the statutory gross debt to arrive at the amount of statutory net debt. The statutory net debt figure is the amount to determine if a local government unit is within the limit of its statutory borrowing power.

The County's debt incurring power is limited by State statute to 2.00% of the equalized valuation basis, determined annually by the State, of all taxable property within the County (see "County Borrowing Capacity" herein). The County's general purpose bonds must be issued in serial form, with the first principal payment to occur within one year of an issue's date and the final maturity not to exceed the useful life of a capital improvement. General purpose bonds must be sold on a competitive bid basis, and the amount bid for a bond issue may not exceed \$1,000 above or be less than the principal amount of a bond issue. Refunding and Fiscal Year Adjustment Bonds may be sold on a negotiated basis with the approval of the Local Finance Board. Notes may be sold on a competitive or on a negotiated, or private sale basis for a period of one year, and may be renewed annually not to exceed ten renewals.

Appropriation Not Required for Payments on Debt

It is not necessary to have an appropriation in order to release money for debt service obligations. *N.J.S.A. 40A:4-57* states that "No officer, board, body or commission shall, during any fiscal year, expend money (except to pay notes, bonds or interest thereon), incur any liability, or enter into any contract which by its terms involves the expenditure of money for any purpose for which no appropriation is provided, or in excess of the amount appropriated for such purposes". *N.J.S.A. 40A:2-4* says "The power and obligation of a local government unit to pay any and all of the bonds and notes issued by it pursuant to this Chapter, or any act of which this Chapter is a revision, shall be unlimited..."

**COUNTY OF SALEM
STATEMENT OF INDEBTEDNESS(1)**

The following table summarizes the direct debt of the County as of December 31, 2018 in accordance with the requirements of the Local Bond Law of the State (N.J.S.A. 40A:2-2- et. seq.). The gross debt comprises long and short-term debt issued and debt authorized but not issued, including General and Salem County Improvement Authority. Deductions from gross debt to arrive at net debt include deductible County College debt, as well as debt deductible in accordance with N.J.S.A. 40: 37A-80. The resulting net debt of \$39,640,364 represents .802% of the average of equalized valuations for the County for the last three years, which is within the 2% limit imposed by N.J.S.A. 40A:2-6.

	Debt Issued			Debt Auth.	Gross	Deductions	Net
	<u>Bonds</u>	<u>Notes</u>	<u>Loan</u>	<u>But Not Issued</u>	<u>Debt</u>		<u>Debt</u>
General	\$30,224,000	\$10,531,000	\$1,300,000	\$364	\$42,055,364	\$2,415,000 (3)	\$39,640,364
Salem Co. Improvement Authority - Lease and NJEIT	8,362,453				8,362,453 (2)	8,362,453 (2)	
	<u>\$38,586,453</u>	<u>\$10,531,000</u>	<u>\$1,300,000</u>	<u>\$364</u>	<u>\$50,417,817</u>	<u>\$10,777,453</u>	<u>\$39,640,364</u>

(1) As of December 31, 2018

(2) Includes Salem County Improvement Authority - Lease Obligation

(3) County College Bonds Act PL 1971 C. 12

Source: County Auditor

DEBT RATIOS AND VALUATIONS(1)(2)

Average of Equalized Valuations of Real Property with Improvements for 2016, 2017 and 2018	\$4,945,747,323
Statutory Net Debt as a Percentage of the Average of Equalized Valuations of Real Property with Improvements for 2016, 2017 and 2018	0.802%
2019 Net Valuation Taxable	\$4,932,529,251
2019 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	\$4,932,195,650
Gross Debt (3):	
As a percentage of 2019 Net Valuation Taxable	1.02%
As a percentage of 2019 Equalized Valuations	1.02%
Net Debt (3):	
As a percentage of 2019 Net Valuation Taxable	0.80%
As a percentage of 2019 Equalized Valuations	0.80%
Gross Debt Per Capita (4)	\$763
Net Debt Per Capita (4)	\$600

COUNTY BORROWING CAPACITY(1)(2)

Statutory Borrowing Capacity: 2.0% of Average (2016-18) Equalized Valuation of Real Property including Improvements (\$4,945,747,323)	\$98,914,946
Net Debt	<u>39,640,364</u>
Remaining Borrowing Capacity Available Under N.J.S.A. 40A:2-6	<u><u>\$59,274,582</u></u>

OVERLAPPING DEBT

Gross Debt of Constituent Municipalities(1)	<u><u>\$119,538,342</u></u>
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(1) As of December 31, 2018

(2) Source: County Auditor

(3) Excluding overlapping debt

(4) Based on Federal 2010 Census of 66,083

AUTHORITIES CREATED BY THE COUNTY

Under laws creating authorities, a local governmental unit may enter into a contract or agreement to borrow funds from an authority or, under a deficiency type of agreement, guarantee debt service payments on debt issued by an authority. If a local governmental unit borrows funds from an authority, such borrowing is not included in a local governmental unit's statutory gross debt. If a local governmental unit guarantees all or any part of an authority's outstanding debt, the portion of debt service not payable from an authority's revenues and which is guaranteed by a local governmental unit, must be included in a local governmental unit's statutory net debt amount ("deficiency agreement").

The County has created three authorities. A description of each authority and the outstanding debt for each authority are shown below.

The following information applies to each of the authorities and should be noted. None of the authorities have the power to levy or collect taxes. The debt issued by any one of the authorities is neither a debt nor a liability of the State, the County, nor any political subdivision of the State, except the respective authorities, and does not and shall not create or constitute any indebtedness of the State, the County or any political subdivision of the State, except the respective authorities.

The Salem County Utilities Authority

The Salem County Utilities Authority ("SCUA") was created on February 20, 1980, by the County in response to the requirements of the Solid Waste Management Act of 1975 and the adoption of a ten year Solid Waste Management Plan ("Plan"). The County's Plan, as amended, sets forth a combination of resource recovery and landfill facilities. Currently there is no resource recovery facility.

The Salem County Board of Chosen Freeholders adopted a plan on June 10, 2008 to transfer the assets, liabilities and operations of the SCUA to The Salem County Improvement Authority on or about October 1, 2008. The SCUA subsequently consented and, thereafter, a plan of dissolution was submitted to the Local Finance Board, Division of Local Government Services, Department of Community Affairs of the State of New Jersey. Such plan of dissolution was approved by the Local Finance Board on August 15, 2008. By resolution of the Commissioners dated July 22, 2008, it was determined that all the outstanding debt of SCUA, as indicated in the previous paragraph, would be defeased in its entirety on or before the dissolution of the SCUA. Therefore, because of such defeasance no outstanding debt of the SCUA was assumed or refunded. The final dissolution of the SCUA was completed on April 1, 2009.

The Salem County Improvement Authority

The Salem County Improvement Authority ("SCIA") was created by a resolution of the County's Board on January 7, 1976. Under the State's Improvement Authority Act, the SCIA has the power, among other powers, to acquire, construct and equip any "public facility", and to issue its obligations to finance the construction or acquisition costs of such facilities. The SCIA is permitted under the Improvement Authority Act to lease such public facility which it acquires or constructs.

On June 14, 1989, the SCIA issued \$24,365,000 Revenue Bonds (Correctional Facility and Court House Annex) ("1989 Revenue Bonds") for the construction of the correctional facility and the renovation of the courthouse annex ("Project"). Under the SCIA's bond resolution authorizing the issuance of the 1989 Revenue Bonds, or any other bonds issued to refinance the 1989 Revenue Bonds to pay for the costs of Project, the County is responsible for the payment of all debt service on such bonds pursuant to a lease purchase agreement by and between the County and the SCIA ("Lease"), until the final payment of such bonds. The County is responsible to pay for all operational and maintenance expenses incurred with respect

to the Project in addition to the debt service payments noted above. The 1989 Revenue Bonds were refunded.

On April 1, 1993, the SCIA issued its Revenue Refunding Bonds of 1993 (Correctional Facility and Court House Annex) in the aggregate principal amount of \$19,995,000 ("1993 Revenue Bonds") to advance refund a portion of the SCIA's outstanding 1989 Revenue Bonds maturing in the year 2000, to advance refund all of the 1989 Revenue Bonds maturing in the years 2001 to 2017 and to pay costs of issuance for the 1993 Revenue Bonds. The 1993 Revenue Bonds were refunded.

On April 1, 1998, the SCIA issued its Revenue Refunding Bonds of 1998 (Correctional Facility and Court House Annex) in the aggregate principal amount of \$3,910,000 ("1998 Revenue Bonds") to advance refund a portion of the SCIA's outstanding 1989 Revenue Bonds maturing in the year 2019 and pay costs of issuance for the 1998 Revenue Bonds. The 1998 Revenue Bonds were refunded.

On February 1, 2003, the SCIA issued its Revenue Refunding Bonds of 2003 (Correctional Facility and Court House Annex) in the aggregate principal amount of \$17,140,000 ("2003 Revenue Bonds") to currently refund the SCIA's outstanding Revenue Bonds (Correctional Facility and Court House Annex Project Refunding, Series 1993) maturing in the years 2004 through 2017 and pay costs of issuance for the 2003 Revenue Bonds. The 2003 Revenue Bonds mature annually through 2017. The 2003 Revenue Bonds were refunded.

On April 9, 2008, the SCIA issued its Revenue Refunding Bonds of 2008 (Correctional Facility and Court House Annex) in the aggregate principal amount of \$3,780,000 ("2008 Refunding Bonds") to currently refund the SCIA's outstanding Revenue Bonds (Correctional Facility and Court House Annex Project, Refunding Series 1998) maturing in the years 2008 through 2019 and pay costs of issuance for the 2008 Refunding Bonds. The 2008 Refunding Bonds mature annually through 2019. As of December 31, 2018, \$1,860,000.00 remains outstanding.

On July 31, 2013, the SCIA issued its Revenue Refunding Bonds of 2013 (Correctional Facility and Court House Annex) in the aggregate principal amount of \$5,680,000 ("2013 Refunding Bonds") to currently refund the SCIA's outstanding Revenue Bonds (Correctional Facility and Court House Annex Project, Refunding Series 2003) maturing in the years 2014 through 2017 and pay costs of issuance for the 2013 Refunding Bonds. The 2013 Refunding Bonds mature annually through 2017.

Under the terms of the Lease, which terminates upon payment or retirement of all obligations issued by the SCIA in connection with the financing of the Project, as of December 31, 2018, the County will be obligated to pay a total of \$1,906,500 in principal and interest.

On July 19, 2007, the SCIA issued its City-Guaranteed Revenue Bonds (Finlaw State Office Building Project) Series 2007 in the aggregate principal amount of \$19,500,000 ("2007 Revenue Bonds") for the purpose of making a loan to Stand Up for Salem, Inc., a New Jersey not-for-profit corporation, for the construction of a five-story office building in the City of Salem, to house various State agencies and other entities and an adjacent parking facility to house approximately 275 spaces. The 2007 Revenue Bonds were issued as fixed rate bonds with a final maturity of August 15, 2038. As of December 31, 2018, \$18,445,000 of the 2007 Revenue Bonds remain outstanding. The County has no repayment obligation with respect to the 2007 Revenue Bonds.

On May 28, 2008, the SCIA issued its Governmental Loan Revenue Bonds (County College Project) Series 2008A ("2008A Revenue Bonds") in the aggregate principal amount of \$3,600,000 which are payable from and secured by loan payments received from the County of which \$0 remains outstanding as of December 31, 2018. On May 28, 2008, the Authority issued its County Guaranteed

Lease Revenue Bonds (County Glass Blowing Project) Series 2008B in the aggregate principal amount of \$2,000,000 ("2008B Revenue Bonds"). On December 5, 2016 the Authority issued County Guaranteed Lease Revenue Refunding Bonds (County Glass Blowing Project) Series 2016 in the aggregate principal amount of \$1,380,000 to refinance the Capital Lease Revenue Bonds Series 2008B. As of December 31, 2018 \$1,345,000 remains outstanding. The 2008B and 2016 Revenue Bonds are secured by a lease purchase agreement between the SCIA and the SCUA. The payment of the principal of and interest on such 2008B Revenue Bonds are secured by an unconditional guaranty of the County. Upon dissolution of the SCUA, as previously discussed, the annual lease payments are now funded by the "Landfill Operations Division" of the SCIA.

On March 18, 2009, the SCIA issued its Governmental Loan Revenue Bonds (County Capital Improvement and Equipment Project), Series 2009 ("2009 Revenue Bonds") in the aggregate principal amount of \$9,854,000 which are payable from and secured by loan payments received from the County. The 2009 Revenue Bonds were refunded, but \$455,000 remains outstanding as of December 31, 2018.

On August 30, 2016, the County issued its General Obligation Refunding Bonds, Series 2016 ("Bonds") in the aggregate principal amount of \$6,035,000 to advance refund the SCIA's outstanding Governmental Loan Revenue Bonds (County Capital Improvement and Equipment Project), Series 2009 maturing on March 15, 2020 through and including 2029 and pay certain costs associated with the issuance of the Bonds. The 2016 Refunding Bonds mature annually through 2029. As of December 31, 2018, \$5,515,000 remains outstanding.

The Salem County Pollution Control Financing Authority

Created by a resolution of the Board adopted on March 6, 1974, the Salem County Industrial Pollution Control Financing Authority ("PCFA") serves as a tax-exempt financing vehicle for private industry or business located, or to be located, in the County.

The PCFA was established to benefit industrial organizations by issuing revenue bonds, the proceeds of which are to be used for constructing or improving the pollution control facilities situated in the County. Proceeds from the issuance of these types of bonds, generally, are subject to a lower cost of borrowing than for private sector entities. The PCFA does not become involved in the construction activities and is not responsible for the repayment of the issued and outstanding indebtedness. Debt service and the proceeds from the issuance of bonds for construction purposes are administered by an appointed trustee as defined in each trust indenture. As of January 31, 2018, there is approximately \$170,015,000 of such bonds outstanding. Neither the PCFA nor the County have any repayment obligation with respect to the Revenue Bonds.

SELECTED ECONOMIC AND DEBT INFORMATION ON THE MUNICIPALITIES IN THE COUNTY

	2016		Unemployment Rate(2)	Gross Debt(3) (4)			Statutory Deductions(3) (4)			Net Debt(3) (4)	Average Equalized Valuation(3) (4)	% of Debt(3)
	2016 Estimated Population(1)	Household Median Income(1)		School	Self-Liquidating	Municipal	School	Self-Liquidating	Other			
Alloway Township	3,330	\$ 71,691	5.00%	\$ 1,430,000	\$ 2,389,947	\$ 1,420,551	\$ 1,430,000	\$ 2,389,947	\$ 1,420,551	\$ 290,293,853	0.489 %	
Carneys Point Township	7,772	53,341	6.90%	5,870,211		5,162,809	5,870,211		\$ 48,999	5,113,810	602,225,611	0.849
Elmer Borough	1,327	79,643	4.70%		285,085	44,546		285,085		44,546	107,221,424	0.042
Elsinboro Township	986	65,556	7.10%							-	104,596,232	---
Lower Alloways Creek Township	1,782	73,375	6.80%							-	287,435,816	---
Mannington Township	1,750	76,607	6.10%	1,130,000		50,000	1,130,000			50,000	198,329,499	0.025
Oldsman Township	1,810	76,125	4.20%	540,000	92,000	1,080,000	540,000	92,000		1,080,000	232,570,163	0.464
Penns Grove Borough	4,884	34,439	8.30%	1,304,789		958,348	1,304,789			958,348	133,858,499	0.716
Pennsville Township	12,677	58,581	5.30%	32,660,000	1,415,469	9,892,049	32,660,000	1,415,469	4,155,000	5,737,049	996,186,817	0.576
Pilesgrove Township	4,025	85,029	4.50%	12,097,351		4,255,900	12,097,351			4,255,900	445,711,780	0.955
Pittsgrove Township	8,952	72,500	5.30%	4,346,000		549,860	4,346,000			549,860	649,952,246	0.085
Quinton Township	2,443	68,083	6.60%	1,725,000	1,676,858	501,000	1,725,000	1,676,858		501,000	177,262,957	0.283
City of Salem	4,824	26,419	13.50%	1,475,000	12,548,342	2,316,199	1,475,000	11,277,311	400,192	3,187,037	138,645,456	2.299
Upper Pittsgrove Township	3,390	86,648	4.60%							-	313,615,817	---
Woodstown Borough	3,484	71,500	4.70%	7,269,649	3,978,296	1,073,084	7,269,649	3,978,296		1,073,084	267,841,152	0.401
				<u>\$ 69,848,000</u>	<u>\$ 22,385,996</u>	<u>\$ 27,304,346</u>	<u>\$ 69,848,000</u>	<u>\$ 21,114,966</u>	<u>\$ 4,604,191</u>	<u>\$ 23,971,186</u>	<u>\$ 4,945,747,323</u>	<u>0.485 %</u>

(1) Source: U.S. Bureau of the Census
(2) Source: New Jersey Department of Labor - 2017 Annual Average
(3) As of December 31, 2018
(4) Source: Respective municipalities 2018 Annual Debt Statement

**SALEM COUNTY
SCHEDULE OF DEBT SERVICE
(BONDED DEBT ONLY)**

<u>Year</u> <u>(March 15)</u>	<u>Existing Debt (1)(2)</u>			<u>2019 General Obligation Bonds, Series 2019</u>			
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Total</u>
2019	\$ 3,029,000.00	\$ 942,535.53	\$ 3,971,535.53				
2020	2,765,000.00	819,255.51	3,584,255.51	\$ 497,000.00			
2021	2,845,000.00	724,290.63	3,569,290.63	595,000.00			
2022	2,915,000.00	633,390.63	3,548,390.63	495,000.00			
2023	2,745,000.00	535,178.13	3,280,178.13	515,000.00			
2024	2,815,000.00	445,037.50	3,260,037.50	515,000.00			
2025	2,865,000.00	343,884.38	3,208,884.38	515,000.00			
2026	2,400,000.00	245,175.01	2,645,175.01	990,000.00			
2027	1,965,000.00	186,768.76	2,151,768.76	990,000.00			
2028	1,975,000.00	136,778.13	2,111,778.13	990,000.00			
2029	1,580,000.00	85,962.50	1,665,962.50	990,000.00			
2030	695,000.00	58,628.13	753,628.13	990,000.00			
2031	705,000.00	41,128.13	746,128.13	960,000.00			
2032	710,000.00	22,768.75	732,768.75	800,000.00			
2033	215,000.00	3,493.75	218,493.75	800,000.00			
2034				800,000.00			
	<u>\$ 30,224,000.00</u>	<u>\$ 5,224,275.47</u>	<u>\$ 35,448,275.47</u>	<u>\$ 11,442,000.00</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(1) As of December 31, 2018

(2) Does Not Include Dam Restoration Loan Payable of \$1,300,000 or SCIA Capital Lease Payable.

