

NEW ISSUE (BOOK-ENTRY ONLY)

**S&P: "AA-" (Bonds)
Not Rated (Notes)
See "RATING" 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.

\$2,000,000*
COUNTY OF SALEM
STATE OF NEW JERSEY
GENERAL OBLIGATION BONDS, SERIES 2022
Consisting of:
\$750,000* Vocational-Technical School Bonds, Series 2022A
(New Jersey School Bond Reserve Act, 1980 N.J. Laws C. 72, as Amended)
And
\$1,250,000* County College Bonds, Series 2022B
(County College Bond Act, 1971 N.J. Laws c. 12, as Amended)
(NON-CALLABLE) (BANK-QUALIFIED)
Dated: Date of Delivery
Due: June 15, as shown on the inside front cover

\$2,250,000
COUNTY OF SALEM
STATE OF NEW JERSEY
BOND ANTICIPATION NOTES, SERIES 2022
(NON-CALLABLE) (BANK-QUALIFIED)
Dated: Date of Delivery
Due: June 28, 2023

The \$2,000,000* General Obligation Bonds, Series 2022, consisting of \$750,000* Vocational-Technical School Bonds, Series 2022A (New Jersey School Bond Reserve Act, 1980 N.J. Laws C. 72, as Amended) (the "Vocational-Technical School Bonds"), and \$1,250,000* County College Bonds, Series 2022B (County College Bond Act, 1971 N.J. Laws c. 12, as Amended) (the "Chapter 12 Bonds" and together with the Vocational-Technical School 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 Bonds are not subject to redemption prior to their stated maturities.

The \$2,250,000 Bond Anticipation Notes dated June 29, 2022 (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 Notes are not subject to redemption prior to maturity.

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, 2023, 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 28, 2023. 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, as applicable, N.J.S.A. 18A:64A-1 *et seq.*, as amended and supplemented, N.J.S.A. 18A:54-1 *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 adopted by the Board of County Commissioners of the County on May 18, 2022 (the "Resolution").

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

The proceeds of the Bonds will be used to provide for various capital improvements and acquisition of related capital equipment at and for certain facilities of Salem County Career and Technical High School and Salem County Community College. The Notes are being issued to provide for various capital improvements and acquisition of related capital equipment at and for certain facilities of Salem County Career and Technical High School.

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 29, 2022.

All bids for the Bonds must be submitted prior to 11:00 a.m., prevailing New Jersey time, on Thursday, June 16, 2022, 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 Thursday, June 16, 2022 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**

\$2,000,000* GENERAL OBLIGATION BONDS, SERIES 2022
Consisting of:
\$750,000* Vocational-Technical School Bonds, Series 2022A
(New Jersey School Bond Reserve Act, 1980 N.J. Laws C. 72, as Amended)
And
\$1,250,000* County College Bonds, Series 2022B
(County College Bond Act, 1971 N.J. Laws c. 12, as Amended)

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

<u>Maturity June 15</u>	<u>Vocational- Technical School Amounts*</u>	<u>Chapter 12 Amounts*</u>	<u>Combined Amounts*</u>	<u>Interest Rates</u>	<u>Yields</u>	<u>CUSIP**</u>
2023	\$50,000	\$80,000	\$130,000	%	%	
2024	65,000	110,000	175,000			
2025	70,000	120,000	190,000			
2026	70,000	120,000	190,000			
2027	75,000	120,000	195,000			
2028	80,000	130,000	210,000			
2029	80,000	130,000	210,000			
2030	85,000	140,000	225,000			
2031	85,000	150,000	235,000			
2032	90,000	150,000	240,000			

**\$2,250,000
BOND ANTICIPATION NOTES**

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

<u>Maturity</u>	<u>Par Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP**</u>
June 28, 2023	\$2,250,000	___%	___%	

* 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 Notes and the County does not make any representations with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specified maturity is subject to being changed after the issuance of the Bonds and the Notes 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 and the Notes.

**COUNTY OF SALEM
STATE OF NEW JERSEY**

THE BOARD OF COUNTY COMMISSIONERS

Benjamin H. Laury, Commissioner Director
Mickey Ostrum, Commissioner Deputy Director
Ed Ramsay, Commissioner
R. Scott Griscom, Commissioner
Lee R. Ware, Commissioner

COUNTY OFFICIALS

Kelly A. Hannigan, CPA
Chief Financial Officer/Treasurer

Stacy L. Pennington,
Clerk of the Board of County Commissioners

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
\$2,000,000* GENERAL OBLIGATION BONDS, SERIES 2022
Consisting of:
\$750,000* Vocational-Technical School Bonds, Series 2022A
(New Jersey School Bond Reserve Act, 1980 N.J. Laws C. 72, as Amended)
And
\$1,250,000* County College Bonds, Series 2022B
(County College Bond Act, 1971 N.J. Laws C. 12, As Amended)
-And-
\$2,250,000 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) \$2,000,000* General Obligation Bonds, Series 2022, consisting of \$750,000* Vocational-Technical School Bonds, Series 2022A (New Jersey School Bond Reserve Act, 1980 N.J. Laws C. 72, as Amended) (the "Vocational-Technical School Bonds") and \$1,250,000* County College Bonds, Series 2022B (County College Bond Act, 1971 N.J. Laws C. 12, As Amended) (the "Chapter 12 Bonds" and together with the Vocational-Technical School Bonds, the "Bonds") and (ii) \$2,250,000 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.

* Preliminary, subject to change

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, 2023, in each year until maturity. Interest 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.

The Bonds are not subject to redemption prior to maturity.

AUTHORIZATION FOR THE ISSUANCE OF THE BONDS

The Bonds are authorized by and are issued pursuant to, as applicable, the provisions of N.J.S.A. 18A:64A-1 et seq., as amended and supplemented, N.J.S.A. 18A:54-1 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 County Commissioners of the County on the dates 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 County Commissioners of the County on May 18, 2022 (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 are being used to provide for various capital improvements and acquisition of related capital equipment at and for certain facilities of Salem County Vocational-Technical High School and Salem County 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 County Commissioners on the dates set forth in the following table and published as required by law:

Ordinance Number	Description and Date of Final Adoption	Amount
<u>Vocational-Technical School Bonds</u>		
2022-002	Certain Capital Improvements At The Woodstown Campus Of The Salem County Vocational Technical School District, Consisting Of The Renovation Of Existing Classrooms For A Heating, Air Conditioning, Ventilation And Refrigeration Technology Program And The Renovation And Expansion Of Existing Classrooms For The Welding Technology Program All For Existing Career And Technical Education (CTE) Programs, Finally Adopted on May 4, 2022	\$750,000
<u>Chapter 12 Bonds</u>		
2022-001	Bond Ordinance Providing For The Undertaking of 2021-2022 Capital Improvements At And For Certain Facilities Of Salem Community College, Finally Adopted May 4, 2022	<u>\$1,250,000</u>
TOTAL		<u>\$2,000,000</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 Vocational-Technical School Bonds are additionally secured and are entitled to the benefits of the New Jersey School Bond Reserve Act, chapter 72 of the Laws of New Jersey of 1980, as amended and supplemented.

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

School Bond Reserve Act (1980 N.J. Laws c. 72)

All school bonds, including the Vocational-Technical School Bonds, are secured by the School Bond Reserve (the "School Bond Reserve") established in the Fund for the Support of the Free Public Schools of the State of New Jersey (the "Fund") in accordance with the New Jersey School Bond Reserve Act, N.J.S.A. 18A:56-17 et seq. (P.L. 1980, c. 72, approved July 16, 1980, as amended by P.L. 2003, c. 118, approved July 1, 2003 (the "Act")). The recent amendments to the Act provide that the Fund will be divided into two School Bond Reserve accounts. All bonds issued prior to July 1, 2003 shall be benefited by a School Bond Reserve account funded in an amount equal to 1-1/2% of the aggregate issued and outstanding bonded indebtedness of counties, municipalities or school districts for school purposes (the "Old School Bond Reserve Account") and all bonds, including the Vocational School Bonds, issued on or after July 1, 2003 shall be benefited by a School Bond Reserve account equal to 1% of the aggregate issued and outstanding bonded indebtedness of counties, municipalities or school districts for school purposes (the "New School Bond Reserve Account"), provided such amounts do not exceed the moneys available in the Fund. If a municipality, county or school district is unable to make payment of principal of or interest on any of its bonds issued for school purposes, the trustees of the Fund will purchase such bonds at par value and will pay to the bondholders the interest due or to become due within the limits of funds available in the applicable School Bond Reserve account in accordance with the provisions of the Act.

The Act provides that the School Bond Reserve shall be composed entirely of direct obligations of the United States government or obligations guaranteed by the full faith and credit of the United States government. Securities representing at least one-third of the minimal market value to be held in the School Bond Reserve shall be due to mature within one year of issuance or purchase. Beginning with the fiscal year ending on June 30, 2003 and continuing on each June 30 thereafter, the State Treasurer shall calculate the amount necessary to fully fund the Old School Bond Reserve Account and the New School Bond Reserve Account as required pursuant to the Act. To the extent moneys are insufficient to maintain each account in the School Bond Reserve at the required levels, the State agrees that the State Treasurer shall, no later than September 15 of the fiscal year following the June 30 calculation date, pay to the trustees for deposit in the School Bond Reserve such amounts as may be necessary to maintain the Old School Bond Reserve Account and the New School Bond Reserve Account at the levels required by the Act. No moneys may be borrowed from the Fund to provide liquidity to the State unless the Old School Bond Reserve Account and New School Bond Reserve Account each are at the levels certified as full funding on the most recent June 30 calculation date. The amount of the School Bond Reserve in each account is pledged as security for the prompt payment to holders of bonds benefited by such account of the principal of and the interest on such bonds in the event of the inability of the issuer to make such payments. In the event the amounts in either the Old School Bond Reserve Account or the New School Bond Reserve Account fall below the amount required to make payments on bonds, the amounts in both accounts are available to make payments for bonds secured by the reserve.

The Act further provides that the amount of any payment of interest or purchase price of school bonds paid pursuant to the Act shall be deducted from the appropriation or apportionment of State aid, other than certain State aid which may be otherwise restricted pursuant to law, payable to the district, county or municipality and shall not obligate the State to make, nor entitle the district, county or municipality to receive any additional appropriation or apportionment. Any amount so deducted shall be applied by the State Treasurer to satisfy the obligation of the district, county or municipality arising as a result of the payment of interest or purchase price of bonds pursuant to the Act.

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 \$1,250,000, 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 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 \$2,250,000 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 County Commissioners of the County on the date 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 \$2,250,000 of various capital improvements and acquisition of related capital equipment at and for certain facilities of Salem County Vocational-Technical High School. 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 County Commissioners 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
2022-002	Certain Capital Improvements At The Woodstown Campus Of The Salem County Vocational Technical School District, Consisting Of The Renovation Of Existing Classrooms For A Heating, Air Conditioning, Ventilation And Refrigeration Technology Program And The Renovation And Expansion Of Existing Classrooms For The Welding Technology Program All For Existing Career And Technical Education (CTE) Programs, Finally Adopted on May 4, 2022	\$2,250,000
TOTAL:		<u>\$2,250,000</u>

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 County Commissioners 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 County Commissioners 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 County Commissioners. 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.

Bond Counsel is further of the opinion that the Bonds and Notes constitute a "qualified tax-exempt obligation" within the meaning of section 265(b)(3)(B) of the Code and, therefore, will be treated as if they were acquired on August 7, 1986 for purposes of the limitations on deductibility by financial institutions of interest expense allocable to tax-exempt interest.

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.

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.

COVID-19 DISCLOSURE

In early March of 2020, the World Health Organization declared a pandemic following the global outbreak of COVID-19, a respiratory disease caused by a newly discovered strain of coronavirus. On March 13, 2020, then President Trump declared a national emergency to unlock federal funds and assistance to help states and local governments fight the pandemic. Governor Phil Murphy (the "Governor") of the State declared a state of emergency and a public health emergency on March 9, 2020 due to the outbreak of COVID-19, which spread throughout the State and to all counties within the State. The Governor also instituted mandated measures via various executive orders to contain the spread of the virus. These measures, which altered the behavior of businesses and people, have had and may continue to have negative impacts on regional, state and local economies. The public health emergency was terminated on June 4, 2021 but the COVID state of emergency remained in effect via Executive Order 244. However, on January 11, 2022, the Governor restated the existing state of emergency and reinstated a public health emergency via Executive Order 280, effective immediately, in order to ensure that the State was able to respond to the threat of COVID-19 and the Omicron variant. The public health emergency declaration, which allowed existing orders to continue in effect, was set to expire thirty (30) days from January 11, 2022 unless renewed. On February 10, 2022, the Governor signed Executive Order 288 extending the public health emergency declared on January 11, 2022, however the public health emergency was terminated on March 7, 2022 via Executive Order 292; the existing state of emergency remains in effect. See <https://covid19.nj.gov> for further detail regarding the impact of COVID-19 on the State and the Governor's various executive orders.