Source: County Auditor

**COUNTY OF SALEM
2019 COUNTY BUDGET(1)**

Anticipated Revenues:	
Fund Balance	\$ 4,016,681
Miscellaneous Revenues:	
Local Revenues	3,909,863
State Aid	750,641
State Assumption of Costs of County Social Welfare Services and Psychiatric Facilities	162,176
Public and Private Revenues Offset with Appropriations	4,135,043
Other Special Items	9,484,101
Amount to be Raised from Taxation - County Purpose Tax	<u>58,653,268</u>
 Total Revenues	 <u><u>\$ 81,111,773</u></u>
Appropriations:	
Operations	\$ 65,996,194
Capital Improvements	1,065,030
Debt Service	6,023,981
Pension, Social Security and Unemployment	<u>8,026,568</u>
 Total Appropriations	 <u><u>\$ 81,111,773</u></u>

(1) Source: County's 2019 Adopted Budget.

**COUNTY OF SALEM
SIX YEAR CAPITAL PROGRAM 2019-2024(1)**

	<u>Budget Appropriations</u>				<u>Bonds and Notes</u>
	<u>Estimated Total Cost</u>	<u>Future Years</u>	<u>Capital Improvements</u>	<u>Grants-in-Aid and Other</u>	<u>General</u>
Railroad Rehabilitation	\$ 7,382,436	\$ 400,000		\$ 6,982,436	
Bridge and Scour Repair	6,502,366	467,580		6,034,786	
Dam Repair	2,500,000	100,000		2,400,000	
Parking Lot Resurfacing	65,000	30,000	\$ 35,000		
2017 County Aid	2,399,200			2,399,200	
2018 County Aid	4,842,538			4,842,538	
2019 County Aid	4,842,538			4,842,538	
Dutch Row, Watson Mill, Willow Grove Roads	3,343,881			3,343,881	
Roadway and Other Facility Improvements	2,005,000		95,477		\$ 1,909,523
Vehicles	213,000		10,143		202,857
Public Works Equip., Materials and Improvements	685,000		32,620		652,380
Information Technology and Equipment	2,057,305		97,967		1,959,338
Capital Improvements to Various County Buildings	1,259,324		49,510	51,216	1,158,598
	<u>\$ 38,097,588</u>	<u>\$ 997,580</u>	<u>\$ 320,717</u>	<u>\$ 30,896,595</u>	<u>\$ 5,882,696</u>

(1) Source: County's 2019 Adopted Budget.

APPENDIX B

**FINANCIAL STATEMENTS OF THE COUNTY OF SALEM
FOR THE CALENDAR YEARS ENDED DECEMBER 31, 2018 (COMPILED) AND 2017 (AUDITED)**

FOR THE YEAR ENDED 2018

Compiled Financial Statements



INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

The Honorable Freeholder Director and
Members of the Board of Chosen
Freeholders of the County of Salem
Salem, New Jersey 08079

Management is responsible for the accompanying financial statements of the County of Salem, New Jersey, which comprise the statement of assets, liabilities, reserves and fund balance--regulatory basis of the various funds as of December 31, 2018 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/ Henry J. Ludwigsen
Certified Public Accountant
Registered Municipal Accountant

Woodbury, New Jersey
March 11, 2019

COUNTY OF SALEM - CURRENT FUND
Statement of Assets, Liabilities, Reserves and
Fund Balance -- Regulatory Basis
As of December 31, 2018

Assets

Regular Fund:	
Cash	\$ 13,585,670
Receivables with Full Reserves:	
Taxes Receivable	200,314
Mortgages Receivable	380,232
Due from Federal and State Grant Fund	2,341,116
Revenue Accounts Receivable	<u>96,200</u>
Total Assets	<u><u>\$ 16,603,532</u></u>

Liabilities, Reserves and Fund Balance

Regular Fund:	
Liabilities	
Interfunds Payable	\$ 1,991,791
Appropriation Reserves	2,915,505
Accounts Payable	142,949
Reserve for Encumbrances	1,924,380
Reserve for Reconstruction of Various County Roads	128,803
Transportation OOA Program	4,468
Reserve for Payment of Debt	16,906
Reserve for Repair and Reconstruction of Roads, Bridges and Railroads	<u>246,557</u>
Total Liabilities	<u>7,371,359</u>
Reserve for Receivables	3,017,862
Fund Balance	<u>6,214,311</u>
Total Liabilities, Reserves and Fund Balance	<u><u>\$ 16,603,532</u></u>

See Independent Accountant's Compilation Report and selected notes.

COUNTY OF SALEM - CURRENT FUND
Statement of Operations and Changes
in Fund Balance -- Regulatory Basis
For the Year Ended December 31, 2018

Revenue Realized:	
Fund Balance Utilized	\$ 3,579,189
Miscellaneous Revenues Anticipated:	
Operations	26,126,205
State and Federal Programs	14,966,602
Current Tax Collections	58,157,686
Non Budget Revenue and Other Income	<u>4,461,453</u>
Total Income	<u>107,291,135</u>
Expenditures and Encumbrances:	
Operations	85,817,101
Capital Improvements	650,000
Debt Service	5,908,841
Deferred Charges and Statutory Expenditures	8,007,615
Other Expenditures	<u>1,556,817</u>
Total Expenditures and Encumbrances	<u>101,940,374</u>
Statutory Excess to Fund Balance	5,350,761
Fund Balance, January 1	<u>4,442,738</u>
	9,793,499
Decreased by:	
Utilized by Revenue	<u>3,579,189</u>
Fund Balance, December 31	<u><u>\$ 6,214,311</u></u>

See Independent Accountant's Compilation Report and selected notes.

COUNTY OF SALEM - FEDERAL AND STATE GRANT FUND
Statement of Assets, Liabilities and Reserves--
Regulatory Basis
As of December 31, 2018

Assets

Federal and State Grant Fund:	
Federal and State Grants Receivable	\$ 44,626,842
	<u>\$ 44,626,842</u>

Liabilities and Reserves

Federal and State Grant Fund:	
Due to Current Fund	\$ 2,341,116
Unappropriated Reserves	30,204
Appropriated Reserves	37,214,439
Reserve for Encumbrances	<u>5,041,083</u>
	<u>\$ 44,626,842</u>

See Independent Accountant's Compilation Report and selected notes.

COUNTY OF SALEM - TRUST FUND
Statement of Assets, Liabilities and Reserves--
Regulatory Basis
As of December 31, 2018

Assets

Trust Fund:	
Cash	\$ 1,903,265
	1,903,265
County Open Space Fund:	
Cash and Investments	1,613,749
Interfunds Receivable	1,987,300
Taxes Receivable	3,622
	3,604,671
	\$ 5,507,936

Liabilities and Reserves

Trust Fund:	
Reserve for Payroll Account	\$ 382,347
Total Miscellaneous Trust Reserves	1,520,918
	1,903,265
County Open Space Fund:	
Reserve for Open Space and Farmland Preservations	3,604,671
	\$ 5,507,936

See Independent Accountant's Compilation Report and selected notes.

COUNTY OF SALEM - GENERAL CAPITAL FUND
Statement of Assets, Liabilities, Reserves and
Fund Balance -- Regulatory Basis
As of December 31, 2018

Assets

Cash and Investments	\$ 9,470,753
Deferred Charges to Future Taxation:	
Funded	31,524,000
Unfunded	10,531,004
Dam Restoration Loan Receivable	1,300,000
Interfunds Receivable	4,490
	\$ 52,830,247

**Liabilities, Reserves
and Fund Balance**

Reserve for County Aid Program	\$ 4,713
Contracts Payable	1,564,863
Bond Anticipation Notes	10,531,000
General Capital Bonds	30,224,000
Dam Restoration Loan Payable	1,300,000
Improvement Authorizations:	
Funded	5,346,430
Unfunded	3,101,377
Capital Improvement Fund	378,937
Reserve for Debt Service	158,547
Reserve for Payment of Debt	111,629
Fund Balance	108,752
	\$ 52,830,247

See Independent Accountant's Compilation Report and selected notes.

COUNTY OF SALEM
Notes to Financial Statements
For the Year Ended December 31, 2018

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Financial Reporting Entity - The County of Salem (hereafter referred to as the "County") was incorporated on February 13, 1798. It is located in the southwest corner of New Jersey and covers approximately 350 square miles. The County of Gloucester is on the County's northern side and the County of Cumberland forms the eastern and southeastern border of the County.

The County's geographic makeup consists of State Parks, Fish and Wildlife Management Areas, Government Facilities, and meadows or low-lying areas. Forty-eight percent is devoted to agriculture, thirteen percent is developed for residential use (approximately 9,000 acres), and commercial and industrial use (approximately 6,500 acres). The New Jersey Turnpike travels through the County.

In Salem County there are fifteen political subdivisions, consisting of one city, eleven townships and three boroughs. The population of the County of Salem according to the estimated 2017 census is 62,792.

The County government operates under a five member Board of Chosen Freeholders, elected at-large by the voters of the County. A Freeholder, under old English rule, was a person who owned property outright, free of debt, and therefore was deemed to be a leading citizen, eligible for membership on the governing body. Under present form of government, the property rule as a qualification for holding office has been abolished. Each member is elected to a term of three years. A director and deputy director are selected from their membership at the first meeting of each year. The Freeholders have both administrative and policy-making powers.

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*, GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*, and GASB Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*. If the provisions of the aforementioned GASB Statements had been complied with, the financial statements of the following component units would have been either blended or discretely presented with the financial statements of the County, the primary government:

Salem County Improvement Authority
199 East Broadway
Salem, NJ 08079

Salem Community College
460 Hollywood Avenue
Carneys Point, NJ 08069

Salem County Vocational-
Technical Schools
Salem-Woodstown Road
Woodstown, New Jersey 08098

Special Services School
District of the County of Salem
328-B North Broadway
Pennsville, New Jersey 08070

Pollution Control Financing Authority
94 Market Street
Salem, NJ 08079

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

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

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

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

Current Fund - The current fund accounts for resources and expenditures for governmental operations of a general nature, 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 and open space/farmland preservation funds 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 twenty-eight days after the date the budget was introduced. After the hearing has been held, the governing body may, by majority vote, adopt the budget or may amend the budget in accordance with N.J.S.A. 40A:4-9. Amendments to adopted budgets, if any, are detailed in the statements of revenues and expenditures.

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

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

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

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

Cash, Cash Equivalents and Investments (Cont'd) 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 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 County has adopted a capitalization threshold of \$5,000.00, the maximum amount allowed by the Circular. Generally, assets are valued at historical cost; however, assets acquired prior to December 31, 1985 are valued at actual historical cost or estimated historical cost. No depreciation of general fixed assets is recorded. Donated general fixed assets are recorded at acquisition value as of the date of the transaction. Interest costs relative to the acquisition of general fixed assets are recorded as expenditures when paid. Public domain ("infrastructure") general fixed assets consisting of certain improvements such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. Expenditures for construction in progress are recorded in the capital funds until such time as the construction is completed and put into operation. The County is required to maintain a subsidiary ledger detailing fixed assets records to control additions, retirements, and transfers of fixed assets. In addition, a statement of general fixed asset group of accounts, reflecting the activity for the year, must be included in the County's basic financial statements.

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

General Fixed Assets (Cont'd) - 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 balance in the current fund represents an amount 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. Other amounts that are due to the County which are susceptible to accrual are recorded as receivables with offsetting reserves and recorded as revenue when received.

County Taxes - Every municipality within the County is responsible for levying, collecting and remitting county taxes for the County of Burlington. 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 are 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 are 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 and interest payments on outstanding general capital bonds and notes are provided on the cash basis.

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

Long-Term Debt - Long-term debt, relative to the acquisition of capital assets, is recorded as a liability in the general capital fund.

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.

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

Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Police and Firemen's Retirement System (PFRS) and the Public Employees' Retirement System (PERS), and additions to/deductions from PFRS' and PERS' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

FOR THE YEAR ENDED 2017

Audited Financial Statements

**COUNTY OF SALEM,
STATE OF NEW JERSEY**

**FINANCIAL STATEMENTS AND
SUPPLEMENTAL DATA**

December 31, 2017

COUNTY OF SALEM, STATE OF NEW JERSEY

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DECEMBER 31, 2017

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**COUNTY OF SALEM,
STATE OF NEW JERSEY**

To the Honorable Freeholder Director, Members of the Board of Chosen Freeholders, and Citizens of the County of Salem:

The financial report of the County of Salem (the "County") for the year ended December 31, 2017, is hereby submitted as mandated by state statute. New Jersey statutes require that the County annually issue a report on its financial position and activity and that this report be audited by an independent Registered Municipal Accountant. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects. All disclosures necessary to enable the reader to gain an understanding of the County's activities have been included.

The financial reporting entity (the "government") includes all the funds and account groups of the County. Component units, as defined by the Governmental Accounting Standards Board, are not presented, as the State of New Jersey does not require that component units be considered for reporting purposes. The government provides a full range of services, including sanitation services; the maintenance and construction of roads and related infrastructure; and recreation.

INDEPENDENT AUDITORS' REPORTS

INDEPENDENT AUDITORS' REPORT

To the Honorable Freeholder Director and
Members of the Board of Chosen
Freeholders of the County of Salem,
State of New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements – regulatory basis of the County of Salem, State of New Jersey (the “County”), as of and for the year ended December 31, 2017, and the related notes to 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.

Auditors’ Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the requirements of audit 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 auditors’ 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 entity’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 entity’s internal control.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Auditors' Responsibility (Continued)

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 opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note A, these financial statements are prepared 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 comply with the requirements of the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" 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 as of December 31, 2017, or the changes in financial position for the year then ended.

Basis for Qualified Opinion

Under GASB 45, for financial reporting purposes, an actuarial valuation is required at least biennially for OPEB plans with a total membership of 200 or more. The last valuation of the County OPEB plan was conducted for the period ended December 31, 2014. The County did not conduct the required valuation for the period ended December 31, 2016, resulting in inadequate financial statement disclosures.

In our opinion, except for the effects of the matter described in Basis for Qualified opinion paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the County as of December 31, 2017.

Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter described in Basis for Qualified Opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each fund and account group of the County, as of December 31, 2017, and the results of operations and changes in financial position for the year then ended in accordance with the financial reporting provisions set forth by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note A.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Other Matter

The financial statements of the County as of and for the year ended December 31, 2016, were audited by other auditors whose report dated June 9, 2017, expressed an unmodified opinion on those financial statements.

Report on Other Information

The introduction section as listed in the table of contents has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.