In order to provide additional means for local governmental units to address the financial impact of the COVID-19 outbreak, the Governor signed into law P.L. 2020, c. 74 ("Chapter 74") on August 31, 2020. Chapter 74, which took effect immediately, authorizes special emergency appropriations for: (1) direct COVID-19 response expenses; and (2) deficits in prior year's operations attributable to COVID-19 (the beginning of the five year repayment schedule is delayed by one year for these new purposes). Upon approval by the Director of the Division of Local Government Services, New Jersey Department of Community Affairs, in cases of significant fiscal distress, the five year period may be extended to up to ten years. In addition, the statute permits school districts and public authorities to issue debt with a maximum five year maturity schedule for direct COVID-19 expenses. Chapter 74 provides for State supervision of all local government unit borrowings related to the COVID-19 pandemic. The statute also grants the Director the authority to modify municipal budgeting rules concerning anticipated revenues in order to lessen the impact of revenue reductions due to COVID-19. The County does not anticipate authorizing these special emergency appropriations or issuing special emergency notes in order to address any financial impact caused by the COVID-19 pandemic.

The finances and operations of the County may be materially and adversely affected going forward as a result of the COVID-19 pandemic through reduced or delayed revenue streams, which include the collection of property taxes, which is the County's primary revenue source for supporting its budget. The County cannot predict costs associated with a potential infectious disease outbreak like COVID-19 such as operational costs to clean, sanitize and maintain facilities, or costs to operate remotely and support County functions and critical government actions during an outbreak, or any resulting impact such costs could have on the County's operations. However, as of the date hereof, the County's finances and operations have had certain reduced revenue streams due to the COVID-19 pandemic. Overall, however, the finances and operations of the County have not been materially and adversely affected due to the COVID-19 outbreak.

The degree of any such impact to the County's operations and finances is extremely difficult to predict due to the dynamic nature of the COVID-19 pandemic, including uncertainties relating to its (i) duration, and (ii) severity, as well as with regard to what additional actions may be taken by governmental and other health care authorities to manage the COVID-19 pandemic. The continued spread of the outbreak could have a material adverse effect on the County and its economy.

The American Rescue Plan Act of 2021, H.R. 1319 (the "Plan"), signed into law by President Biden on March 12, 2021, comprises \$1.9 trillion in relief designed to provide funding to address the COVID-19 pandemic and alleviate the economic and health effects of the COVID-19 pandemic.

The Plan included various forms of financial relief including up to \$1,400 increase in direct stimulus payments and various other forms of economic relief, including extended unemployment benefits, continued eviction and foreclosure moratoriums, an increase in the child tax credit, an increase in food and housing aid, assistance grants to restaurants and bars, and other small business grants and loans. The Plan includes \$350 billion in relief funds for state and local governments, such as the County.

Generally, according to the Plan, the allowable use of the funds to be provided to the County include the following categories: (a) to respond to the public health emergency with respect to COVID-19 or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality; (b) to respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers of the County that are performing such essential work, or by providing grants to eligible employers that have eligible workers who perform essential work; (c) for the provision of government services to the extent of the reduction in revenue due to the public health emergency relative to revenues collected in the most recent full fiscal year of the County, prior to the emergency; (d) to make necessary investments in water, sewer or broadband infrastructure.

Based on available information as of the date hereof, the County is expected to receive \$12,117,555.00 from the Plan, in two equal payments. The County received its first installment of funds under the Plan in the amount of \$6,058,777.50 on May 21, 2021, and expects to receive the balance no earlier than 12 months from the initial payment. It intends to utilize some of the funding to continue COVID-19 testing, vaccinations, contact tracing and mitigation efforts, food distributions, replacement of lost County revenue and assisting small businesses and disproportionately impacted communities. The additional uses of the funds are still to be determined. The additional uses of the funds are still to be determined.

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, its audited financial statement for the fiscal year ending December 31, 2017, as required, for the Salem County Improvement Authority Governmental Loan Revenue Bonds, Series 2009. In addition, the County previously failed to file an event notice and late filing notice in connection with such audited financial statements. 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, has 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.

RATING

S&P Global Ratings, acting through Standard & Poor's Financial Services LLC ("S&P") has assigned the Bonds a rating of "AA-". Explanations of the significance of the rating may be obtained from S&P at 55 Water Street, New York, New York 10041. Such rating reflects only the views of such S&P, and an explanation of the significance of the rating may be obtained from such S&P. There is no assurance that the rating 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 rating may have an adverse effect on the market price of the Bonds. Except as set forth in the Bond Certificate, 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.

The Notes are not rated.

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, 2021 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, 2020 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.

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 9, 2022

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 372 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. While the County is large in physical area, it is small in population, with just over 65,000 residents. The ethnic makeup of the County is roughly 81% White, 14% Black, 9% Hispanic/Latino, 0.6% American Indian, and 1% Asian.¹ The County's population is becoming increasingly young, with roughly 58% of residents falling between the ages of 20 and 64, 24% of residents are 19 and under, and 18% of residents are 65 and older. 12.2% of the population falls below the poverty line.² 89% of the county's population holds a high school diploma or GED, and 21% hold a bachelor's degree or higher.

The County is located in close proximity to three major business markets: (1) Philadelphia (35 miles); (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"). The County is connected to these major business sectors through major highways including the NJ Turnpike, Interstate 295, US Route 40, NJ Route 55, and the Delaware Memorial Bridge.

Industry is located primarily along the Delaware River, and in Salem City, as is the largest proportion of the County's population. The County's landscape is indicative of large historical events and trends such as colonial settlement and farming, slavery and its abolishment, the industrial revolution, and suburbanization. The County is primarily characterized by its active agricultural community. With 130,835 acres of farm assessed land, and close to 40,000 acres of preserved farmland, the County is predominantly rural.

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. Many of the farms in the County are owned by families who trace their lineage to colonial settlement farming and the Revolutionary War. While the County has no large urban center, there are several small post-industrial cities located throughout the County. However, the County has seen growth in small business ownership and development along the main streets of its post-industrial cities, as well as industrial development along the Delaware River.

¹ Ibid., As reported by the U.S. Census.

² The federal poverty line for an individual in 2021 was \$12,880. The percentage of NJ residents below the poverty federal poverty line is 9.2%.

County Government

The County operates under the Commissioner form of county government, in which five members of the Board of County Commissioners ("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 commissioner 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	12/31/2024
Honorable Gordon J. Ostrum, Jr.	Deputy Director	12/31/2024
Honorable R. Scott Griscom	Member	12/31/2022
Honorable Lee R. Ware	Member	12/31/2022
Honorable Ed Ramsay	Member	12/31/2023

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": 2020 Audited Financial Statements (Note 8 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 237 employees of the County are enrolled in PERS, and 171 employees are enrolled in PFRS. Part time employees, certain appointees, and non grandfathered elected officials are in DCRP.

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 or Aetna 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 550 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"), Prosecutor's Detectives & Investigators and Prosecutor's Superior Officers	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 (11,164), and Pittsgrove Township (9,393) which surpassed Carneys Point Township in recent years.

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>
2022 estimated	61,302	9,240,000	334,805,269
2021 estimated	65,046	9,267,130	331,893,745
2020 Federal	64,837	9,288,994	331,449,281
2010 Federal	66,083	8,791,894	308,745,538

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

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.

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 three State Parks: (1) Fort Mott State Park, encompassing 104 acres in the southwestern part of the County; (2) Parvin State Park, encompassing 1,125 acres in the southeastern part of the County in Pittsgrove Township; and (3) The Hancock House State Historic Site, the site of a Revolutionary War attack located on two waterfront two acres to the Alloway Creek in Lower Alloways Creek Township. Additionally, within the County reside three Fish and Wildlife Refuges covering over 12,214 acres. The County has four recreational parks in addition to numerous publicly and privately owned parks and recreational facilities, in addition to the Boy Scouts and YM/YWCA facilities.

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

With a rich history in colonial settlement and the Revolutionary war, the County is home to 22 historic patterned brick houses. The County also has strong connections to the history of the Underground Railroad and the abolition of slavery, and features a historic trail highlighting these sites. Given the County's rural nature, many local family-owned farms trace their lineage back to colonial settlement farming. In recent years, the County has seen growth in the agritourism sector with the development of new farm markets, and an increase in organic farming and CSA offerings. Cowtown Rodeo and Farm Market also draw a considerable amount of activity and entertainment. The County has also welcomed the revival of a short line railroad by SMS Rail Company, that will run passenger excursion cars beginning in late 2022. These cars will run from Swedesboro (along the southwest border) into Woodstown and Salem City. SMS Rail Line will also be opening rail bikes for a 6 mile trail crossing Oldman's Creek Trestle and Memorial Lake in Woodstown.

In addition, the County has a very active and growing arts scene. Its largest Arts and Culture facility, Appel Farm Arts and Music Center, is a 176-acre oasis of creative expression, located in Elmer. It offers a variety of arts programming including concerts, a summer camp, annual arts and music festivals, and more. Arts in Bloom Studio Tour, an annual studio and gallery open house draws a considerable amount of tourism each year. In addition to fine arts, the County also boasts several theatres with musical concerts and other theatrical performances throughout the year.

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 aviation 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.

(1) Source: County Economic Development Office

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, McLane and Amazon. 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 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.

On June 16, 2020, Governor Phil Murphy announced that the State will build the country's first port dedicated to assembling wind turbines that will be installed in New Jersey and across the Eastern Seaboard. The goal of the initiative, known as the "New Jersey Wind Port", is to make New Jersey an economic engine for offshore wind.

The site selected, known as "Artificial Island", is located in Lower Alloways Creek, in the County. It possesses key attributes including five miles from the nearest residential area, home to three nuclear reactors, and no bridges are located between it and the open ocean. Construction of this project has commenced. At full build-out, the New Jersey Wind Port expects to employ approximately 1,500 manufacturing, assembly, and operations workers. Overall, the New Jersey Wind Port is expected to greatly increase new economic activity within the State and region.

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 the 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>
2021	30,386	28,158	2,228	7.3%	6.3%
2020	30,482	27,661	2,821	9.3%	9.5%
2019	32,200	28,400	3,700	11.6%	9.5%
2018	28,795	27,226	1,569	5.4%	4.1%
2017	29,891	28,061	1,830	6.1%	4.6%

Per Capita Personal Income(3)

	<u>County</u>	<u>State</u>
2020 Median household income	\$64,234	\$85,245
2020 Per capita income	33,575	44,153

Estimated Cost of Residential Construction (2)

<u>Year</u>	<u>Total Value of Permits</u>
2020	\$17,919,023
2019	20,723,272
2018	31,639,208
2017	26,979,399
2016	21,883,605

LARGEST PRIVATE SECTOR EMPLOYERS (3)

<u>Employer</u>	<u>Nature of Business</u>
PSE&G	Energy - Nuclear Power Generating Plant
Mannington Mills, Inc.	Floor Coverings
Salem Medical Center	Healthcare Facility
Atlantic City Electric	Energy – Public Utility
R.E. Pierson Construction	Construction
McLane NJ	Logistics - Grocery Distribution
Inspira Hospital - Elmer	Healthcare - Acute Care Facility
Walmart	Hypermarket
The Chemours Company	Chemicals

(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
TEN LARGEST TAXPAYERS(1)**

<u>Business</u>	<u>Nature of Business</u>	<u>Location</u>	<u>2022 Assessed Valuation</u>
PSEG Services Corp	Public Utility	Lower Alloways	\$113,498,600
The Chemours Company FC LLC	Manufacturer of Various Chemicals	Pennsville	95,000,000
The Chemours c/o Cham Cogen	Manufacturer of Various Chemicals	Carneys Point	41,750,000
Mannington Mills, Inc.	Floor Coverings	Mannington	30,424,200
McLane New Jersey, Inc.	Wholesales General Line Groceries	Carneys Point	27,900,000
The Chemours Company FC LLC	Manufacturer of Various Chemicals	Carneys Point	24,381,000
Mexichem Specialty Resins Inc.	PVC Dispersion Resins	Oldmans Twp	20,044,000
Siegfried USA, LLC	Manufacturer of Various Chemicals	Pennsville	16,181,900
Salem PropCo LLC	Jefferson Outpatient Imaging	Salem	13,000,000
PHI Service Co	Business Park	Carneys Point	12,900,000