Warren A. Broudy, CPA, CGFM, PSA, CGMA
Registered Municipal Accountant
License No. 554

MERCADIEN, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

September 6, 2018

BASIC FINANCIAL STATEMENTS – REGULATORY BASIS

COUNTY OF SALEM, STATE OF NEW JERSEY

A

CURRENT FUND
 STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE
 December 31, 2017 and 2016

Assets	2017	2016
Current Fund		
Cash	\$ 9,478,792	\$ 4,861,527
	<u>9,478,792</u>	<u>4,861,527</u>
Receivables with Full Reserves:		
Taxes Receivable	61,326	42,938
Revenue Accounts Receivable	-	1,591,950
Due from Grant Fund	784,298	125,565
Due from Trust Fund	288	2
Due from Open Space Trust Fund	12,700	-
Mortgages Receivable	410,621	435,714
Refund Receivable	-	-
Total Receivables with Full Reserves	<u>1,269,232</u>	<u>2,196,169</u>
Deferred Charges:		
Overexpenditure of Appropriation Reserves	37,465	402,438
Total Deferred Charges	<u>37,465</u>	<u>402,438</u>
Total Current Fund	<u>10,785,489</u>	<u>7,460,134</u>
<u>Federal and State Grant Fund</u>		
Overexpenditure of Grants Appropriated	7,693	-
Grants Receivable	34,331,335	28,083,949
Total Federal and State Grant Fund	<u>34,339,028</u>	<u>28,083,949</u>
	<u>\$ 45,124,517</u>	<u>\$ 35,544,083</u>

COUNTY OF SALEM, STATE OF NEW JERSEY

A

**CURRENT FUND
STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE (CONTINUED)
December 31, 2017 and 2016**

Liabilities, Reserves and Fund Balance	2017	2016
Current Fund		
Appropriation Reserves	\$ 3,332,453	\$ 1,640,304
Reserve for Encumbrances	1,314,331	867,009
Due to Capital Fund	-	-
Accounts Payable	-	10,928
Reserve for Reconstruction of Various County Roads	128,803	128,803
Transportation OOA Program	4,468	4,468
Reserve for Payment of Debt	46,906	72,738
Reserve for Repair and Reconstruction of Roads Bridges and Railroads	246,557	246,557
	5,073,518	2,970,807
Reserve for Receivables	1,269,232	2,196,169
Fund Balance	4,442,739	2,293,158
Total Current Fund	10,785,489	7,460,134
<u>Federal and State Grant Fund</u>		
Due to Current Fund	784,298	125,565
Due to Capital Fund	-	3,037,923
Reserve for Encumbrances	8,323,843	3,782,191
Reserve for Appropriated Grants	25,200,683	21,138,270
Reserve for Unappropriated Grants	30,204	-
Total Federal and State Grant Fund	34,339,028	28,083,949
	\$ 45,124,517	\$ 35,544,083

COUNTY OF SALEM, STATE OF NEW JERSEY

A-1

CURRENT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Revenue and Other Income Realized		
Fund Balance Utilized	\$ 1,890,173	\$ 3,365,558
Miscellaneous Revenue Anticipated	36,023,332	30,748,086
Receipts from Current Taxes	55,718,512	52,933,660
Non-Budget Revenues	1,205,193	360,267
Other Credits to Income:		
Cancellation of Budget Appropriations	3,582,362	-
Cancellation of Grants	153,912	193,090
Interfunds Returned	-	961,280
Mortgage Receivable	25,093	102,299
Unexpended Balance of Appropriation Reserves	1,022,847	387,033
Refunds Receivable	-	18,551
Total Income	<u>99,621,424</u>	<u>89,069,824</u>
Expenditures:		
Budget Appropriations:		
Operations:		
Salaries and Wages	30,958,502	30,039,397
Other Expenses	50,681,136	44,757,226
Capital Improvements	-	200,000
Debt Service	5,505,747	5,297,067
Deferred Charges and Statutory Expenditures	7,738,605	7,828,437
Judgments	125,500	14,761
Overexpenditure of Appropriation Reserves	45,158	402,438
Interfunds Advanced	423,336	-
Cancellation of Grants Receivable	148,844	-
Total Expenditures	<u>95,626,828</u>	<u>88,539,326</u>
Excess in Revenues	3,994,596	530,498
Adjustments to Income before Fund Balance:		
Expenditures Included Above Which are by Statute Deferred		
Charges to the Budget of the Succeeding Years:		
Overexpenditure of Appropriation Reserves	<u>45,158</u>	<u>402,438</u>
Statutory Excess to Fund Balance	4,039,754	932,936
Fund Balance - January 1	<u>2,293,158</u>	<u>4,725,780</u>
	6,332,912	5,658,716
Decreased by:		
Utilized as Anticipated Revenue	1,890,173	3,365,558
Fund Balance - December 31	<u>\$ 4,442,739</u>	<u>\$ 2,293,158</u>

See notes to financial statements.

COUNTY OF SALEM, STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF REVENUES
Year Ended December 31, 2017

	Anticipated		Budget	Realized	Excess (Deficit)
	Adopted Budget	Special N.J.S. 40A: 4-87	After Modification		
Fund Balance Anticipated	\$ 1,890,173	\$ -	\$ 1,890,173	\$ 1,890,173	-
Miscellaneous Revenues:					
Local Revenues					
County Clerk	453,000	-	453,000	453,000	-
Surrogate	72,000	-	72,000	84,863	12,863
Sheriff	59,000	-	59,000	59,000	-
Office on Aging Fees	42,000	-	42,000	15,372	(26,628)
SCIA	250,438	-	250,438	250,438	-
Interest on Investments and Deposits	14,000	-	14,000	23,601	9,601
Constitutional Officers Salary Reimbursement	96,200	-	96,200	96,200	-
Refunds - Public Health Department	34,000	-	34,000	37,085	3,085
Planning Board - Development Review Fees	3,700	-	3,700	10,352	6,652
Due from Lower Alloways Creek Township	2,195,000	-	2,195,000	2,195,000	-
One Stop Administrative/Rent	20,000	-	20,000	20,000	-
Bail Forfeiture	17,000	-	17,000	30,488	13,488
County Dispatch Service:					
Elmer Borough	10,700	-	10,700	10,700	-
Woodstown Borough	32,000	-	32,000	32,000	-
City of Salem	129,010	-	129,010	129,010	-
LAC Township	39,795	-	39,795	39,795	-
Pennsville	149,375	-	149,375	149,375	-
Carneys Point	84,617	-	84,617	84,617	-
Penns Grove	155,000	-	155,000	155,000	-
Home Detention	22,000	-	22,000	27,584	5,584
Jail Miscellaneous	159,000	-	159,000	173,306	14,306
Indirect Costs	25,000	-	25,000	-	(25,000)
Inmate Health/Reimbursement to Salem County	6,000	-	6,000	5,114	(886)
Jail Telephone	123,000	-	123,000	39,951	(83,049)
Unification Reimbursement	122,000	-	122,000	102,096	(19,904)
Fire School	104,425	-	104,425	68,625	(35,800)
Revolving Loan Fund	7,300	-	7,300	5,213	(2,087)
Meals on Wheels Rent	10,200	-	10,200	7,650	(2,550)
State Prisoners	11,000	-	11,000	13,127	2,127
Pollution Control - Treasurer	50,000	-	50,000	50,000	-
Prior Year Expenses	150,000	-	150,000	226,259	76,259
Lease for Farmland	6,595	-	6,595	6,800	205
Vo-Tech GED Program Lease	6,000	-	6,000	6,000	-
Settlement	100,000	-	100,000	50,000	(50,000)
Total Local Revenues	4,759,355	-	4,759,355	4,657,620	(101,735)
State Aid:					
State Aid - County College Bonds (NJSA 18A:64A-22.6)208751	587,638	-	587,638	348,203	(239,434)
Public Health Priority Funding - 1977	62,500	-	62,500	83,377	20,877
Debt Service - State Aid (Type I) - Special Services School District	393,401	-	393,401	363,085	(30,316)
Total State Aid	1,043,539	-	1,043,539	794,665	(248,873)

COUNTY OF SALEM, STATE OF NEW JERSEY

**CURRENT FUND
STATEMENT OF REVENUES (CONTINUED)
Year Ended December 31, 2017**

	Anticipated		Budget After Modification	Realized	Excess (Deficit)
	Adopted Budget	Special N.J.S. 40A: 4-87			
State Assumption of Costs of County Social & Welfare Service & Psychiatric Facilities					
Social and Welfare Service (c.66,P.L. 1990):					
Division of Youth and Family Services	1,053,465	-	1,053,465	-	(1,053,465)
Supplemental Social Security Income	147,898	-	147,898	186,098	38,200
Psychiatric Facilities (C.73,P.L 1990):					
Maintenance of Patients in State Institutions for Mental Diseases	888,457	-	888,457	876,184	(12,273)
Maintenance of Patients in State Institutions for Mentally Retarded	1,551,928	-	1,551,928	1,551,928	-
Board of County Patients in State and Other Institutions	20,000	-	20,000	22,464	2,464
Total State Assumption of Costs of County Social & Welfare Service & Psychiatric Facilities	3,661,748	-	3,661,748	2,636,674	(1,025,074)
Special Items of General Revenue Anticipated with Prior Written Consent of Director of Local Government Services - Public and Private Revenues Offset with Appropriations					
Salem County Area Plan Grant	837,775	3,029	840,804	840,804	-
Alcoholic Treatment Program	233,916	-	233,916	233,916	-
Municipal Alliance to Prevent Alcoholism and Drug Abuse	-	137,801	137,801	137,801	-
Senior Citizen and Disabled Resident Transportation Program	327,180	-	327,180	327,180	-
PASP - Personal Assistance Services	11,114	-	11,114	11,114	-
US Department of Agriculture - Rural Development	-	60,000	60,000	60,000	-
Prosecutor Insurance Fraud Reimbursement	250,000	-	250,000	250,000	-
Juvenile Justice Commission State/Community Partnership	200,966	-	200,966	200,966	-
Juvenile Justice Commission Family Court Services	100,261	-	100,261	100,261	-
Short Line Track Rehabilitation	672,840	3,000,000	3,672,840	3,672,840	-
Project Lifesaver	-	50,000	50,000	50,000	-
County Environmental Health Act (CEHA)	-	134,282	134,282	134,282	-
Medication Assisted Treatment	-	200,000	200,000	200,000	-
SCIA Clean Communities	500	-	500	500	-
Local Arts Program	46,843	-	46,843	46,843	-
Workforce Innovation and Opportunity Act (WIOA)	-	707,027	707,027	707,027	-
MIPPA Outreach & Enrollment	40,000	40,000	80,000	80,000	-
NJ Dept of Emergency Management - RERP	5,733	258,988	264,721	264,721	-
Work First New Jersey TANF	-	508,788	508,788	508,788	-

COUNTY OF SALEM, STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF REVENUES (CONTINUED)
Year Ended December 31, 2017

	Anticipated		Budget After Modification	Realized	Excess (Deficit)
	Adopted Budget	Special N.J.S. 40A: 4-87			
Edward Byrne Memorial Justice Assistance Grant	3,648	-	3,648	3,648	-
Subregional Transportation Planning Program 2018	-	34,400	34,400	34,400	-
Crop Insurance Education	-	175,646	175,646	175,646	-
Public Health Preparedness & Response for Bioterrorism	265,340	-	265,340	265,340	-
FTA Small Urban & Rural Area Public Transportation (5311)	235,154	-	235,154	235,154	-
Historical Commission Grant	14,310	-	14,310	14,310	-
Health and Wellness Foundation - Healthy Community Development	-	20,000	20,000	20,000	-
Health and Wellness - Preparedness	-	2,500	2,500	2,500	-
Health and Wellness - Chlorine Incident	-	2,500	2,500	2,500	-
Victims of Crime (SART/SANE)	-	77,900	77,900	77,900	-
State Health Insurance Assistance Program (SHIP)	-	33,000	33,000	33,000	-
NJ Dept. of Health - Seniors Farmers Market Nutrition	-	500	500	500	-
Multijurisdictional Task Force	130,786	-	130,786	130,786	-
Prosecutor Victim Witness Advocacy	61,126	-	61,126	61,126	-
Special Child Health and Early Intervention	-	40,966	40,966	40,966	-
State Homeland Security Program (SHSP)	-	164,578	164,578	164,578	-
NJ Dept of Health - Right to Know	8,786	-	8,786	8,786	-
Design Mill and Overlay	100,005	1,716,832	1,816,837	1,816,837	-
NJ DOT Woodstown Road	1,220,000	-	1,220,000	1,220,000	-
NJ DOT Cohansey-Friesburg Road	999,000	-	999,000	999,000	-
NJ DOT Centeron Traffic Signal Improvements - Design	-	34,785	34,785	34,785	-
2016 Local Bridges, Future Needs - Jesse Bridge	1,000,000	-	1,000,000	1,000,000	-
Replacement of Centerton Bridge, County Bridge #1701-235	-	1,000,000	1,000,000	1,000,000	-
NJDCA - Countywide Code Enforcement	250,000	-	250,000	250,000	-
Mosquito Identification and Control Activities	-	4,150	4,150	4,150	-
2017 County Aid	2,399,200	-	2,399,200	2,399,200	-
Design of Hook Road	150,005	-	150,005	150,005	-
Body Armor Fund (Prosecutor)	-	2,187	2,187	2,187	-
Body Armor Fund (Sheriff)	-	17,855	17,855	17,855	-
Veterans Transportation	-	13,000	13,000	13,000	-
Total Special Items of General Revenue Anticipated with Prior Written Consent of Local Government Services - Public and Private Revenues Offset with Appropriations	9,564,487	8,440,714	18,005,202	18,005,202	-

COUNTY OF SALEM, STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF REVENUES (CONTINUED)
Year Ended December 31, 2017

	Anticipated		Budget	Realized	Excess (Deficit)
	Adopted Budget	Special N.J.S. 40A: 4-87	After Modification		
Special Items of General Revenue Anticipated with Prior Written Consent of Director of Local Government Services - Other Special Items					
Added and Omitted Taxes	205,000	-	205,000	298,913	93,913
Salem County Area Office of Aging	58,000	-	58,000	58,000	-
Salem County Community Bus Service - NJ Transit Contract	1,279,000	-	1,279,000	1,486,850	207,850
County Welfare Office - Social Services	249,000	-	249,000	314,510	65,510
Rent - Agriculture Building	92,925	-	92,925	92,925	-
Board of Male Inmates in County Jail	5,875,000	-	5,875,000	5,977,835	102,835
Board of Federal Inmates in County Jail	927,000	-	927,000	764,578	(162,422)
Gloucester County Alternative Youth Shelter Beds	71,804	-	71,804	71,804	-
NEXTEL-Communication Tower	18,000	-	18,000	18,000	-
County Clerk Additional Fees	72,000	-	72,000	177,914	105,914
Sheriff Additional Fees	59,000	-	59,000	164,153	105,153
Board of Elections	-	-	-	-	-
Title IV-D	294,000	-	294,000	121,810	(172,190)
Lapsed Grant Funds	-	-	-	-	-
BOSS Reimbursements and Administrative Fees	246,000	-	246,000	140,759	(105,241)
Repayment of Application Fee - ARC of Salem County	1,000	-	1,000	-	(1,000)
Reserve for Payment of Type I School Debt	30,000	-	30,000	-	(30,000)
Cancellation of Reserves	121,120	-	121,120	121,120	-
Reserve for Debt Service - Retail Building	120,000	-	120,000	120,000	-
Total Special Items of General Revenue Anticipated with Prior Written Consent of Director of Local Government Services - Other Special Items	9,718,849	-	9,718,849	9,929,171	210,322
Total Miscellaneous Revenues	28,747,978	8,440,714	37,188,692	36,023,332	(1,165,361)
Amount to be Raised by Taxation - County Purpose Tax	55,718,512	-	55,718,512	55,718,512	-
Budget Totals	<u>\$ 86,356,662</u>	<u>\$ 8,440,714</u>	<u>\$ 94,797,377</u>	<u>\$ 93,632,016</u>	<u>\$ (1,165,361)</u>
Miscellaneous Revenue Not Anticipated	A-3	A-3 , A-15, A-16		1,205,193	
Total Revenues				<u>\$ 94,837,209</u>	

See notes to financial statements.

COUNTY OF SALEM, STATE OF NEW JERSEY

A-2A

CURRENT FUND
STATEMENT OF MISCELLANEOUS REVENUES NOT ANTICIPATED
Year Ended December 31, 2017

Revenue Accounts Receivable	\$ 18,018,131	
Grant Revenues - Original Budget	9,564,487	
Grant Revenues - Added by 40A:4-87	<u>8,440,714</u>	
		<u>\$ 36,023,332</u>
		A-1, A-4

COUNTY OF SALEM, STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES
Year Ended December 31, 2017

	Original Budget	Added By N.J.S. 40A: 4-87 and Transfers	Budget After Modification	Expended	Encumbered	Paid or Charged	Cancelled	Reserved
ADMINISTRATIVE AND EXECUTIVE								
Board of Chosen Freeholders								
Salaries and Wages	\$ 110,000	\$ (12,500)	\$ 97,500	\$ 92,926	\$ -	\$ 92,926	\$ -	\$ 4,574
Other Expenses	25,500	-	25,500	14,412	11,057	25,470	-	30
Purchase Department and Inventory Control								
Salaries and Wages	75,000	-	75,000	71,576	-	71,576	-	3,424
Other Expenses	5,850	-	5,850	2,892	245	3,137	-	2,713
Clerk of the Board								
Salaries and Wages	180,000	(22,000)	158,000	153,290	-	153,290	-	4,710
Other Expenses	3,040	-	3,040	1,255	1,150	2,405	-	635
Personnel/HR								
Salaries and Wages	225,000	-	225,000	218,403	-	218,403	-	6,597
Other Expenses	189,690	-	189,690	171,217	14,604	185,821	-	3,869
County Clerk								
Salaries and Wages	427,000	32,000	459,000	445,200	-	445,200	-	13,800
Other Expenses	9,550	-	9,550	7,708	424	8,132	-	1,418
Election Costs	95,000	(50,000)	45,000	-	19,543	19,543	-	25,457
Grant Management								
Other Expenses	12,500	-	12,500	5,500	4,200	9,700	-	2,800
Board of Elections								
Salaries and Wages	230,000	11,000	241,000	234,407	-	234,407	-	6,593
Other Expenses	164,600	-	164,600	122,033	42,074	164,107	-	493
Department of Finance								
County Treasurer's Office								
Salaries and Wages	205,500	(8,000)	197,500	191,030	-	191,030	-	6,470
Other Expenses	17,860	(150)	17,710	15,659	291	15,950	-	1,760
Bond Costs	30,000	(10,000)	20,000	13,890	3,000	16,890	-	3,110
County Auditor	135,000	-	135,000	135,000	-	135,000	-	-
Information Technology Center								
Other Expenses	620,000	25,000	645,000	596,297	48,562	644,859	-	141
County Adjuster's Office								
Other Expenses	9,000	-	9,000	8,969	25	8,995	-	5
Board of Taxation								
Salaries and Wages	130,100	2,000	132,100	128,108	-	128,108	-	3,992
Other Expenses	4,310	-	4,310	3,775	127	3,902	-	408
County Counsel								
Salaries and Wages	168,000	-	168,000	162,550	-	162,550	-	5,450
Other Expenses	12,000	-	12,000	11,722	278	12,000	-	-

COUNTY OF SALEM, STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES (CONTINUED)
Year Ended December 31, 2017