TAX COLLECTIONS (2)

<u>Year</u>	<u>Tax Levy</u>	<u>Amount</u>	<u>Collection Year of Levy Percentage</u>
2020	\$60,685,357	\$60,685,357	100.00%
2019	58,653,268	58,653,268	100.00
2018	58,157,686	58,157,686	100.00
2017	55,718,512	55,718,512	100.00
2016	52,933,660	52,933,660	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>
2021	\$5,141,407,249	\$1.209
2020	5,092,058,514	1.197
2019	5,023,197,445	1.187
2018	5,034,771,435	1.164
2017	4,934,856,756	1.141

(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							
Land and							
<u>Year</u>	<u>Improvements</u>	<u>Land</u>	<u>Residential</u>	<u>Farm</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartments</u>
2021	\$4,910,217,405	\$131,621,332	\$3,285,697,063	\$444,607,600	\$513,275,210	\$451,254,700	\$83,761,500
2020	4,920,718,935	110,204,732	3,296,328,963	446,463,100	527,681,440	456,071,100	83,969,600
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

STATEMENT OF EQUALIZED VALUATION FOR CONSTITUENT MUNICIPALITIES(2)

<u>Municipality</u>	2022			2021		
	<u>Equalized</u>	<u>Net Valuation on</u>	<u>Apportionment</u>	<u>Equalized</u>	<u>Net Valuation on</u>	<u>Apportionment</u>
	<u>Value - Land and</u>	<u>which County Taxes</u>	<u>of County</u>	<u>Value - Land and</u>	<u>which County Taxes</u>	<u>of County</u>
	<u>Improvements</u>	<u>are Apportioned</u>	<u>Taxes</u>	<u>Improvements</u>	<u>are Apportioned</u>	<u>Taxes</u>
Alloway Township	\$ 304,908,361	\$ 306,503,322	5.66%	\$ 289,508,714	\$ 291,066,184	5.66%
Camey's Point Township	655,056,513	663,056,654	12.24%	631,383,996	640,448,247	12.46%
Elmer Township	114,131,417	114,605,973	2.12%	106,103,184	106,611,526	2.07%
Elsinboro Township	105,745,098	106,446,234	1.96%	104,233,111	104,785,732	2.04%
Lower Alloways Creek Township	298,650,349	300,544,882	5.55%	281,547,294	283,444,267	5.51%
Mannington Township	189,596,005	193,637,283	3.57%	184,978,062	188,579,183	3.67%
Oldmans Township	305,737,580	308,965,263	5.70%	259,421,410	269,291,968	5.24%
Penns Grove Township	138,554,982	139,728,563	2.58%	121,219,237	122,442,891	2.38%
Pennsville Township	1,043,953,742	1,090,007,126	20.12%	1,029,135,685	1,074,338,458	20.90%
Pilesgrove Township	490,461,231	491,779,151	9.08%	458,261,220	459,620,042	8.94%
Pittsgrove Township	706,513,925	709,203,291	13.09%	667,331,372	672,010,715	13.07%
Quinton Township	199,148,712	200,902,399	3.71%	174,048,301	175,884,251	3.42%
City of Salem	146,958,479	152,517,312	2.81%	131,633,443	137,907,517	2.68%
Upper Pittsgrove Township	350,873,543	352,700,630	6.51%	333,132,209	335,019,244	6.52%
Woodstown Borough	287,516,706	288,083,225	5.32%	279,383,493	279,957,024	5.45%
Total	\$ 5,337,806,643	\$ 5,418,681,308	100.00%	\$ 5,051,320,732	\$ 5,141,407,249	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, 2021 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 \$78,474,542 represents 1.535% 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. But Not Issued	Gross Debt	Deductions	Net Debt
	<u>Bonds</u>	<u>Loan</u>				
General	\$80,470,000	\$1,300,000	\$1,905,428	\$83,675,428	\$5,200,886 (3)	\$78,474,542
Salem Co. Improvement Authority - Bonds and NJEIT	13,180,395			13,180,395 (2)	13,180,395 (2)	
	<u>\$93,650,395</u>	<u>\$1,300,000</u>	<u>\$1,905,428</u>	<u>\$96,855,823</u>	<u>\$18,381,281</u>	<u>\$78,474,542</u>

(1) As of December 31, 2021

(2) Includes Salem County Improvement Authority - Lease Obligation

(3) Includes \$2,307,500 in 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 2019, 2020 and 2021	\$5,113,888,756
Statutory Net Debt as a Percentage of the Average of Equalized Valuations of Real Property with Improvements for 2019, 2020 and 2021	1.535%
2022 Net Valuation Taxable	\$4,965,817,835
2022 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	\$5,346,245,463
Gross Debt (3):	
As a percentage of 2022 Net Valuation Taxable	1.69%
As a percentage of 2022 Equalized Valuations	1.57%
Net Debt (3):	
As a percentage of 2022 Net Valuation Taxable	1.58%
As a percentage of 2022 Equalized Valuations	1.47%
Gross Debt Per Capita (4)	\$1,291
Net Debt Per Capita (4)	\$1,210

COUNTY BORROWING CAPACITY(1)(2)

Statutory Borrowing Capacity:	
2.0% of Average (2019-21) Equalized Valuation of Real Property including Improvements (\$5,113,888,756)	\$102,277,775
Net Debt	<u>78,474,542</u>
Remaining Borrowing Capacity Available Under N.J.S.A. 40A:2-6	<u><u>\$23,803,233</u></u>

OVERLAPPING DEBT

Gross Debt of Constituent Municipalities(5)	<u><u>\$130,497,477</u></u>
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(1) As of December 31, 2021

(2) Source: County Auditor

(3) Excluding overlapping debt and SCIA debt

(4) Based on Federal 2020 Census of 64,837

(5) As of December 31, 2020

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 County Commissioners 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 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, 2021 \$980,000 remains outstanding. The 2016 Revenue Bonds are secured by a lease purchase agreement between the SCIA and the SCUA. Upon

dissolution of the SCUA, as previously discussed, the annual lease payments are now funded by the "Landfill Operations Division" of the SCIA.

The \$18,100,000 of the remaining 2007 Revenue Bonds were refunded on July 8, 2021 by the \$14,690,000 Salem County Improvement Authority City-Guaranteed Revenue Refunding Bonds, Series 2021. \$14,690,000 of the 2021 Revenue Refunding Bonds remain outstanding. The County has no repayment obligation with respect to the 2007 Revenue Bonds or the 2021 Revenue Refunding Bonds.

On May 25, 2017, the Authority closed on two loans from the New Jersey Infrastructure Bank totaling \$7,565,088.00 for the construction of Cell 11 of the landfill. The Fund portion of the award is for \$5,695,088.00 and is interest free. The remaining Trust portion is for \$1,870,000.00 and carries interest rates varying from 3.0% to 5.0% with a final maturity due on August 1, 2036.

On February 19, 2020, the Authority closed on an interim loan from the New Jersey Infrastructure Bank in the amount of \$7,473,075.00 at no interest. The interim loan for the construction of Cell 10 was permanently financed on June 10, 2021. The Fund portion of the award is for \$3,279,517.00 and is interest free. The remaining Trust portion is for \$2,940,000.00 and carries interest rates varying from 2.0% to 5.0% with a final maturity due on August 1, 2040. The loan proceeds held by NJIB are being used to fund the costs of construction of a new landfill cell.

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, 2021, there is approximately \$154,380,000 of such bonds outstanding. Neither the PCFA nor the County have any repayment obligation with respect to the Revenue Bonds.

SALEM COUNTY
SCHEDULE OF DEBT SERVICE (1)(2)
(BONDED DEBT ONLY)

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 4,780,000.00	\$ 2,109,109.48	\$ 6,889,109.48
2023	4,935,000.00	1,941,058.61	6,876,058.61
2024	5,095,000.00	1,773,904.61	6,868,904.61
2025	5,225,000.00	1,593,892.06	6,818,892.06
2026	4,855,000.00	1,413,619.81	6,268,619.81
2027	4,930,000.00	1,254,068.76	6,184,068.76
2028	4,990,000.00	1,109,928.13	6,099,928.13
2029	4,750,000.00	992,562.50	5,742,562.50
2030	3,875,000.00	901,140.63	4,776,140.63
2031	3,365,000.00	823,503.13	4,188,503.13
2032	3,270,000.00	747,968.75	4,017,968.75
2033	2,785,000.00	669,743.75	3,454,743.75
2034	2,580,000.00	602,562.50	3,182,562.50
2035	1,830,000.00	545,525.00	2,375,525.00
2036	1,840,000.00	504,250.00	2,344,250.00
2037	1,850,000.00	467,350.00	2,317,350.00
2038	1,865,000.00	430,200.00	2,295,200.00
2039	1,875,000.00	391,628.13	2,266,628.13
2040	1,875,000.00	351,784.38	2,226,784.38
2041	1,390,000.00	316,225.00	1,706,225.00
2042	1,390,000.00	284,950.00	1,674,950.00
2043	1,390,000.00	253,675.00	1,643,675.00
2044	1,390,000.00	221,531.25	1,611,531.25
2045	1,390,000.00	188,518.75	1,578,518.75
2046	1,390,000.00	155,506.25	1,545,506.25
2047	1,390,000.00	121,625.00	1,511,625.00
2048	1,390,000.00	86,875.00	1,476,875.00
2049	1,390,000.00	52,125.00	1,442,125.00
2050	1,390,000.00	17,375.00	1,407,375.00
<hr/>			
	\$ 80,470,000.00	\$ 20,322,206.48	\$ 100,792,206.48

(1) As of December 31, 2021

(2) Does Not Include Dam Restoration Loan Payable of \$1,300,000

Source: County Auditor

COUNTY OF SALEM
2022 COUNTY BUDGET(1)

Anticipated Revenues:

Fund Balance	\$ 6,092,500
Miscellaneous Revenues:	
Local Revenues	4,082,779
State Aid	904,953
State Assumption of Costs of County Social and Welfare Services and Psychiatric Facilities	256,279
Public and Private Revenues Offset with Appropriations	4,083,700
Other Special Items	16,415,613
Amount to be Raised from Taxation - County Purpose Tax	<u>65,369,085</u>

Total Revenues	<u><u>\$ 97,204,909</u></u>
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Appropriations:

Operations	\$ 74,538,737
Capital Improvements	6,800,000
Debt Service	6,123,645
Pension, Social Security and Unemployment	<u>9,742,527</u>

Total Appropriations	<u><u>\$ 97,204,909</u></u>
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(1) Source: County's 2022 Introduced Budget.

COUNTY OF SALEM
SIX YEAR CAPITAL PROGRAM 2022-2027(1)

	Budget Appropriations				Bonds and Notes	
	<u>Estimated Total Cost</u>	<u>Current Year</u>	<u>Future Years</u>	<u>Capital Improvements</u>	<u>Grants-in-Aid and Other</u>	<u>General</u>
Railroad Rehabilitation	\$ 8,216,916		\$ 493,520		\$ 7,723,396	
Bridge and Scour Repair	7,794,096.00				7,794,096	
Dam Repair, Avis Mill	2,500,000.00		1,200,000		1,300,000	
Parking Lot Resurfacing	65,000.00			\$ 65,000		
2018 County Aid	1,597,950.00				1,597,950	
2019 County Aid	4,842,538.00				4,842,538	
2020 County Aid	4,905,522.00				4,905,522	
2021 County Aid	4,886,128.00				4,886,128	
2022 County Aid	4,846,362.00				4,846,362	
Dutch Row, Watson Mill, Willow Grove Roads	1,395,419.00				1,395,419	
Roadway and Other Facility Improvements	1,485,402.00				750,000	\$ 735,402
Vehicles	1,100,000.00	\$ 250,000	850,000			
Public Works Equipment Materials and Improvements	1,875,000.00		1,875,000			
Information Technology and Equipment	2,555,000.00		1,805,000	250,000	500,000	
Capital Improvements to Various County Buildings and Facilities	1,500,000.00		1,250,000	250,000		
Improvements to Courthouse & Admin Bldg, Adjoin Addition	37,930,000.00					37,930,000
Various General Improvements-Salem County Vo-Tech	3,000,000.00					3,000,000
	<u>\$ 90,495,333</u>	<u>\$ 250,000</u>	<u>\$ 7,473,520</u>	<u>\$ 565,000</u>	<u>\$ 40,541,411</u>	<u>\$ 41,665,402</u>

(1) Source: County's 2022 Introduced Budget.