	Original Budget	Added By N.J.S. 40A: 4-87 and Transfers	Budget After Modification	Expended	Encumbered	Paid or Charged	Cancelled	Reserved
County Surrogate								
Salaries and Wages	289,400	1,500	290,900	283,001	-	283,001	-	7,899
Other Expenses	8,710	-	8,710	5,186	3,383	8,569	-	141
Engineer								
Salaries and Wages	252,800	(13,000)	239,800	231,242	-	231,242	-	8,558
Other Expenses	104,050	(61,000)	43,050	28,150	3,425	31,575	-	11,475
Economic Development Office								
Salaries and Wages	25,500	100	25,600	24,901	-	24,901	-	699
Other Expenses	51,500	(7,000)	44,500	35,808	6,511	42,319	-	2,181
Labor Counsel								
Other Expenses	75,000	-	75,000	62,596	560	63,156	-	11,844
Special Counsel/Consulting								
Other Expenses	35,000	-	35,000	33,396	-	33,396	-	1,604
Cultural and Heritage Commission								
Salaries and Wages	25,500	100	25,600	24,901	-	24,901	-	699
Other Expenses	4,385	-	4,385	2,625	1,687	4,312	-	73
TOTAL GENERAL GOVERNMENT	3,956,345	(111,950)	3,844,395	3,539,626	161,146	3,700,771	-	143,624
LAND USE ADMINISTRATION								
County Planning Board								
Salaries and Wages	50,000	-	50,000	47,668	-	47,668	-	2,332
Other Expenses	12,500	-	12,500	3,051	8,312	11,363	-	1,137
TOTAL LAND USE ADMINISTRATION	62,500	-	62,500	50,719	8,312	59,031	-	3,469
CODE ENFORCEMENT AND ADMINISTRATION								
Weights and Measures								
Salaries and Wages	67,000	600	67,600	65,764	-	65,764	-	1,836
Other Expenses	150	-	150	14	1	15	-	135
TOTAL CODE ENFORCEMENT	67,150	600	67,750	65,778	1	65,779	-	1,971
INSURANCE								
Workmens' Compensation	771,500	-	771,500	569,808	-	569,808	-	201,692
Other Insurance Premiums	61,992	-	61,992	15,487	748	16,235	-	45,757
Self-Insurance AI/GL	1,012,489	-	1,012,489	997,281	-	997,281	-	15,207
Group Insurance Dental	235,000	-	235,000	198,676	21,058	219,734	-	15,266
Group Insurance Hospitalization	9,841,517	-	9,841,517	9,097,982	5,320	9,103,302	-	738,216
Post Retirement Health Benefits	195,000	-	195,000	190,494	1,053	191,547	-	3,453
State Disability Insurance	106,000	-	106,000	31,311	-	31,311	-	74,689
TOTAL INSURANCE	12,223,498	-	12,223,498	11,101,039	28,179	11,129,219	-	1,094,279

COUNTY OF SALEM, STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES (CONTINUED)
Year Ended December 31, 2017

	Original Budget	Added By N.J.S. 40A: 4-87 and Transfers	Budget After Modification	Expended	Encumbered	Paid or Charged	Cancelled	Reserved
PUBLIC SAFETY FUNCTIONS								
Department of Emergency Services								
Salaries and Wages	281,625	20,000	301,625	258,800	-	258,800	-	42,825
Other Expenses:								
Miscellaneous Other Expenses "9-1-1"	19,540	-	19,540	16,676	2,533	19,209	-	331
Salaries and Wages	2,091,000	-	2,091,000	1,715,896	-	1,715,896	300,000	75,104
Other Expenses	91,300	-	91,300	19,115	71,763	90,878	-	422
Sheriff's Office								
Salaries and Wages	2,765,000	(100,000)	2,665,000	2,576,581	-	2,576,581	-	88,419
Other Expenses	154,000	30,000	184,000	152,685	27,054	179,740	-	4,260
Jail								
Salaries and Wages	15,601,600	-	15,601,600	13,035,591	-	13,035,591	1,900,000	666,009
Other Expenses	1,464,200	-	1,464,200	1,018,637	406,380	1,425,017	-	39,183
Bail Forfeitures	15,000	3,000	18,000	10,500	7,500	18,000	-	-
Inmate Medical	750,000	-	750,000	433,205	98,547	531,753	-	218,247
Alternative Youth Shelter								
Contractual- Ranch Hope	573,052	-	573,052	477,543	47,754	525,298	-	47,754
Prosecutor's Office								
Salaries and Wages	4,140,000	-	4,140,000	4,013,052	-	4,013,052	-	126,948
Other Expenses	214,550	-	214,550	188,107	24,617	212,724	-	1,826
County Medical Examiner								
Other Expenses	180,000	-	180,000	179,248	-	179,248	-	753
Juvenile Detention and Domestic Relations Ct.								
Other Expenses	400,000	(20,000)	380,000	158,863	24,700	183,563	-	196,437
TOTAL PUBLIC SAFETY FUNCTIONS	28,740,867	(67,000)	28,673,867	24,254,501	710,848	24,965,349	2,200,000	1,508,518
PUBLIC WORKS FUNCTIONS								
Street and Road Maintenance								
Roads and Bridges								
Salaries and Wages	1,405,000	(19,000)	1,386,000	1,353,525	-	1,353,525	-	32,475
Other Expenses	169,700	-	169,700	140,463	28,990	169,453	-	247
Facilities Management								
Salaries and Wages	825,000	10,000	835,000	812,038	-	812,038	-	22,962
Other Expenses	274,200	(10,000)	264,200	202,738	48,479	251,217	-	12,983
Snow Removal	100,000	-	100,000	97,963	-	97,963	-	2,037
Mosquito Extermination Commission	137,250	(7,500)	129,750	99,432	24,999	124,431	-	5,319
Vehicle Maintenance	247,500	-	247,500	234,048	13,391	247,439	-	61
TOTAL PUBLIC WORKS FUNCTIONS	3,158,650	(26,500)	3,132,150	2,940,206	115,859	3,056,065	-	76,085

COUNTY OF SALEM, STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES (CONTINUED)
Year Ended December 31, 2017

	Original Budget	Added By N.J.S. 40A: 4-87 and Transfers	Budget After Modification	Expended	Encumbered	Paid or Charged	Cancelled	Reserved
HEALTH AND HUMAN SERVICES								
War Veterans Burial and Grave Decorations								
Other Expenses	13,900	-	13,900	10,651	3,150	13,801	-	99
Office on the Disabled								
Other Expenses	1,500	-	1,500	1,500	-	1,500	-	-
Salem Area Office on Aging								
Salaries and Wages	55,000	12,701	67,701	65,101	-	65,101	-	2,600
Other Expenses	45,000	(12,551)	32,449	32,354	24	32,378	-	71
County Welfare Board								
Administration	1,857,115	-	1,857,115	1,857,115	-	1,857,115	-	-
Services	179,939	-	179,939	179,939	-	179,939	-	-
Local: Temporary Assistance	23,560	-	23,560	23,560	-	23,560	-	-
Assistance to Supplemental Security Income								
Receipts-State Share	147,898	-	147,898	147,898	-	147,898	-	-
County Health Service - Interlocal Agreement (40:8A-1 et seq)								
Salaries and Wages	546,750	-	546,750	527,341	-	527,341	-	19,409
Other Expense:								
Nursing Services	24,000	(4,000)	20,000	12,384	6,945	19,328	-	672
Administrative	60,041	46,675	106,716	44,770	55,271	100,041	-	6,675
Environmental	10,100	-	10,100	6,717	2,862	9,579	-	521
Commission on Women								
Other Expenses	1,350	-	1,350	-	-	-	-	1,350
Maintenance of Patients in State Institutions								
Mental Diseases								
State Share	876,184	-	876,184	876,184	-	876,184	-	-
Local Share	375,507	-	375,507	365,201	-	365,201	-	10,306
Maintenance of Patients in State Institutions for Mentally Retarded								
State Share	1,551,928	-	1,551,928	1,551,928	-	1,551,928	-	-
New Jersey Division of Youth and Family Services								
State Share	1,053,465	-	1,053,465	-	-	-	1,053,465	-
TOTAL HEALTH AND HUMAN SERVICES	6,823,237	42,825	6,866,062	5,702,643	68,252	5,770,894	1,053,465	41,702

COUNTY OF SALEM, STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES (CONTINUED)
Year Ended December 31, 2017

	Original Budget	Added By N.J.S. 40A: 4-87 and Transfers	Budget After Modification	Expended	Encumbered	Paid or Charged	Cancelled	Reserved
PARKS AND RECREATION								
Parks and Playgrounds								
Other Expenses	405	-	405	275	-	275	-	130
TOTAL PARKS AND RECREATION	405	-	405	275	-	275	-	130
EDUCATION FUNCTIONS								
Education Programs for Employees								
Salaries and Wages	7,626	-	7,626	7,249	-	7,249	-	377
Salem County Community College	2,748,857	-	2,748,857	2,720,030	-	2,720,030	-	28,827
Reimbursements for Residents Attending Out of County Two Year Colleges (N.J.S. 18A:64A-23)	200,000	-	200,000	95,083	1,266	96,349	-	103,651
County Extension Service-Farm and Home Demonstrations								
Salaries and Wages	141,200	7,000	148,200	143,366	-	143,366	-	4,834
Other Expenses	10,000	-	10,000	1,787	-	1,787	-	8,213
Salem County Vocational Tech School	1,828,758	-	1,828,758	1,828,758	-	1,828,758	-	-
Office of County Superintendent of Schools								
Salaries and Wages	104,650	-	104,650	101,364	-	101,364	-	3,286
Other Expenses	3,825	2,000	5,825	4,225	997	5,222	-	603
County Special Services School District								
Annual Appropriations	50,000	-	50,000	50,000	-	50,000	-	-
TOTAL EDUCATION FUNCTIONS	5,094,916	9,000	5,103,916	4,951,863	2,262	4,954,125	-	149,791
UNCLASSIFIED								
Veteran's Service Bureau								
Salaries and Wages	45,000	100	45,100	43,876	-	43,876	-	1,224
Other Expenses	850	-	850	773	29	802	-	48
County Transportation								
Other Expenses	18,000	-	18,000	18,000	-	18,000	-	-
Community Bus Service								
Salaries and Wages	585,000	(33,250)	551,750	533,246	-	533,246	-	18,504
Other Expenses	195,000	42,250	237,250	235,999	1,161	237,159	-	91
Printer Maintenance								
Other Expenses	15,905	-	15,905	11,508	1,001	12,509	-	3,396
Real Estate Tax								
Other Expenses	40,000	23,500	63,500	61,038	-	61,038	-	2,462
Accumulated Leave - Contra								
Other Expenses	140,000	-	140,000	140,000	-	140,000	-	-
Local Share/Sub Regional Transp Planning								
Other Expenses	-	18,500	18,500	18,500	-	18,500	-	-
Utilities	1,915,000	101,925	2,016,925	1,798,592	201,238	1,999,829	-	17,096
TOTAL UNCLASSIFIED	2,954,755	153,025	3,107,780	2,861,532	203,428	3,064,961	-	42,819
SUBTOTAL OPERATIONS	63,082,323	-	63,082,323	55,468,181	1,298,288	56,766,469	3,253,465	3,062,389

COUNTY OF SALEM, STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES (CONTINUED)
Year Ended December 31, 2017

	Original Budget	Added By N.J.S. 40A: 4-87 and Transfers	Budget After Modification	Expended	Encumbered	Paid or Charged	Cancelled	Reserved
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES								
Salem County Area Plan Grant	837,775	3,029	840,804	840,804	-	840,804	-	-
Alcoholic Treatment Program	233,916	-	233,916	233,916	-	233,916	-	-
Municipal Alliance to Prevent Alcoholism and Drug Abuse	-	137,801	137,801	137,801	-	137,801	-	-
NJ Department of Corrections - MAT Grant	-	200,000	200,000	200,000	-	200,000	-	-
Senior Citizen and Disabled Resident Transportation Program	327,180	-	327,180	327,180	-	327,180	-	-
PASP - Personal Assistance Services	11,114	-	11,114	11,114	-	11,114	-	-
Prosecutor Insurance Fraud Reimbursement	250,000	-	250,000	250,000	-	250,000	-	-
Victims of Crime Act Grant Program (VOCA)	61,126	34,301	95,427	95,427	-	95,427	-	-
Juvenile Justice Commission State/Community Partnership	200,966	-	200,966	200,966	-	200,966	-	-
Juvenile Justice Commission Family Court Services	100,261	-	100,261	100,261	-	100,261	-	-
Juvenile Assistance Grant Program - Megan's Law	3,648	-	3,648	3,648	-	3,648	-	-
Short Line Track Rehabilitation	672,840	3,000,000	3,672,840	3,672,840	-	3,672,840	-	-
SCIA Clean Communities	500	-	500	500	-	500	-	-
Local Arts Program	46,843	-	46,843	46,843	-	46,843	-	-
Workforce Development Partnership Program	-	707,027	707,027	707,027	-	707,027	-	-
County Environmental Health Act (CEHA)	-	265,632	265,632	265,632	-	265,632	-	-
MIPPA Outreach & Enrollment	40,000	40,000	80,000	80,000	-	80,000	-	-
NJ Dept of Emergency Management - RERP	5,733	258,988	264,721	264,721	-	264,721	-	-
Body Armor Replacement - Prosecutor	-	2,187	2,187	2,187	-	2,187	-	-
Body Armor Replacement - Sheriff	-	17,855	17,855	17,855	-	17,855	-	-
Work First New Jersey TANF	-	508,788	508,788	508,788	-	508,788	-	-
Subregional Transportation Planning Program	-	43,000	43,000	43,000	-	43,000	-	-
Public Health Preparedness & Response for Bioterrorism	265,340	-	265,340	265,340	-	265,340	-	-
FTA Small Urban & Rural Area Public Transportation (5311)	235,154	-	235,154	235,154	-	235,154	-	-
Historical Commission Grant	14,310	-	14,310	14,310	-	14,310	-	-
Health and Wellness - Community Development	-	20,000	20,000	20,000	-	20,000	-	-
Health and Wellness - Preparedness	-	2,500	2,500	2,500	-	2,500	-	-
Health and Wellness - Chlorine Incident	-	2,500	2,500	2,500	-	2,500	-	-
Victims of Crime (SART/SANE)	-	99,882	99,882	99,882	-	99,882	-	-

COUNTY OF SALEM, STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES (CONTINUED)
Year Ended December 31, 2017

	Original Budget	Added By N.J.S. 40A: 4-87 and Transfers	Budget After Modification	Expended	Encumbered	Paid or Charged	Cancelled	Reserved
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES								
State Health Insurance Assistance Program (SHIP)	-	33,000	33,000	33,000	-	33,000	-	-
Federal Aid Program - Centerton Traffic Signal	-	34,785	34,785	34,785	-	34,785	-	-
NJ Dept. of Health - Seniors Farmers Market Nutrition	-	500	500	500	-	500	-	-
Multijurisdictional Task Force	130,786	-	130,786	130,786	-	130,786	-	-
Special Child Health and Early Intervention	-	56,846	56,846	56,846	-	56,846	-	-
State Homeland Security Program (SHSP)	-	164,578	164,578	164,578	-	164,578	-	-
Crop Insurance Education	-	175,646	175,646	175,646	-	175,646	-	-
NJ Dept of Health - Right to Know	8,786	-	8,786	8,786	-	8,786	-	-
Design Mill and Overlay	100,005	1,716,832	1,816,837	1,816,837	-	1,816,837	-	-
NJ DOT Woodstown Road	1,220,000	-	1,220,000	1,220,000	-	1,220,000	-	-
NJ DOT Cohansey-Friesburg Road	999,000	-	999,000	999,000	-	999,000	-	-
Local Bridges, Future Needs - Jesse's Bridge	1,000,000	-	1,000,000	1,000,000	-	1,000,000	-	-
Replacement of Centerton Bridge, County Bridge #1701-235	-	1,000,000	1,000,000	1,000,000	-	1,000,000	-	-
NJDCA - Countywide Code Enforcement	250,000	-	250,000	250,000	-	250,000	-	-
2017 County Aid	2,399,200	-	2,399,200	2,399,200	-	2,399,200	-	-
Design of Hook Road	150,005	-	150,005	150,005	-	150,005	-	-
Mosquito Identification and Control Activities	-	4,150	4,150	4,150	-	4,150	-	-
Veterans Transportation	-	13,000	13,000	13,000	-	13,000	-	-
Project Lifesaver	-	50,000	50,000	50,000	-	50,000	-	-
SC Ag Development Board	-	60,000	60,000	60,000	-	60,000	-	-
Matching Funds	325,000	-	325,000	193,613	-	193,613	-	131,387
TOTAL PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES	9,889,488	8,652,827	18,542,315	18,410,928	-	18,410,928	-	131,387
Contingent	15,000	-	15,000	-	-	-	15,000	-
TOTAL OPERATIONS INCLUDING CONTINGENT	72,986,811	8,652,827	81,639,638	73,879,110	1,298,288	75,177,397	3,268,465	3,193,776
<i>Detail:</i>								
Salaries and Wages	31,069,151	(110,649)	30,958,502	27,572,647	3,150	27,575,797	2,200,000	1,182,705
Other Expenses (Including Contingent)	41,917,660	8,763,476	50,681,136	46,306,463	1,295,138	47,601,601	1,068,465	2,011,070

COUNTY OF SALEM, STATE OF NEW JERSEY

**CURRENT FUND
STATEMENT OF EXPENDITURES (CONTINUED)
Year Ended December 31, 2017**

	Original Budget	Added By N.J.S. 40A: 4-87 and Transfers	Budget After Modification	Expended	Encumbered	Paid or Charged	Cancelled	Reserved
County Debt Service:								
Payment of Bond Principal								
County College Bonds	830,000	-	830,000	625,000	-	625,000	205,000	-
Vocational School Bonds	244,450	-	244,450	244,450	-	244,450	-	-
Other Bonds	1,493,550	-	1,493,550	1,493,550	-	1,493,550	-	-
Payment of Bond Anticipation Notes	315,000	-	315,000	315,000	-	315,000	-	-
Interest on Bonds								
County College Bonds	121,281	-	121,281	86,847	-	86,847	34,434	-
Vocational School Bonds	99,916	-	99,916	99,916	-	99,916	-	-
Other Bonds	618,240	-	618,240	618,240	-	618,240	1	-
Interest on Notes - Other	86,909	-	86,909	86,906	-	86,906	3	-
Salem County Improvement Authority - Lease Payments								
County Jail	1,696,400	-	1,696,400	1,696,400	-	1,696,400	-	-
Total County Debt Service	5,505,747	-	5,505,747	5,266,309	-	5,266,309	239,438	-
Deferred Charges and Statutory Expenditures - County:								
Prior Year Bills	8,700	-	8,700	-	-	-	-	8,700
Prior Year Overexpenditure Appropriation Reserve	402,438	-	402,438	402,438	-	402,438	-	-
Statutory Expenditures - Contributions to:								
Public Employee's Retirement System	1,799,763	-	1,799,763	1,737,755	-	1,737,755	39,167	22,841
Social Security System (O.A.S.I.)	2,261,455	-	2,261,455	2,159,498	-	2,159,498	-	101,957
Police and Fireman's Retirement System	3,060,249	-	3,060,249	3,021,471	-	3,021,471	35,292	3,486
DCRP	20,000	-	20,000	18,748	-	18,748	-	1,252
Unemployment Insurance	186,000	-	186,000	169,517	16,043	185,560	-	440
Total Deferred Charges and Statutory Expenditures - County	7,738,605	-	7,738,605	7,509,426	16,043	7,525,469	74,459	138,677
Judgments	125,500		125,500	125,500	-	125,500	-	-
Total General Appropriations	\$ 86,356,663	\$ 8,652,827	\$ 95,009,490	\$ 86,780,344	\$ 1,314,331	\$ 88,094,675	\$ 3,582,362	\$ 3,332,453
Original Budget			\$ 86,356,663					
Appropriated by N.J.S.A. 40A-87			8,652,827					
Expended						\$ 68,238,030		
Grant Appropriations						18,217,315		
Grant Matching Share						325,000		
Encumbered						1,314,331		
			\$ 95,009,490			\$ 88,094,675		

See notes to financial statements.