APPENDIX B

**FINANCIAL STATEMENTS OF THE COUNTY OF SALEM
FOR THE CALENDAR YEARS ENDED DECEMBER 31, 2021 (COMPILED) AND 2020 (AUDITED)**

FOR THE YEAR ENDED 2021

COMPILED FINANCIAL STATEMENTS

INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

The Honorable Director and
Members of the Board of County Commissioners
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, 2021 and the related statement 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/ Michael J. Welding
Certified Public Accountant
Registered Municipal Accountant

Woodbury, New Jersey
June 2, 2022

COUNTY OF SALEM
CURRENT FUND
Statement of Assets, Liabilities, Reserves and Fund Balance--Regulatory Basis
As of December 31, 2021

ASSETS

Regular Fund:	
Cash	\$ 26,216,430.09
Receivables and Other Assets with Full Reserves:	
Taxes Receivable	243,535.13
Mortgages Receivable	336,914.66
Total Receivables and Other Assets with Full Reserves	580,449.79
Total Regular Fund	26,796,879.88
Federal and State Grant Fund:	
Grants Receivable	54,769,949.17
Due from Current Fund	3,821,433.69
Total Federal and State Grant Fund	58,591,382.86
	\$ 85,388,262.74

LIABILITIES, RESERVES AND FUND BALANCE

Regular Fund:	
Appropriation Reserves	\$ 2,624,584.55
Reserve for Encumbrances	1,786,508.46
Accounts Payable	88,162.57
Due General Capital Fund	259,225.38
Due Open Space Trust Fund	649,895.89
Due Federal and State Grant Fund	3,821,433.69
Due Trust Other Fund	39,852.35
Reserve for Reconstruction of Various County Roads	128,803.35
Transportation OOA Program	4,468.11
Reserve for Repair and Reconstruction of Roads, Bridges and Railroads	246,557.13
Reserve for NJ OEM - CARES	357,500.00
	10,006,991.48
Reserve for Receivables	580,449.79
Fund Balance	16,209,438.61
Total Regular Fund	26,796,879.88
Federal and State Grant Fund:	
Reserve for Encumbrances	9,469,113.26
Reserve for Appropriated Grants	49,090,870.25
Reserve for Unappropriated Grants	31,399.35
Total Federal and State Grant Fund	58,591,382.86
	\$ 85,388,262.74

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, 2021

REVENUE AND OTHER INCOME REALIZED:

Fund Balance Realized	\$ 3,677,335.81
Miscellaneous Revenue Anticipated	39,851,252.41
Receipts from Current Taxes	61,805,979.61
Non-Budget Revenues	2,629,224.90
Other Credits to Income:	
Unexpended Balance of Appropriation Reserves	2,280,779.56
Interfunds Returned	3,920,880.37
Mortgage Receivable	9,958.31
	<hr/>
Total Income	114,175,410.97
	<hr/>

EXPENDITURES:

Budget Appropriations:	
Operations:	
Salaries and Wages	33,322,182.00
Other Expenses	52,437,132.14
Capital Improvements	500,000.00
Debt Service	6,147,588.70
Deferred Charges and Statutory Expenditures	8,932,783.82
	<hr/>
Total Expenditures	101,339,686.66
	<hr/>
Excess in Revenues	12,835,724.31
Statutory Excess to Fund Balance	12,835,724.31

FUND BALANCE:

Balance January 1	7,051,050.11
	<hr/>
	19,886,774.42
Decreased by:	
Utilized as Revenue	3,677,335.81
	<hr/>
Balance December 31	\$ 16,209,438.61
	<hr/> <hr/>

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, 2021

ASSETS

Trust Other Funds:	
Cash - Treasurer	\$ 2,958,136.81
Due Current Fund	39,852.35
	<hr/>
	2,997,989.16
	<hr/>
Open Space and Farmland Preservation Trust:	
Cash - Treasurer	1,570,793.02
Investments	623,096.63
Due Bank	1,502.56
Due Current Fund	649,895.89
Taxes Receivable	4,373.94
	<hr/>
	2,849,662.04
	<hr/>
Total Trust Funds	\$ 5,847,651.20
	<hr/>

LIABILITIES AND RESERVES

Trust Other Funds:	
Reserve for:	
Accumulated Absences Trust	\$ 520,937.17
Commodities Resale Program	515,415.78
County Auction	3,515.92
County Clerk	223,457.01
Revolving Fund	2,568.88
Drug Awareness	125.00
Engineering Escrow	38,716.75
Environmental Enforcement	285,471.30
First Responder Dinner	10,517.46
Hospitalization	-
Housing Revitalization	73,788.07
Motor Vehicle Fines	1,049.16
Net Payroll Account	7,072.30
Parvin Bequest	41,184.23
Payroll Agency	471,684.78
Performance Bond - Woods Laurel Hills	3,375.00
Prosecutor's Office:	
Asset Maintenance Account	15.15
Auto Law Enforcement Trust Account	7,852.68
County Law Enforcement Trust Account	59,764.38
Federal County Law Enforcement Trust Account	69,983.81
Municipal Law Enforcement Trust Account	29,084.68
Seized Assets Trust Account	82,111.30
Road Opening Deposits	19,754.44

COUNTY OF SALEM
TRUST FUND
Statement of Assets, Liabilities and Reserves--Regulatory Basis
As of December 31, 2021

Trust Other Funds (Cont'd):

Reserves (Cont'd):

Realty Transfer Fees	\$ 16,200.95
SCAPG - Nutrition Program	19,224.03
SCAPG - Parvin	24,420.59
Self Insurance	64,431.03
Sheriff's Trust	57,287.82
Surrogate Fees	102,109.44
Tax Appeals Filing Fees	37,991.14
Triad Senior Donations	125.00
Unemployment Claims	44.50
Veterans Donations	21,111.36
Weights & Measures	164,047.02
Worker's Compensation	23,551.03

2,997,989.16

Open Space and Farmland Preservation Trust:

Reserve for Open Space and Farmland Preservation

2,849,662.04

2,849,662.04

\$ 5,847,651.20

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, 2021

ASSETS

Cash	\$ 42,428,481.21
Dam Restoration Loan Receivable	1,300,000.00
Due from Bank	843.30
Due from Current Fund	259,225.38
Deferred Charges to Future Taxation:	
Funded	81,770,000.00
Unfunded	1,905,428.00
	<u>\$ 127,663,977.89</u>

LIABILITIES, RESERVES AND FUND BALANCE

Reserve for County Aid Program	\$ 4,712.74
Serial Bonds Payable	80,470,000.00
Improvement Authorizations:	
Funded	12,236,565.65
Unfunded	804,435.38
Contracts Payable	31,202,716.81
Dam Restoration Loan Payable	1,300,000.00
Reserve for Payment of Debt	7,918.42
General Capital Fund Fund Balance	248,618.16
Capital Improvement Fund	1,389,010.73
	<u>\$ 127,663,977.89</u>

There were Bonds and Notes authorized, but not issued in the amount of \$1,905,428 for the year ended December 31, 2021.