COUNTY OF SALEM, STATE OF NEW JERSEY

B

TRUST FUNDS
STATEMENT OF ASSETS, LIABILITIES AND RESERVES
December 31, 2017 and 2016

	December 31,	
	2017	2016
<u>ASSETS</u>		
Trust Other Funds:		
Cash - Treasurer	\$ 2,092,521	\$ 2,032,819
	2,092,521	2,032,819
Open Space and Farmland Preservation Trust:		
Cash - Treasurer	3,531,855	3,786,433
Investments	459,001	497,651
Taxes Receivable	4,336	847
	3,995,192	4,284,931
 Total Trust Funds	 <u>\$ 6,087,713</u>	 <u>\$ 6,317,750</u>
<u>LIABILITIES AND RESERVES</u>		
Trust Other Funds:		
Reserve for:		
Accumulated Absences Trust	208,068	150,240
Commodities Resale Program	35,881	16,407
County Auction	3,553	3,553
County Clerk	110,758	251,432
Engineering Escrow	28,173	26,672
Environmental Enforcement	384,137	376,746
First Responder Dinner	130	130
Hospitalization	1	2
Housing Revitalization	72,365	72,192
Motor Vehicle Fines	333,659	174,403
Net Payroll Account	504	-
Parvin Bequest	-	55,829
Payroll Agency	328,762	282,870
Performance Bond - Woods Laurel Hills	3,375	3,375
Prosecutor's Office:		
Asset Maintenance Account	2,270	6,145
Auto Law Enforcement Trust Account	7,007	6,490
County Law Enforcement Trust Account	75,161	72,015
Federal County Law Enforcement Trust Account	68,712	65,192
Municipal Law Enforcement Trust Account	37,851	32,251
Seized Assets Trust Account	28,064	15,567
Road Opening Deposits	17,698	16,198
SCAPG - Nutrition Program	1,324	16,121
SCAPG - Parvin	2,490	55,426
Self Insurance	45,519	1,446
Sheriff's Office	44,920	38,267
Surrogate Fees	71,375	72,569
Tax Appeals Filing Fees	35,377	27,706
Unemployment Claims	44	44
Veterans Donation	14,892	6,953
Weights & Measures	119,263	106,092
Workers' Compensation	10,899	80,484
	2,092,233	2,032,817
Trust Due to Current Fund	288	2
	<u>2,092,521</u>	<u>2,032,819</u>
Open Space and Farmland Preservation Trust		
Reserve for Future Use	3,982,493	4,284,931
Open Space Trust Due to Current Fund	12,700	2
	3,995,192	4,284,933
 Total Trust Funds	 <u>\$ 6,087,713</u>	 <u>\$ 6,317,750</u>

See notes to financial statements.

COUNTY OF SALEM, STATE OF NEW JERSEY

B-1

TRUST FUNDS
 OPEN SPACE AND FARMLAND PRESERVATION
 STATEMENT OF REVENUES AND OTHER CREDITS TO INCOME
 Year Ended December 31, 2017

	Anticipated <u>Budget</u>	<u>Realized</u>	Excess <u>(Deficit)</u>
Amount to be Raised by Taxation	\$ 986,971	\$ 990,284	\$ 3,313
Revenue for Open Space Trust	435,846	435,846	-
Other Miscellaneous	4,000	8,704	4,704
Open Space Revenues	<u>\$ 1,426,818</u>	<u>\$ 1,434,835</u>	<u>\$ 8,017</u>
 <u>Analysis of Realized Revenues</u>			
Amount to be Raised by Taxation:			
Required Revenue:			
Open Space Tax Levy	\$ 986,971		
Added and Omitted Tax Levy	<u>3,313</u>		
		<u>\$ 990,284</u>	
Other Miscellaneous:			
Receipts:			
Interest on Deposits	<u>8,704</u>		
		<u>\$ 8,704</u>	

COUNTY OF SALEM, STATE OF NEW JERSEY

B-2

TRUST FUND
 OPEN SPACE AND FARMLAND PRESERVATION
 STATEMENT OF EXPENDITURES AND OTHER CHARGES TO INCOME
 Year Ended December 31, 2017

	Appropriations		Paid or Charged	Reserved
	Original Budget	Budget After Modification		
Debt Service:				
Payment of Bond Principal	\$ 532,000	\$ 532,000	\$ 532,000	\$ -
Interest on Bonds	219,818	219,818	219,818	-
Acquisition of Farmland	675,000	675,000	517,640	157,360
	<u>\$ 1,426,818</u>	<u>\$ 1,426,818</u>	<u>\$ 1,269,458</u>	<u>\$ 157,360</u>
			\$ 751,818	
			<u>517,640</u>	
			<u>\$ 1,269,458</u>	

COUNTY OF SALEM, STATE OF NEW JERSEY

C

GENERAL CAPITAL FUND
STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE
December 31, 2017 and 2016

	December 31,	
	2017	2016
<u>ASSETS</u>		
Cash	\$ 4,883,663	\$ 2,957,645
Dam Restoration Loan Receivable	1,300,000	1,300,000
Grants Receivable	3,000,000	3,037,923
Deferred Charges to Future Taxation:		
Funded	32,134,000	35,234,000
Unfunded	8,445,364	7,960,364
	<u>\$ 49,763,027</u>	<u>\$ 50,489,932</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Accrued Interest on Bond Sale	\$ 158,547	\$ 227,952
Reserve for County Aid Program	4,713	4,713
Improvement Authorizations:		
Funded	7,143,730	4,913,415
Unfunded	1,074,380	274,380
Serial Bonds Payable	30,834,000	33,934,000
Bond Anticipation Notes Payable	7,645,000	7,960,000
Dam Restoration Loan Payable	1,300,000	1,300,000
Contracts Payable	1,489,968	1,829,548
Capital Improvement Fund	3,937	3,937
General Capital Fund	108,752	41,987
	<u>\$ 49,763,027</u>	<u>\$ 50,489,932</u>

There were Bonds and Notes authorized, but not issued in the amount of \$800,364 for the year ended December 31, 2017 and \$364 for December 31, 2016 (C-14).

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

COUNTY OF SALEM, STATE OF NEW JERSEY

C-1

GENERAL CAPITAL FUND
STATEMENT OF CAPITAL SURPLUS
Year Ended December 31, 2017

Balance December 31, 2016	\$ 41,987
Increased by	
BAN Premium Received	<u>66,765</u>
Balance December 31, 2017	<u>\$ 108,752</u>

COUNTY OF SALEM, STATE OF NEW JERSEY

G

FIXED ASSETS
 SCHEDULE OF FIXED ASSETS
 December 31, 2017 and 2016

	Balance December 31, 2016	2017 Additions	2017 Deletions	Balance December 31, 2017
ASSETS				
General fixed Assets				
Land, Buildings, Improvements	\$ 22,110,931	\$ -	\$ -	\$ 22,110,931
Machinery and Equipment	<u>13,739,525</u>	<u>300,818</u>	<u>-</u>	<u>14,040,343</u>
	<u>35,850,456</u>	<u>300,818</u>	<u>-</u>	<u>36,151,274</u>
LIABILITIES				
Investment in General Fixed Assets	<u>35,850,456</u>	<u>300,818</u>	<u>-</u>	<u>36,151,274</u>
	<u>\$ 35,850,456</u>	<u>\$ 300,818</u>	<u>\$ -</u>	<u>\$ 36,151,274</u>

COUNTY OF SALEM, STATE OF NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Financial Reporting Entity

The County of Salem (the "County") was incorporated on February 13, 1798. It is located in the southwest corner of New Jersey and covers approximately 350 square miles. The County of Gloucester is on the County's northern side and the County of Cumberland forms the eastern and southeastern border of the County.

The County's geographic makeup consists of State Parks, Fish and Wildlife Management Areas, Government Facilities and meadows or low-lying areas. Forty-eight percent is devoted to agriculture, thirteen percent is developed for residential use (approximately 9,000 acres), and commercial and industrial use (approximately 6,500 acres). The New Jersey Turnpike travels through the County.

In the County there are fifteen political subdivisions, consisting of one city, eleven counties and three boroughs. The population of the County according to the official 2010 census is 65,774.

The County government operates under a five member Board of Chosen Freeholders, elected at-large by the voters of the County. A Freeholder, under old English rule, was a person who owned property outright, free of debt, and therefore was deemed to be a leading citizen, eligible for membership on the governing body. Under the present form of government, the property rule as a qualification for holding office has been abolished. Each member is elected to a term of three years. A director and deputy director are selected from their membership at the first meeting of each year. The Freeholders have both administrative and policy-making powers.

Component Units

The financial statements of the component units of the County are not presented in accordance with Governmental Accounting Standards Board Statement ("GASBS") No. 14. If the provisions of GASBS No. 14 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:

Salem County Improvement Authority
199 East Broadway
Salem, NJ 08079

Salem Community College
460 Hollywood Avenue
Carneys Point, NJ 08069

Salem County Vocational-
Schools
Salem-Woodstown Road
New Jersey 08098

Special Services School Technical
District of the County of Salem
328-B North Broadway Woodstown,
Pennsville, New Jersey 08070

Pollution Control Financing Authority
94 Market Street
Salem, NJ 08079

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

COUNTY OF SALEM, STATE OF NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of 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 of Audit," the County accounts for its financial transactions through the use of separate funds, which are described as follows:

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

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

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

General Fixed Assets Account Group

All fixed assets used in governmental fund type operations ("general fixed assets") are accounted for in the general fixed assets account group, rather than in governmental funds.

Basis of Accounting

The Governmental Accounting Standard Board ("GASB") is the accepted standards-setting body for establishing government accounting and financial reporting principles. GASB's Codification of Governmental Accounting and Financial Reporting Standards recognizes three fund categories as appropriate for the accounting and reporting of the financial position and results of operations in accordance with U.S. Generally Accepted Accounting Principles ("GAAP"). This structure of funds differs from the organization of funds prescribed under the regulatory basis of accounting utilized by the County. The resultant presentation of financial position and results of operations in the form of financial statements is not intended to present the general-purpose financial statement required by GAAP.

A modified accrual basis of accounting is followed with certain exceptions. Accounting principles prescribed for New Jersey municipalities by the Department of Community Affairs, Division of Local Government Services differ in certain respects from generally accepted accounting principles applicable to local governmental units. The more significant policies are explained in the following paragraphs.

COUNTY OF SALEM, STATE OF NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets and Budgetary Accounting

The County must adopt an annual budget in accordance with N.J.S.A. 40A:4 et seq. N.J.S.A. 40A:4-5 requires the governing body to introduce and approve the annual county budget no later than January 26 of each year. At introduction, the governing body shall fix the time and place for a public hearing on the budget and must advertise the time and place at least ten days prior to the hearing in a newspaper published and circulating in the county. The public hearing must not be held less than twenty-eight days after the date the budget was introduced. After the hearing has been held, the governing body may, by majority vote, adopt the budget or may amend the budget in accordance with N.J.S.A. 40A:4-9.

An extension of the regulatory 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 Local Finance Board.

Budgets are adopted on the same basis of accounting utilized for the preparation of the County's financial statements. The budgets are prepared making use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of December 31. Actual results could differ from those estimates and such differences could be significant.

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 asset 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 Circular A-87 (Attachment B, Section 19), except that the useful life of such property is at least five years. The County has adopted a capitalization threshold of \$5,000, 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 sub-

COUNTY OF SALEM, STATE OF NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

General Fixed Assets (Continued)

subsidiary ledger detailing fixed assets records to control additions, retirements and transfers of fixed assets.

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 in the current fund is deferred to future periods. These expenditures, or deferred charges, are generally over expenditures 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 year's 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 is responsible for levying, collecting and remitting county taxes for the County. Property tax revenues are collected in quarterly installments due February 1, May 1, August 1 and November 1 and are due and payable to the County of Salem by February 15, May 15, August 15 and November 15. Operations for every municipality are 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 are 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.

COUNTY OF SALEM, STATE OF NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Expenditures (Continued)

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 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 also 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 cancelled 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.

Compensated Absences and Post-employment 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 post-employment benefits, if any, which are also funded on a pay-as-you-go basis. (See Notes F and G)

B. CASH, CASH EQUIVALENTS, AND INVESTMENTS

Cash and cash equivalents and investments include amounts on deposit, petty cash, change funds and short-term investments with original maturities of three months or less. Investments are recorded at cost.

New Jersey municipal and county units are required by N.J.S.A. 17:9-42 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. 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, 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.

The market value of the collateral must equal five percent of the average daily balance of public funds; and, if the public funds deposited exceed 75 percent of the capital funds of the depository, the depository must provide collateral having a market value equal to 100 percent of the amount exceeding 75 percent.

COUNTY OF SALEM, STATE OF NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

B. CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

N.J.S.A. 40A:5-15.1 provides a list of investments which may be purchased by New Jersey municipal units:

- Bonds or other obligations of the United States or obligations guaranteed by the United States.
- Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Association or United States Bank for Cooperatives that have a maturity date not greater than twelve months from the date of purchase.
- Bonds or other obligations of the County or bonds or other obligations of school districts that are a part of the County or are located within the County.
- Bonds or other obligations having a maturity date of not more than twelve months from the date of purchase that are approved by the New Jersey Department of Treasury, Division of Investments.

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the County's deposits may not be returned or the County will not be able to recover collateral securities in the possession of an outside party. The County's policy requires deposits to be secured by collateral valued at market or par, whichever is lower, less the amount covered by the Federal Deposit Insurance Corporation ("FDIC"). The Board of Chosen Freeholders approves and designates the authorized depository institution based on evaluation of solicited responses and certifications provided by financial institutions.

As of December 31, 2017, the County's bank balances of \$21,175,245 were exposed to custodial credit risk as follows:

Insured	\$	269,992
Uninsured and Collateralized		20,458,952
Uninsured and Collateralized with Securities held by Pledging Financial Institutions		446,301
Total	\$	<u>21,175,245</u>

Concentration of Credit Risk – This is the risk associated with the amount of investments the County has with any one issuer that exceeds five percent or more of its total investments. Investments issued or explicitly guaranteed by the U.S. Government and the New Jersey Cash Management Fund are excluded from this requirement. None of the investments held by the County are exposed to this risk.

Credit Risk – This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. In general, the County does not have an investment policy regarding Credit Risk, however, the County had no investments that were subject to credit risks as of December 31, 2017.

COUNTY OF SALEM, STATE OF NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

B. CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

Interest Rate Risk – This is the risk that changes in interest rates will adversely affect the fair value of an investment. The County has a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from interest rate fluctuations. However, its practice is to hold investments to maturity.

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

As of December 31, 2017, the County had \$446,301 of U.S. Treasuries following fair value measurements using quoted market prices for Level 1 inputs.

C. FUND BALANCES APPROPRIATED

The following schedule details the amount of current fund balances available at the end of the current year and four previous years and the amounts utilized in the subsequent year's budgets. The County replenished some of its current fund balance utilized in the 2017 budget.

Year	Balance December 31,	Utilized in Budget of Succeeding Year	Percent Utilized	Remaining Balance Available
2017	\$ 4,442,739	\$ 3,579,189	80.56%	\$ 863,550
2016	2,293,158	1,890,173	82.43%	402,985
2015	4,725,780	3,365,558	71.22%	1,360,222
2014	6,928,995	4,415,186	63.72%	2,513,809
2013	7,313,360	2,884,898	39.45%	4,428,462

D. PENSION PLANS

A substantial number of the County's employees participate in the following defined benefit pension plans: the Public Employees' Retirement System ("PERS"), Police and Firemen's Retirement System ("PFRS"), and Defined Contribution Retirement Program ("DCRP") which are administered and/or regulated by 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

COUNTY OF SALEM, STATE OF NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

D. PENSION PLANS (CONTINUED)

Plan Description

PERS is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955. For additional information about PERS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml

PFRS is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pension and Benefits. For additional information about PFRS, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at link above.

DCRP 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 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 annually.

Benefits Provided

For PERS, vesting and benefit provisions are set by N.J.S.A. 43:15A. 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 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 22, 2010.
4	Members who were eligible to enroll on or after May 22, 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 with 25 years or more of service credit before age 62, and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

COUNTY OF SALEM, STATE OF NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

D. PENSION PLANS (CONTINUED)

For PFRS, vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement as well as death and disability benefits. All benefits vest after ten years of service, except for 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 of each year of creditable service, up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (tiers 1 and 2 members) and 60% (tier 3 members) of final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. Members may elect deferred retirement benefits after achieving 10 years of service, in which case benefits would begin at age 55 equal to 2% of final compensation for each year of service.

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

Contributions

The contribution policy for PERS is set by N.J.S.A 43:15A and requires contributions by active members and contributing employers. The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in state fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012, and will be adjusted by the rate of return on the actuarial value of assets.

COUNTY OF SALEM, STATE OF NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

D. PENSION PLANS (CONTINUED)

Contributions (Continued)

A special funding situation exists for the local employers of the Police and Fire Retirement System of New Jersey. The State of New Jersey, as a non-employer, is required to pay the additional costs incurred by local employers under 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 June 30, 2017, state special funding situation net pension liability amount of \$1,729,193,507, is the accumulated difference between the annual actuarially determined state obligation under the special funding situation and the actual state contribution through the valuation date. The state special funding situation pension expense of \$211,519,420, for the fiscal year ended June 30, 2017, is the actuarially determined contribution amount that the state owes for the fiscal year ended June 30, 2017. The pension expense is deemed to be a state administrative expense due to the special funding situation.

The contribution policy for PFRS is set by N.J.S.A 43:16A and requires contributions by active members and contributing employers. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PFRS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in state fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012, and will be adjusted by the rate of return on the actuarial value of assets.

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 that 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 non-employer 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 report in the financial statements of the local participating employers related to this legislation. The portion of the non-employer contributing entities' total proportionate share of the collective net pension liability that is associated with the County's PFRS plans is \$285,964 and \$59,476, respectively.

The County is billed annually for its normal contribution plus any accrued liability. Contributions to PERS from the County were \$1,865,204 for the year ended December 31, 2017. Contributions to PFRS from the County were \$3,535,701 for the year ended December 31, 2017.

COUNTY OF SALEM, STATE OF NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

D. PENSION PLANS (CONTINUED)

Contributions (Continued)

The DCRP 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, 2017, contributions totaled \$18,748. There were no forfeitures during the year.

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

At June 30, 2017, the County had a liability of \$46,065,691 for its proportionate share of the net pension liability in PERS and \$56,775,717 and \$11,808,500 for its proportionate share of the net pension liability in PFRS Plan 1 and PFRS Plan 2, respectively. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. 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 members of the plan, actuarial determined. At June 30, 2017, the County's proportion was 0.1978902693%, which was a decrease of 0.0045 from its proportion measured as of June 30, 2016, for PERS and 0.3307208989% and 0.0687850061%, which was an increase of 0.0207 and 0.0035 from its proportion measured as of June 30, 2016, for PFRS Plan 1 and PFRS Plan 2, respectively.

	2017					
	PERS		PFRS-Plan 1		PFRS-Plan 2	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,084,688	\$ -	\$ 331,227	\$ 299,662	\$ 68,890	\$ 62,325
Changes in assumptions	9,280,649	9,246,625	6,295,886	8,361,629	1,309,450	1,739,094
Net difference between projected and actual investment earnings on pension plan investments	313,676	-	974,286	-	202,637	-
Changes in proportion	2,603,535	1,327,560	6,317,367	73,359	1,127,162	-
	<u>\$ 13,282,548</u>	<u>\$ 10,574,185</u>	<u>\$ 13,918,766</u>	<u>\$ 8,734,650</u>	<u>\$ 2,708,139</u>	<u>\$ 1,801,419</u>

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

December 31,	PERS	PFRS-Plan 1	PFRS-Plan 2
2018	\$ 1,084,431	\$ 621,273	\$ 129,216
2019	1,636,433	1,682,600	349,956
2020	991,595	343	71
2021	(1,318,823)	(2,331,878)	(484,996)
2022	(961,246)	(1,032,230)	(214,688)
	<u>\$ 1,432,389</u>	<u>\$ (1,059,892.15)</u>	<u>\$ (220,442)</u>

COUNTY OF SALEM, STATE OF NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

D. PENSION PLANS (CONTINUED)

Actuarial Assumptions

The total pension liability in the June 30, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	PERS	PFRS
Inflation	2.25%	2.25%
Salary Increases: Through 2026 (based on age)	1.65 - 4.15%	2.10 - 8.98%
Salary Increases: Thereafter (based on age)	2.65 - 5.15%	3.10 - 9.98%
Investment rate of return	7.00%	7.00%

For PERS, pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For local employees, mortality tables are set back two years for males and seven years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back one year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back three years for males and set forward one year for females).

The actuarial assumptions used in the July 1, 2016, valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

For PFRS, Pre-retirement mortality rates were based on the RP-2000 Pre-retirement Mortality Tables projected thirteen years using Projection Scale BB and then projected on a generational basis using the plan actuary's modified 2014 projection scales. Post-retirement mortality rates for male service retirements and beneficiaries are based the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale AA and two years using the plan actuary's modified 2014 projection scales, which was further projected on a generational basis using the plan actuary's modified 2014 projection scales. Post-retirement mortality rates for female service retirements and beneficiaries were based the RP-2000 Combined Healthy Mortality Tables projected thirteen years using Projection Scale BB and then two years using the plan actuary's modified 2014 projection scales, which was further projected on a generational basis using the plan actuary's modified 2014 projection scales. Disability mortality rates were based on a special mortality table used for the period after disability retirement.

The actuarial assumptions used in the July 1, 2016, valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

COUNTY OF SALEM, STATE OF NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

D. PENSION PLANS (CONTINUED)

Actuarial Assumptions (Continued)

In accordance with state statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pension 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 rate 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 real rates of return for each major asset class included in PERS's and PFRS's target asset allocation as of June 30, 2017, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Absolute return/risk mitigation	5.00%	5.51%
Cash	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real estate	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

PERS

The discount rate used to measure the total pension liability was 5.00% as of June 30, 2017. The single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017, 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 rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

COUNTY OF SALEM, STATE OF NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

D. PENSION PLANS (CONTINUED)

PFRS

The discount rate used to measure the total pension liability for was 6.14% as of June 30, 2017. The single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017, 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 rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the non-employer contributing entity will be made based on the contribution rate in the most recent fiscal year. The local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate

The following presents the collective net pension liability of the participating employers as of June 30, 2017, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% point lower or 1% point high than the current rate:

		PERS		
		At 1% decrease (4.00%)	At current discount rate (5.00%)	At 1% increase (6.00%)
Local	\$	57,147,617	46,065,692	36,833,075
PFRS - Plan 1				
		At 1% decrease (5.14%)	At current discount rate (6.14%)	At 1% increase (7.14%)
Local	\$	74,806,683	56,775,717	41,961,229
PFRS - Plan 2				
		At 1% decrease (5.14%)	At current discount rate (6.14%)	At 1% increase (7.14%)
Local	\$	15,558,672	11,808,501	8,727,309

COUNTY OF SALEM, STATE OF NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

D. PENSION PLANS (CONTINUED)

Schedule of County's Contributions PERS - Last 10 Fiscal Years			
	2017	2016	2015
Contractually required contribution	\$ 1,833,242	\$ 1,798,093	\$ 1,593,779
Contributions in relation to the contractually required contribution	1,865,204	1,813,255	1,490,549
County's covered-employee payroll	13,030,607	13,645,672	13,666,900
Contributions as a % of covered employee payroll	14.31%	13.29%	10.91%

PFRS Plan 1- Last 10 Fiscal Years			
	2017	2016	2015
Contractually required contribution	\$ 2,926,941	\$ 2,527,816	\$ 2,464,081
Contributions in relation to the contractually required contribution	2,926,941	2,527,816	1,988,994
County's covered-employee payroll	10,402,913	10,664,101	9,739,490
Contributions as a % of covered employee payroll	28.14%	23.70%	20.42%

PFRS Plan 2 - Last 10 Fiscal Years			
	2017	2016	2015
Contractually required contribution	\$ 608,760	\$ 532,433	\$ 483,688
Contributions in relation to the contractually required contribution	608,760	532,433	390,431
County's covered-employee payroll	2,163,651	2,246,176	1,911,818
Contributions as a % of covered employee payroll	28.14%	23.70%	20.42%

Note: This schedule reports information for those years subsequent to the adoption of GASB Statement No. 68. A full ten-years presentation will be made as appropriate information becomes available in future years.

Schedule of Required Supplementary Information Schedule of County's Proportionate Share of Net Pension Liability

PERS - Last 10 Fiscal Years			
	2017	2016	2015
County's proportion of the net pension liability	0.1978902693%	0.2024000348%	0.1853809517%
County's proportionate share of net pension liability	\$ 46,065,692	\$ 59,945,085	\$ 41,604,309
County's covered-employee payroll	13,030,607	13,645,672	13,666,900
County's proportionate share of net pension liability as a % of payroll	353.52%	439.30%	304.42%
Total pension liability	88,758,470	100,136,806	79,916,950
Plan fiduciary net position	42,692,778	40,191,721	38,302,641
Plan fiduciary net position as a % of total pension liability	48.10%	40.14%	47.93%

PFRS Plan 1 - Last 10 Fiscal Years			
	2017	2016	2015
County's proportion of the net pension liability	0.3307208989%	0.3100319083%	0.3031406092%
County's proportionate share of net pension liability	\$ 51,056,913	\$ 59,224,025	\$ 50,492,659
County's covered-employee payroll	10,402,913	10,664,101	9,739,490
County's proportionate share of net pension liability as a % of payroll	490.79%	555.36%	518.43%
Total pension liability	137,153,894	133,768,073	125,695,631
Plan fiduciary net position	80,378,177	69,570,699	70,774,936
Plan fiduciary net position as a % of total pension liability	58.60%	52.01%	56.31%

PFRS Plan 2 - Last 10 Fiscal Years			
	2017	2016	2015
County's proportion of the net pension liability	0.0687850061%	0.0653019124%	0.0595051360%
County's proportionate share of net pension liability	\$ 10,619,075	\$ 12,474,336	\$ 9,911,481
County's covered-employee payroll	2,163,651	2,246,176	1,911,818
County's proportionate share of net pension liability as a % of payroll	490.79%	555.36%	518.43%
Total pension liability	28,525,961	28,175,522	24,673,486
Plan fiduciary net position	16,717,460	14,653,652	13,892,801
Plan fiduciary net position as a % of total pension liability	58.60%	52.01%	56.31%

Note: This schedule reports information for those years subsequent to the adoption of GASB Statement No. 68. A full ten-years presentation will be made as appropriate information becomes available in future years.

COUNTY OF SALEM, STATE OF NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

E. POST-EMPLOYMENT HEALTHCARE BENEFITS PLAN

Plan Description - The County contributes to the State Health Benefits Program ("SHBP"), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey, Division of Pensions and Benefits. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq., to provide health benefits to State employees, retirees and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The SHBP was extended to employees, retirees and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. The County provides post-employment health care benefits, at its cost, to various classes of employees (non-union and collective bargaining units) and their spouses or surviving spouses as well as dependents. The health care benefits will be in a form consistent with that provided to all active employees of the County subject to the requirements as illustrated in Article 33 of the Personnel Agreement regarding retiree benefits. The entitlement at the minimum requires that all qualified County employees be retired through the New Jersey Division of Pensions and Benefits under the PFRS or the PERS and shall meet at least one of the following requirements: retirement on a disability pension; retirement with 25 years or more of service credit in a state or locally-administered retirement system and at least 15 years of service with the County; retirement at age 62 or older with at least 15 years of service with the County, or retirement with 25 years or more of service credit in a state or locally-administered retirement system, provided the retiring employee was on the employment rolls of the County as of August 1, 1991.

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey, Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at www.state.nj.us/treasury/pensions/.

Funding Policy - Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis.

The State's contribution rate is based on the annual required contribution ("ARC"), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years.

Contributions to pay for the health premiums of participating retirees in the SHBP are billed to the County on a monthly basis. The County funds these benefits on a pay-as-you-go basis.

The County did not participate in the SHBP in 2017.

Starting October 1, 2013, post-retirement healthcare benefits were provided through a private plan with AmeriHealth HMO, Inc. See Note F for more details.

COUNTY OF SALEM, STATE OF NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

E. POSTEMPLOYMENT HEALTHCARE BENEFITS PLAN (CONTINUED)

The County provides post-retirement medical health insurance benefits and prescription benefits, provided the employee qualifies for and has retired through the New Jersey Division of Pensions and Benefits under the Police and Fireman's Retirement System ("PFRS") or the Public Employees Retirement System ("PERS") and meets at least one of the following requirements:

- (a) Retirement on a disability pension;
- (b) Retirement with 25 years or more of service credit in a state or locally-administered retirement system and at least 15 years of service with the County of Salem;
- (c) Retirement at age 62 or older with at least 15 years of service with the County of Salem Adopted 1/17/07; Revised 7/17/13 V-3; or
- (d) Retirement with 25 years or more of service credit in a state or locally-administered retirement system, provided the retiring employee was employed by Salem County as of August 1, 1991.

F. GASB STATEMENT 45 FOR ACCOUNTING AND FINANCIAL REPORTING BY EMPLOYERS FOR POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

The required disclosure information from the plan document and the December 31, 2017, actuarial valuation is as follows:

Plan Description

- The County currently maintains an unfunded single-employer post-employment benefits plan (the "Plan") other than for pensions.
- The Plan provides eligible retirees and their dependents with prescription drug benefits.
- The Plan does not issue stand-alone financial statements and is not included in the report of another entity.

Funding Policy

- It is the County's policy at this time to fund the Plan on a pay as you go basis.

Other Required Disclosures

- The annual required contribution and OPEB cost for 2014 was \$7,736,186, assuming a 30-year amortization of the actuarial accrued liability.
- During the year ended December 31, 2014, the County paid \$2,449,346 to the Plan, which represents the amount of benefits paid during the period.
- The unfunded actuarial and accrued liability, which includes retirees and active employees, totaled \$99,557,544 as of December 31, 2014.
- The actuarial valuation date was December 31, 2014. The required actuarial valuation for the biennial period ending December 31, 2016, was not completed. The County's required actuarial valuation will need to be completed for the year ended December 31, 2016 and year ending December 31, 2018.

COUNTY OF SALEM, STATE OF NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

F. GASB STATEMENT 45 FOR ACCOUNTING AND FINANCIAL REPORTING BY EMPLOYERS FOR POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Actuarial Assumptions and Methods

- An assumed discount rate of 4.5% was used for purposes of developing the liabilities and annual required contribution on the basis that the Plan would not be funded.
- Health care cost trend rates were as follows:
 - Prescription ranged from 8.00% in 2017 to 5% in years 2020 and later.
 - These actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities.
 - These calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation.
 - The actuarial cost method used was the entry age method.
 - The unfunded actuarial accrued liability was amortized as a level percentage of payroll using projected salary increases of 3.00%.

G. COMPENSATED ABSENCES

Under the existing policies of the County, upon retirement, employees accruing days will be compensated for one-half of their accumulated sick days up to a maximum of \$15,000 and all of their accumulated vacation days. A maximum of ten vacation days may be carried over at the end of the year unless approval to carryover more is granted.

The County has established a Compensated Absences Trust Fund to set aside funds for future payments of compensated absences. At December 31, 2017, the balance of the fund was \$400,838. It is estimated that, at December 31, 2017, accrued benefits for compensated absences for all eligible employees who have accumulated time are valued at \$2,070,375. Of this balance, \$826,574 is vested and \$1,243,802 is unvested portion of the compensated absences.

H. 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.

COUNTY OF SALEM, STATE OF NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

I. LEASE OBLIGATIONS

At December 31, 2017, the County had various lease agreements in effect for the County Jail, office space and numerous copiers.

Future minimum lease payments (principal and interest) under capital lease agreements for the County Jail are as follows:

Year	Amount
2018	\$ 1,912,375
2019	1,906,500
	<u>\$ 3,818,875</u>

J. CAPITAL DEBT

Summary of capital debt outstanding is as follows:

	December 31,		
	2017	2016	2015
Issued			
General:			
Serial Bonds	\$ 30,834,000	\$ 33,934,000	\$ 29,949,000
Bonds Guaranteed by the County	3,635,000	9,623,722	9,552,410
Bond Anticipation Notes	7,645,000	7,960,000	8,275,000
Loan Payable	1,300,000	1,300,000	1,300,000
Authorized but not Issued			
General:			
Bonds and Notes	800,364	364	5,499,364
Gross Debt	44,214,364	52,818,086	54,575,774
Deductions	3,850,000	13,283,722	14,181,342
Net Debt	<u>\$ 40,364,364</u>	<u>\$ 39,534,364</u>	<u>\$ 40,394,432</u>

Summary of Regulatory 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 regulatory net debt of 0.743%.

	Gross Debt	Deductions	Net Debt
General Debt	<u>\$ 44,214,364</u>	<u>\$ 3,850,000</u>	<u>\$ 40,364,364</u>

Net Debt \$36,944,364 divided by the average Equalized Valuation Basis per N.J.S.A.40A:2-2 as amended, \$4,969,845,926 equals 0.743%.

Equalized Valuation Basis

2015	\$ 5,026,313,755
2016	4,905,785,423
2017	4,977,438,600
Average	\$ 4,969,845,926

COUNTY OF SALEM, STATE OF NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

J. CAPITAL DEBT (CONTINUED)

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

2% of Average Equalized Valuation Basis	\$ 99,396,919
Net Debt	<u>40,364,364</u>
Remaining Borrowing Power	<u><u>\$ 59,032,555</u></u>

Schedule of Annual Debt Service for Principal and Interest for Bonded Debt Issued and Outstanding

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 3,210,000	\$ 869,772	\$ 4,079,772
2019	2,909,000	758,979	3,667,979
2020	2,620,000	741,850	3,361,850
2021	2,695,000	653,397	3,348,397
2022	2,760,000	567,262	3,327,262
2023-2027	11,960,000	1,500,482	13,460,482
2028-2032	<u>4,680,000</u>	<u>231,344</u>	<u>4,911,344</u>
	<u><u>\$ 30,834,000</u></u>	<u><u>\$ 5,323,086</u></u>	<u><u>\$ 36,157,086</u></u>

Schedule of Annual General Debt Service for the Principal and Interest for Loans Outstanding

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 31,205	\$ 13,000	\$ 44,205
2019	63,349	25,060	88,409
2020	64,622	23,787	88,409
2021	65,921	22,489	88,410
2022	67,246	21,164	88,410
2023-2027	357,056	84,992	442,048
2028-2032	394,413	47,635	442,048
2033-2035	<u>256,188</u>	<u>9,041</u>	<u>265,229</u>
	<u><u>\$ 1,300,000</u></u>	<u><u>\$ 247,168</u></u>	<u><u>\$ 1,547,168</u></u>

COUNTY OF SALEM, STATE OF NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

K. BOND ANTICIPATION NOTES

The County issues bond anticipation notes to temporarily finance various capital projects prior to the issuance of serial bonds. The terms of the notes cannot exceed one year, but the notes may be renewed from time to time for a period not exceeding one year. All such notes must be paid not later than the tenth anniversary of the original note. The State of New Jersey ("State") also prescribes that, on or before the third anniversary of the date of the original note, a payment of at least equal to the first legally payable installment of the bonds, in anticipation of which such notes were issued, be paid or retired. A second legal installment must be paid if the notes are to be renewed beyond the fourth anniversary of the date of the original issue. At December 31, 2017, the County had bond anticipation notes totaling \$7,645,000.

L. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2017, the following deferred charges are shown on the statement of assets, liabilities, reserves and fund balance of the current fund:

Balance December 31, 2017	2018 Budget Appropriation	Balance Succeeding Budgets
\$ 37,465	\$ 37,465	\$ -
7,693	-	7,693
<u>\$ 45,158</u>	<u>\$ 37,465</u>	<u>\$ 7,693</u>

M. NEW JERSEY UNEMPLOYMENT COMPENSATION INSURANCE

The County has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method." Under this plan, the County is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The County is billed quarterly for amounts due to the State. The following is a summary of County contributions, reimbursements to the State for benefits paid, and the ending balance of the County's trust fund for the current and previous two years:

Year	County Contributions	Amount Reimbursed	Ending Balance
2017	\$ -	\$ -	\$ 44
2016	-	-	44
2015	45,416	45,416	44

COUNTY OF SALEM, STATE OF NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

N. OPEN SPACE, RECREATION, FARMLAND AND HISTORIC PRESERVATION TRUST

On November 5, 2002, pursuant to P.L. 1997, c. 24 (N.J.S.A. 40:12-15.1 et seq.), the voters of the County authorized the establishment of the Salem County Open Space, Recreation, Farmland and Historic Preservation Trust Fund effective January 1, 2005, for the purpose of raising revenue for the acquisition of lands and interests in lands for the conservation of farmland and open space. The County proposed to levy a tax not to exceed two cents per one hundred dollars of equalized valuation. Amounts raised by taxation are apportioned by the County Board of Taxation among the municipalities in accordance with N.J.S.A. 54:4-9 and are assessed, levied and collected in the same manner and at the same time as other County taxes. Future increases in the tax rate or to extend the authorization 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 Salem County Open Space, Recreation, Farmland and Historic Preservation Trust Fund.

O. RISK MANAGEMENT

The County has adopted a plan of self-insurance for workers' compensation, automobile, police professional liability, and general liability insurance. The Joint Insurance Fund Policy covers individual claims in excess of \$250,000 for automobile, general liability claims, and workers' compensation claims.

At December 31, 2017, the estimated payable for the workers' compensation insurance was \$381,002, the amount that the records of the administrator of the plan show as the estimated maximum amount of potential claims reported. Such liability at this time is not known.

The estimated payable for the general liability/police professional insurance was \$49,501, the amount that the records of the administrator of the plan show as the estimated maximum amount of potential claims reported, at December 31, 2017. Such liability at this time is not known.

The estimated payable for the auto liability insurance was \$0, the amount that the records of the administrator of the plan show as the estimated maximum amount of potential claims reported, at December 31, 2017. Such liability at this time is not known.

The estimated payable for workers' compensation, auto liability and general liability police professional 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 in trust funds below as a liability will be paid and charged to the 2017 or future budgets. At December 31, 2017, the balances of the plans were as follows:

Insurance Plan	Amount
Reserve for Workers' Compensation - Trust Fund	\$ 10,899
Reserve for Self Insurance - Trust Fund	45,519
Hospitalization - Trust Fund	1

COUNTY OF SALEM, STATE OF NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

P. SERVICE AGREEMENT

Salem County Improvement Authority – Solid Waste Landfill Division - In 1984, a service agreement was enacted between the County and the Salem County Utilities Authority. In 2009, the Salem County Utilities Authority was dissolved and all of its rights and obligations were transferred to the Salem County Improvement Authority. Section 301 of the 1984 agreement provides “Charges may and shall at all times be such that the receipts of the Authority shall be sufficient to pay or provide for expenses of the operation, repair and maintenance of the system including insurance, renewals and replacements and the cost of all enlargements and alterations of the system not otherwise provided for to pay the principal of and interest on any and all bonds or other obligations of the Authority as the same become due, and to repay to the County any advances made by the County to meet any deficits of the Authority by any participant or any other municipality, authority, county, person, partnership, firm, public or private corporation, or from any other cause, and to provide and maintain such reserves or sinking funds for any of the foregoing purpose as may be required by the terms of any contract or other obligation of the Authority.”

Section 401 provided “On or before January 15th next following the close of each fiscal year, the Authority shall make and deliver to the Board of Chosen Freeholders of the County, a certificate, signed by its Chairman or Vice-Chairman and its Registered Municipal Accountant, stating the receipts and expenses to the Authority for the current fiscal year and the estimated receipts and expenses to the Authority for the current fiscal year, and deficiency advances (if any) payable by the County to the Authority, for or with respect to the preceding and current fiscal year. Such deficiency advances shall be a sum of money equal to the excess (if any) of the expenses of the Authority for a fiscal year over the receipts of the Authority’s such fiscal year.”

Section 402 provides “On or before May 1st of each fiscal year, the County will pay to the Authority the deficiency advances (if any) stated in the certificate delivered to the Board of Chosen Freeholders pursuant to Section 401 of this Article.”

In 1984, prior year advances to the Authority of \$215,000 was repaid to the County of Salem. Subsequent to 1984 through December 31, 2017, the Authority has not requested any advances resulting from deficiencies or for any other purpose.

Q. LITIGATION

The County is a defendant in several legal proceedings that are in various stages of litigation. It is believed that the outcome, or exposure to the County, from such litigation is either unknown or potential losses, if any, would not be material to the financial statements.

R. SUBSEQUENT EVENTS

The County adopted resolution 2018-287 declaring an emergency appropriation in the amount of \$500,000 for sluice gates #1, #2, #3 and #4 on Sinnickson’s Landing Road, Elsinboro, NJ.

The County adopted Bond Ordinance No. 2018-02, authorizing completion of certain capital improvements and acquisition of various capital equipment for Salem County Community College in the amount of \$2,600,000.

APPENDIX C

FORM OF APPROVING LEGAL OPINION FOR THE BONDS



A PROFESSIONAL CORPORATION
ATTORNEYS AT LAW
Riverview Plaza
10 Highway 35
Red Bank, NJ 07701-5902
732-268-8000
FAX 732-345-8420

June __, 2019

Director and Members of the
Board of Chosen Freeholders
of the County of Salem
Salem, New Jersey

Ladies and Gentlemen:

We have served as Bond Counsel in connection with the authorization, sale, issuance and delivery of \$11,442,000 aggregate principal amount of General Obligation Bonds, Series 2019, consisting of \$9,942,000 General Improvement Bonds, Series 2019 and \$1,500,000 County College Bonds, Series 2019 (County College Bond Act, 1971 N.J. Laws C. 12, As Amended) (collectively, the "Bonds") of the County of Salem (the "County"), a body politic and corporate of the State of New Jersey.

The Bonds are authorized by and are issued pursuant to the provisions of, as applicable, N.J.S.A. 18A:64A-1 et seq., as amended and supplemented, the Local Bond Law, N.J.S.A. 40A:2-1 et seq., as amended and supplemented (the "Local Bond Law"), various bond ordinances duly adopted by the Board of Chosen Freeholders of the County and published as required by law, and a resolution duly adopted by the Board of Chosen Freeholders of the County on May 15, 2019.

The Bonds are being issued to provide for the permanent financing of various capital improvements in and by the County and capital improvements and acquisition of related capital equipment at and for certain facilities of Salem Community College.

The Bonds are issued in fully registered form, without coupons, initially registered in the name of and held by Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), an automated depository for securities and clearing house for securities transactions. One certificate shall be issued for the aggregate principal amount of the Bonds maturing in each year. Purchases of the Bonds will be made in book-entry only form, without certificates, in principal denominations of \$5,000, except that those Bonds in excess of the largest principal amount thereof not equaling a multiple of \$5,000 shall be in denominations of \$1,000 or any integral multiple thereof. So long as DTC or its nominee is the registered owner of the Bonds, payments of the principal of and interest on the Bonds will be made by the County as Paying Agent (or a duly appointed Paying Agent) directly to Cede & Co., as nominee for DTC. Disbursal of such payments to the DTC participants is the responsibility of DTC and disbursal of such

payments to the beneficial owners of the Bonds is the responsibility of the DTC participants.

The Bonds are dated and shall bear interest from their date of delivery, which interest shall be payable semiannually on the first day of June and December (each an "Interest Payment Date"), commencing June 1, 2020, in each year until maturity or prior redemption, as applicable. The Bonds shall mature on June 1 in each of the years, in the principal amounts and at the interest rates as follows:

\$9,942,000 General Improvement Bonds, Series 2019

<u>Maturity</u> <u>June 1</u>	<u>Principal</u> <u>Amounts</u>	<u>Interest</u> <u>Rates</u>	<u>Maturity</u> <u>June 1</u>	<u>Principal</u> <u>Amounts</u>	<u>Interest</u> <u>Rates</u>
2020	\$ 417,000	___%	2028	\$830,000	___%
2021	515,000		2029	830,000	
2022	415,000		2030	830,000	
2023	415,000		2031	800,000	
2024	415,000		2032	800,000	
2025	415,000		2033	800,000	
2026	830,000		2034	800,000	
2027	830,000				

\$1,500,000 County College Bonds, Series 2019
(County College Bond Act, 1971 N.J. Laws C. 12, As Amended)

<u>Maturity</u> <u>June 1</u>	<u>Principal</u> <u>Amounts</u>	<u>Interest</u> <u>Rates</u>	<u>Maturity</u> <u>June 1</u>	<u>Principal</u> <u>Amounts</u>	<u>Interest</u> <u>Rates</u>
2020	\$ 80,000	___%	2026	\$160,000	___%
2021	80,000		2027	160,000	
2022	80,000		2028	160,000	
2023	100,000		2029	160,000	
2024	100,000		2030	160,000	
2025	100,000		2031	160,000	

The Bonds are subject to optional redemption prior to their stated maturities.

We have examined such matters of law, certified copies of the proceedings, including all authorization proceedings for the Bonds, and other documents and proofs relative to the issuance and sale of the Bonds as we have deemed necessary or appropriate for the purposes of the opinion rendered below. In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to the original documents of all documents submitted to us as copies. As to any facts material to our opinion we have, when relevant facts were not independently established, relied upon the aforesaid instruments, certificates and documents.

We are of the opinion that (i) such proceedings and proofs show lawful authority for the issuance and sale of the Bonds pursuant to the New Jersey Statutes, (ii) the Bonds have been duly authorized, executed and delivered and constitute valid and legally binding obligations of the County enforceable in accordance with their terms, and (iii) the County has pledged its faith and credit for the payment of the principal of and interest on the Bonds, and, unless paid from other sources, all the taxable property within the County is subject to the levy of *ad valorem* taxes, without limitation as to rate or amount, for the payment of principal of and interest on the Bonds.

The Internal Revenue Code of 1986, as amended (the "Code"), sets forth certain requirements which must be met at the time of, and on a continuing basis subsequent to, the issuance and delivery of the Bonds in order for the interest thereon to be and remain excludable from gross income for Federal income tax purposes. Noncompliance with such requirements could cause interest on the Bonds to be included in gross income for Federal income tax purposes retroactive to the date of the issuance of the Bonds. The County will represent in its tax certificate relating to the Bonds that it expects and intends to comply, and will comply, to the extent permitted by law, with such requirements.

In our opinion, under existing law, and assuming continuing compliance by the County with the aforementioned covenant, under existing statutes, regulations, rulings and court decisions, interest on the Bonds is not includable for Federal income tax purposes in the gross income of the owners of the Bonds pursuant to Section 103 of the Code. Interest on the Bonds is not an item of tax preference under Section 57 of the Code for purposes of computing federal alternative minimum tax ("AMT").

We are also of the opinion that, under existing laws of the State of New Jersey, interest on the Bonds and any gain on the sale thereof is not includable in gross income under the New Jersey Gross Income Tax Act, 1976 N.J. Laws c. 47, as amended and supplemented.

Except as stated in the preceding two (2) paragraphs, we express no opinion as to any Federal, state or local tax consequences of the ownership or disposition of the Bonds. Furthermore, we express no opinion as to any Federal, state or local tax law consequences with respect to the Bonds, or the interest thereon, if any action is taken with respect to the Bonds or the proceeds thereof upon the advice or approval of other bond counsel.

This opinion is qualified to the extent that the enforceability of the rights or remedies with respect to the Bonds may be limited by bankruptcy, insolvency, debt adjustment, moratorium, reorganization or other similar laws affecting creditors' rights or remedies heretofore or hereafter enacted to the extent constitutionally applicable and

Director and Members of the
Board of Chosen Freeholders
of the County of Salem
June __, 2019
Page 4

their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

We have examined one of each of the Bonds, as executed by the County, and, in our opinion, the form of such Bond and its execution are regular and proper.

We express no opinion as to any matter not set forth above. The opinions expressed above are being rendered on the basis of federal law and the laws of the State of New Jersey as presently enacted and construed, and we assume no responsibility to advise any party as to changes in fact or law subsequent to the date hereof that may affect the opinions expressed above.

This is only an opinion letter and not a warranty or guaranty of the matters discussed herein.

This letter is being provided for your exclusive benefit pursuant to the requirements of the closing of the Bonds and may not be provided to (except in connection with the preparation of a closing transcript with respect to the Bonds) or relied upon by any other person, party, firm or organization without our prior written consent. Notwithstanding anything to the contrary herein, the undersigned acknowledges that this opinion is a governmental record subject to release under the New Jersey Open Public Records Act, N.J.S.A. 47:1A-1 *et seq.*, as amended and supplemented.

Very truly yours,

ARCHER & GREINER P.C.

APPENDIX D

FORM OF APPROVING LEGAL OPINION FOR THE NOTES



A PROFESSIONAL CORPORATION
ATTORNEYS AT LAW
Riverview Plaza
10 Highway 35
Red Bank, NJ 07701-5902
732-268-8000
FAX 732-345-8420

June __, 2019

Director and Members of the
Board of Chosen Freeholders
of the County of Salem
Salem, New Jersey

Ladies and Gentlemen:

We have examined certified copies of the proceedings of the Board of Chosen Freeholders of the County of Salem, State of New Jersey (the "County") and other proofs submitted to us relative to the issuance and sale of the

\$5,714,000
BOND ANTICIPATION NOTES

COUNTY OF SALEM
STATE OF NEW JERSEY

Dated: June __, 2019

The \$5,714,000 aggregate principal amount of Bond Anticipation Notes (the "Notes") of the County are dated June __, 2019, mature on June __, 2020 and bear interest at the rate of _____ and _____ hundredths percentum (____%) per annum. The Notes are issued in fully registered form, without coupons, initially registered in the name of and held by Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), an automated depository for securities and clearing house for securities transactions. Purchases of the Notes will be made in book-entry only form in principal denominations of \$1,000 or any integral multiple thereof (with a minimum purchase of \$5,000). So long as DTC or its nominee is the registered owner of the Notes, payments of the principal of and interest on the Notes will be made by the County or a duly designated paying agent directly to Cede & Co., as nominee for DTC.

The Notes are not subject to redemption prior to maturity.

The bonds in anticipation of which the Notes are issued have been authorized pursuant to the Local Bond Law, N.J.S.A. 40A:2-1 et seq., as amended and supplemented and various bond ordinances duly adopted by the Board of Chosen Freeholders of the County and published as required by law.

The Notes are being issued to provide for the temporary financing of various capital improvements in and for the County.

We are of the opinion that: (i) such proceedings and proofs show lawful authority for the issuance and sale of the Notes pursuant to the Local Bond Law, N.J.S.A. 40A:2-1 et seq., as amended and supplemented, (ii) the Notes are valid and legally binding obligations of the County, and (iii) the County has pledged its faith and credit for the payment of the principal of and interest on the Notes, and, unless paid from other sources, all the taxable property within the County is subject to the levy of *ad valorem* taxes, without limitation as to rate or amount, for the payment of principal of and interest on the Notes.

The Internal Revenue Code of 1986, as amended (the "Code"), sets forth certain requirements which must be met at the time of, and on a continuing basis subsequent to, the issuance and delivery of the Notes in order for the interest thereon to be and remain excludable from gross income for Federal income tax purposes. Noncompliance with such requirements could cause interest on the Notes to be included in gross income for Federal income tax purposes retroactive to the date of the issuance of the Notes. The County will represent in its tax certificate relating to the Notes that it expects and intends to comply, and will comply, to the extent permitted by law, with such requirements.

In our opinion, under existing law, and assuming continuing compliance by the County with the aforementioned covenant, under existing statutes, regulations, rulings and court decisions, interest on the Notes is not includable for Federal income tax purposes in the gross income of the owners of the Notes pursuant to Section 103 of the Code. Interest on the Notes is not an item of tax preference under Section 57 of the Code for purposes of computing federal alternative minimum tax.

We are also of the opinion that, under existing laws of the State of New Jersey, interest on the Notes and any gain on the sale thereof is not includable in gross income under the New Jersey Gross Income Tax Act, 1976 N.J. Laws c. 47, as amended and supplemented.

Except as stated in the preceding two (2) paragraphs, we express no opinion as to any Federal, state or local tax consequences of the ownership or disposition of the Notes. Furthermore, we express no opinion as to any Federal, state or local tax law consequences with respect to the Notes, or the interest thereon, if any action is taken with respect to the Notes or the proceeds thereof upon the advice or approval of other bond counsel.

This opinion is qualified to the extent that the enforceability of the rights or remedies with respect to the Notes may be limited by bankruptcy, insolvency, debt

Director and Members of the
Board of Chosen Freeholders
of the County of Salem
June __, 2019
Page 3

adjustment, moratorium, reorganization or other similar laws affecting creditors' rights or remedies heretofore or hereafter enacted to the extent constitutionally applicable and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

We have examined the Notes, as executed by the County, and, in our opinion, the form of such Notes and their execution are regular and proper.

We express no opinion as to any matter not set forth above. The opinions expressed above are being rendered on the basis of federal law and the laws of the State of New Jersey as presently enacted and construed, and we assume no responsibility to advise any party as to changes in fact or law subsequent to the date hereof that may affect the opinions expressed above.

This is only an opinion letter and not a warranty or guaranty of the matters discussed herein.

This letter is being provided for your exclusive benefit pursuant to the requirements of the closing of the Notes and may not be provided to (except in connection with the preparation of a closing transcript with respect to the Notes) or relied upon by any other person, party, firm or organization without our prior written consent. Notwithstanding anything to the contrary herein, the undersigned acknowledges that this opinion is a governmental record subject to release under the New Jersey Open Public Records Act, N.J.S.A. 47:1A-1 *et seq.*, as amended and supplemented.

Very truly yours,

ARCHER & GREINER P.C.

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE FOR THE BONDS

FORM OF CONTINUING DISCLOSURE CERTIFICATE FOR THE BONDS

This Continuing Disclosure Certificate dated as of June __, 2019 (the "Disclosure Certificate") is executed and delivered by the County of Salem, State of New Jersey (the "County" or the "Issuer") in connection with the issuance of its \$11,442,000 General Obligation Bonds, Series 2019, consisting of \$9,942,000 General Improvement Bonds, Series 2019 and \$1,500,000 County College Bonds, Series 2019 (County College Bond Act, 1971 N.J. Laws C. 12, As Amended) (collectively, the "Bonds"), all such Bonds being dated June __, 2019. The Bonds are being issued pursuant to various bond ordinance duly adopted by the Board of Chosen Freeholders of the County and published as required by law, and a resolution duly adopted by the Board of Chosen Freeholders of the County on May 15, 2019 (the "Bond Resolution"). The County covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the County for the benefit of the Beneficial Owners of the Bonds to assist the Underwriter(s) in complying with the Rule (as defined below). The County acknowledges it is an "Obligated Person" under the Rule (as defined below).

SECTION 2. Definitions. In addition to the definitions set forth in the Bond Resolution which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the County pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for Federal income tax purposes.

"Disclosure Representative" shall mean the County Treasurer/Chief Financial Officer of the County or her designee, or such other person as the County shall designate in writing from time to time for the purposes of this Disclosure Certificate.

"Dissemination Agent" shall mean, initially, the County or any Dissemination Agent subsequently designated in writing by the County which has filed with the County a written acceptance of such designation.

"EMMA" shall mean the Electronic Municipal Market Access system, a website created by the MSRB and approved by the SEC to provide a central location where investors can obtain municipal bond information including disclosure documents. The County or the Dissemination Agent shall submit disclosure documents to EMMA as a PDF file to www.emma.msrb.org.

"Financial Obligation" shall mean a: (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b) listed hereinabove. The term "*Financial Obligation*" shall not include municipal securities as to which a final official statement has been provided to the MSRB (as defined below) consistent with the Rule (as defined below).

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"Rule" shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission (the "SEC") under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"SEC" shall mean the United States Securities and Exchange Commission.

"State" shall mean the State of New Jersey.

"Underwriter(s)" shall mean the original underwriter(s) of the Bonds required to comply with the Rule in connection with the purchase of the Bonds.

SECTION 3. Provision of Annual Reports.

(a) The County shall provide or cause to be provided to the Dissemination Agent not later than 270 days following the end of each year, commencing with the year ending December 31, 2019, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Each Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the County may be submitted separately from the balance of the Annual Report; and provided, further, that if the audited financial statements of the County are not available by September 1 of each year, the County shall include unaudited financial statements with its Annual Report and when such audited financial statements become available to the County, the same shall be submitted to the Dissemination Agent no later than thirty (30) days after the receipt of the same by the County.

(b) Not later than 285 days following the end of each year, commencing with the year ending December 31, 2019, the Dissemination Agent shall provide to EMMA a copy of the Annual Report received by the Dissemination Agent pursuant to subsection (a) hereof.

(c) If the County does not provide or is unable to provide an Annual Report by the applicable date required in subsection (a) above, such that the Dissemination Agent cannot forward the Annual Report to EMMA in accordance with subsection (b) above, the Dissemination Agent shall send a notice of such event to EMMA in substantially the form

attached hereto as Exhibit A, with copies to the County (if the Dissemination Agent is not the County).

(d) Each year the Dissemination Agent shall file a report with the County (if the Dissemination Agent is not the County), certifying that the Annual Report has been filed with EMMA pursuant to this Disclosure Certificate, and stating the date it was provided.

(e) If the fiscal year of the County changes, the County shall give written notice of such change to the Dissemination Agent and the Dissemination Agent shall, within five (5) business days after the receipt thereof from the County, forward a notice of such change to EMMA in the manner provided in Section 5(e) hereof.

SECTION 4. Content of Annual Reports. (a) The County's Annual Report shall contain or incorporate by reference the following:

1. The audited financial statements of the County (as of December 31).

The audited financial statements are to be prepared in accordance with generally accepted auditing standards and audit requirements prescribed by the Division of Local Government Services, State Department of Community Affairs (the "Division") that demonstrate compliance with the modified accrual basis, with certain exceptions, which is a comprehensive basis of accounting other than generally accepted accounting principles (GAAP) and the budget laws of the State.

2. The most current annual debt statement of the County (as of December 31); and

3. The general financial information and operating data of the County consistent with the information set forth in Appendix A to the Official Statement dated June __, 2019, prepared in connection with the sale of the Bonds (the "Official Statement").

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues with respect to which the County is an "Obligated Person" (as defined by the Rule), which have been filed with EMMA. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The County shall clearly identify each such other document so incorporated by reference.

SECTION 5. Reporting of Significant Events.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events with respect to the Bonds, as applicable:

1. Principal and interest payment delinquencies;
2. Nonpayment 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 Bonds, or other material events affecting the tax status of the Bonds;
7. Modifications to rights of Bondholders, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances of the Bonds;
10. Release, substitution or sale of property securing repayment of the Bonds, if material;
11. Rating changes relating to the Bonds;
12. Bankruptcy, insolvency, receivership or similar event of the County;
13. The consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of the assets of the County, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. Appointment of a successor or additional trustee for the Bonds or the change of name of a trustee for the Bonds, if material;
15. Incurrence of a Financial Obligation of the obligated person, if material, or agreement to

covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material; and

16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

The County shall, in a timely manner not in excess of ten (10) business days after the occurrence of any Listed Event, file a notice of the occurrence of such Listed Event with the MSRB, through the EMMA system, in accordance with the provisions of Section 5 of this Disclosure Certificate. In determining the materiality of any of the Listed Events specified in subsection (a) of this Section 5 that require a materiality determination, the County may, but shall not be required to, rely conclusively on an opinion of counsel.

(b) Whenever the County has or obtains knowledge of the occurrence of any of the Listed Events that require a materiality determination, the County shall, as soon as possible, determine if such event would constitute information material, if applicable, to the Beneficial Owners of the Bonds.

(c) If the County (i) has or obtains knowledge of the occurrence of any of the Listed Events not requiring a materiality determination, or (ii) determines that the occurrence of a Listed Event requiring a materiality determination would be material to the Beneficial Owners of the Bonds, the County shall promptly notify the Dissemination Agent in writing (if the County is not the Dissemination Agent) and the County shall instruct the Dissemination Agent to report such Listed Event and the Dissemination Agent shall report the occurrence of such Listed Event pursuant to subsection (e) hereof.

(d) If the County determines that the occurrence of a Listed Event requiring a materiality determination would not be material to the Beneficial Owners of the Bonds, the County shall promptly notify the Dissemination Agent in writing (if the Dissemination Agent is not the County) and the Dissemination Agent (if the Dissemination Agent is not the County) shall be instructed by the County not to report the occurrence.

(e) If the Dissemination Agent has been instructed in writing by the County to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the MSRB, through the EMMA system, in a timely manner not in excess of ten (10) business days after the occurrence thereof, with a copy to the County (if the Dissemination Agent is not the County). Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) hereof need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to the Bondholders of the affected Bonds pursuant to the Bond Resolution.

SECTION 6. Termination of Reporting Obligation. The County's obligations under this Disclosure Certificate shall terminate upon the defeasance, prior redemption or

payment in full of all of the Bonds or when the County is no longer an "Obligated Person" (as defined in the Rule). The County shall file a notice of the termination of its reporting obligations pursuant to the provisions hereof with the Dissemination Agent, which notice shall be filed with the MSRB, through the EMMA system, in accordance with the provisions of Section 5(e) hereof.

SECTION 7. Compliance with the Rule. The County previously failed to file, in accordance with the Rule, in a timely manner, under previous filing requirements event notices and late filing notices in connection with its untimely filings of rating changes in connection with certain bond insurer rating changes in 2014. Such notices of events and late filings have since been filed with EMMA. The County appointed Phoenix Advisors, LLC in July of 2014 to serve as continuing disclosure agent.

SECTION 8. Dissemination Agent; Compensation. The County may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be the County. The County shall compensate the Dissemination Agent (which shall be appointed) for the performance of its obligations hereunder in accordance with an agreed upon fee structure.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the County may amend this Disclosure Certificate and any provision of this Disclosure Certificate may be waived, if such amendment or waiver (supported by an opinion of counsel expert in Federal securities laws acceptable to the County to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof) is (a) made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the obligated person, or type of business conducted; (b) the undertaking, as amended or waived, would have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and (c) the amendment or waiver does not materially impair the interests of holders, as determined either by parties unaffiliated with the County, such determination being supported by an opinion of counsel expert in Federal securities laws, or by the approving vote of a majority of Beneficial Owners of the Bonds at the time of the amendment. The County shall give notice of such amendment or waiver to this Disclosure Certificate to the Dissemination Agent, which notice shall be filed in accordance with the provisions of Section 5 hereof. Notwithstanding the above, the addition of or change in the Dissemination Agent shall not be construed to be an amendment under the provisions hereof.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the County shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the County. In addition, if the amendment relates to the accounting principles to be followed in

preparing financial statements (i) notice of such change shall be given in the same manner as a Listed Event under Section 5 hereof, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the County from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the County chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Disclosure Certificate, the County shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 11. Default. In the event of a failure of the County to comply with any provision of this Disclosure Certificate, the Holders of at least 25% aggregate principal amount of Outstanding Bonds or any Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the County to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default on the Bonds and the sole remedy under this Disclosure Certificate in the event of any failure of the County to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 12. Duties, Immunities and Liabilities of the Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and, to the extent permitted by law, the County agrees to indemnify and hold the Dissemination Agent (if the Dissemination Agent is not the County) and its respective officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. To the extent permitted by law, the County further releases the Dissemination Agent from any liability for the disclosure of any information required by the Rule and this Disclosure Certificate. The obligations of the County under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the County, the Dissemination Agent, the Underwriter(s), and the Beneficial Owners of the Bonds, including Bondholders, and shall create no rights in any other person or entity.

SECTION 14. Notices. All notices and submissions required hereunder shall be given to the following, or their successors, by facsimile transmission (with written

confirmation of receipt), followed by hard copy sent by certified or registered mail, personal delivery or recognized overnight delivery:

(a) If to the County: Kelly A. Hannigan, Chief Financial Officer/Treasurer
County of Salem
110 Fifth Street
Salem, New Jersey 08079

(b) Copies of all notices to the Dissemination Agent from time to time with respect to the Bonds:

initially: Kelly A. Hannigan, Chief Financial Officer/Treasurer
County of Salem
110 Fifth Street
Salem, New Jersey 08079

Each party shall give notice from time to time to the other parties, in the manner specified herein, of any change of the identity or address of anyone listed herein.

SECTION 15. Counterparts. This Disclosure Certificate may be executed in any number of counterparts which shall be executed by authorized signatories of the County and the Dissemination Agent, as applicable, and all of which together shall be regarded for all purposes as one original and shall constitute and be but one and the same.

SECTION 16. Severability. If any one or more of the covenants or agreements in this Disclosure Certificate to be performed on the part of the County and the Dissemination Agent should be contrary to law, then such covenant or covenants, agreement or agreements, shall be deemed severable from the remaining covenants and agreements and shall in no way affect the validity of the other provisions of this Disclosure Certificate.

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SECTION 17. Governing Law. This Disclosure Certificate shall be construed in accordance with and governed by the Laws of the United States of America and the State, as applicable.

COUNTY OF SALEM

**Kelly A. Hannigan,
Chief Financial Officer/Treasurer**

**Acknowledged and Accepted by:
DISSEMINATION AGENT**

N/A

AUTHORIZED SIGNATORY

EXHIBIT A

NOTICE TO MSRB VIA EMMA OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: County of Salem, State of New Jersey

Name of Bond Issue: \$11,442,000 General Obligation Bonds, Series 2019, consisting of \$9,942,000 General Improvement Bonds, Series 2019 and \$1,500,000 County College Bonds, Series 2019 (County College Bond Act, 1971 N.J. Laws C. 12, As Amended) (collectively, the "Bonds")
Dated June __, 2019
(CUSIP Number _____)

Date of Issuance: June __, 2019

NOTICE IS HEREBY GIVEN that the above designated County has not provided an Annual Report with respect to the above-named Bonds as required by the Bond Resolution and a Continuing Disclosure Certificate dated as of June __, 2019 executed by the County.

DATED: _____

DISSEMINATION AGENT
(on behalf of the County)

cc: County of Salem

APPENDIX F

**FORM OF CERTIFICATE OF COMPLIANCE WITH SECONDARY
MARKET DISCLOSURE REQUIREMENTS FOR THE NOTES**

**FORM OF CERTIFICATE OF COMPLIANCE WITH
SECONDARY MARKET DISCLOSURE REQUIREMENTS FOR THE NOTES**

I, KELLY A. HANNIGAN, County Treasurer/Chief Financial Officer of the County of Salem (the "County"), a body politic and corporate organized and existing under the laws of the State of New Jersey, DO HEREBY CERTIFY to _____, the purchaser (the "Purchaser") of \$5,714,000 aggregate principal amount of Bond Anticipation Notes of the County dated June __, 2019 and maturing June __, 2020 (the "Notes"), in connection with the issuance of the Notes, that pursuant to the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended and supplemented (the "Rule"), specifically subsections (d)(3) and (b)(5)(i)(C) thereof, the County will provide notice of certain events (the "Notice") to the Municipal Securities Rulemaking Board (the "MSRB") via its Electronic Municipal Market Access system ("EMMA") as a PDF file to www.emma.msrb.org, of any of the following events with respect to the Notes herein described, as applicable: (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 Notes, or other material events affecting the tax status of the Notes; (7) modifications to rights of Note holders, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution or sale of property securing repayment of the Notes, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the County; (13) the consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of the assets of the County, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee for the Notes or the change of name of a trustee for the Notes, if material; (15) incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; or (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

Whenever the County (i) has or obtains knowledge of the occurrence of any of the aforementioned listed events not requiring a materiality determination, or (ii) determines that the occurrence of an aforementioned listed event requiring a materiality determination would be material to the holders of the Notes, the County shall file a Notice of each such occurrence with the MSRB via EMMA on a timely basis not in excess of ten (10) business days after the occurrence of any of the aforementioned events.

The County's obligations under this Certificate shall terminate upon the defeasance, prior redemption or payment in full of the Notes.

In the event the County fails to comply with any provision of this Certificate, any Noteholder may take such action as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the County to comply with its obligations under this Certificate. Notwithstanding the above, the remedy for a breach of the provisions of this Certificate or the County's failure to perform hereunder shall be limited to bringing an action to compel specific performance.

This Certificate shall inure solely to the benefit of the County, the Purchaser and the holders from time to time of the Notes, and shall create no further rights in any other person or entity hereunder.

IN WITNESS WHEREOF, I have hereunto set my hand on behalf of the
County this ____ day of June, 2019.

COUNTY OF SALEM

KELLY A. HANNIGAN,
Chief Financial Officer/Treasurer