See Independent Accountant's Compilation Report and selected notes.

COUNTY OF SALEM
Selected Information – Substantially All Disclosures Required
By the Regulatory Basis of Accounting Have Been Omitted
For the Year Ended December 31, 2021

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Financial Reporting Entity - The County of Salem 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 official 2020 census is 64,837.

The County operates under the commissioner form of government. The Board of Commissioners consists of five commissioner members elected at-large for three-year terms on a staggered basis. Each year, the board elects one of the Commissioners to serve as Director. The Director appoints Commissioners to be in charge of various committees. The Board, operating through the committee system, is charged with both executive and legislative responsibilities for: (1) formulating policies; (2) developing new programs; (3) appointing members of the various County commissions, authorities and boards; (4) approving the County's operating and capital budgets; and (5) appropriating the funds required from the fifteen municipal subdivisions of the County to maintain all County services.

Component Units - The financial statements of the component units of the County of Salem are not presented in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended. If the provisions of the aforementioned GASB Statement, as amended 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
286 Welchville Road, PO Box 890
Alloway, NJ 08001

Salem Community College
460 Hollywood Avenue
Carneys Point, NJ 08069

Salem County Vocational-
Technical Schools
880 Route 45
Woodstown, New Jersey 08098

Special Services School
District of the County of Salem
880 Route 45
Woodstown, New Jersey 08098

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 Township 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.

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 and farmland preservation trust 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 eighteen days after the date the budget was introduced. After the hearing has been held, the governing body may, by majority vote, adopt the budget or may amend the budget in accordance with N.J.S.A. 40A:4-9. Amendments to adopted budgets, if any, are detailed in the statements of revenues and expenditures.

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

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

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

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

New Jersey municipal units are required by N.J.S.A. 40A: 5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of investments which may be purchased by New Jersey municipal units. In addition, other State statutes permit investments in obligations issued by local utilities 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 included 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 also 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 Salem. County taxes are determined on a calendar year by the County Board of Taxation based upon the ratables required to be certified to them on January 10 of each year. Operations for every municipality is charged for the amount due the County for the year, based upon the ratables required to be certified to the County Board of Taxation by January 10 of the current year. In addition, operations for every municipality 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.

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

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

FOR THE YEARS ENDED 2020, 2019, 2018 AND 2017

AUDITED FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

The Honorable Director and
Members of the Board of County Commissioners
County of Salem
Salem, New Jersey 08079

Report on the Financial Statements

We have audited the accompanying statements of assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the County of Salem, State of New Jersey, as of December 31, 2020, 2019 and 2018, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

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

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

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

In our opinion, because of the significance of the matter discussed in the “*Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America*” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the County of Salem, State of New Jersey, as of December 31, 2020, 2019 and 2018, or the results of its operations and changes in fund balance for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to previously present fairly, in all material respects, the assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the County of Salem, State of New Jersey, as of December 31, 2020, 2019 and 2018, and the results of its operations and changes in fund balance - regulatory basis of such funds for the years then ended, in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, as described in note 1.

Other Matters

Prior Period Financial Statements

The financial statements of the County as of December 31, 2017, were audited by other auditors whose report dated September 6, 2018, expressed an adverse opinion under accounting principles generally accepted in the United States of America and a qualified opinion under the regulatory basis of accounting.

Respectfully submitted,

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

/s/ Michael J. Welding
Certified Public Accountant
Registered Municipal Accountant

Woodbury, New Jersey
April 11, 2022

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

<u>ASSETS</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Regular Fund:				
Cash	\$ 16,373,926.84	\$ 16,708,759.50	\$ 13,585,669.90	\$ 9,478,791.75
Receivables and Other Assets with Full Reserves:				
Taxes Receivable	8,564.28	2,178.81	200,314.40	61,325.71
Revenue Accounts Receivable	101,498.31	97,337.57	96,200.00	
Due from Federal and State Grant Fund	3,920,880.37	1,142,628.08	2,286,115.51	784,298.66
Due from Open Space Trust Fund				12,699.51
Due from Trust Other Fund				287.85
Mortgages Receivable	346,872.97	362,611.61	380,232.12	410,621.00
Total Receivables and Other Assets with Full Reserves	4,377,815.93	1,604,756.07	2,962,862.03	1,269,232.73
Deferred Charges:				
Special Emergency Authorization	1,541,568.00	-	-	-
Overexpenditure of Appropriation Reserves				37,464.31
	1,541,568.00	-	-	37,464.31
Total Regular Fund	22,293,310.77	18,313,515.57	16,548,531.93	10,785,488.79
Federal and State Grant Fund:				
Grants Receivable	51,900,787.62	50,327,760.80	44,571,841.75	34,331,335.24
Overexpenditure of Grant Reserve				7,692.80
Total Federal and State Grant Fund	51,900,787.62	50,327,760.80	44,571,841.75	34,339,028.04
	<u>\$ 74,194,098.39</u>	<u>\$ 68,641,276.37</u>	<u>\$ 61,120,373.68</u>	<u>\$ 45,124,516.83</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>				
Regular Fund:				
Appropriation Reserves	\$ 4,165,675.58	\$ 4,274,577.42	\$ 2,915,504.60	\$ 3,332,452.79
Reserve for Encumbrances	1,486,773.15	1,285,501.53	1,924,380.44	1,314,330.79
Accounts Payable	64,913.05	64,913.05	142,948.77	
Due General Capital Fund	1,850,393.03	903,576.93	4,110.31	
Due Open Space Trust Fund	1,444,335.17	1,444,335.17	1,987,300.49	
Reserve for Reconstruction of Various County Roads	128,803.35	128,803.35	128,803.35	128,803.35
Transportation OOA Program	4,468.11	4,468.11	4,468.11	4,468.11
Reserve for Payment of Debt	46,906.16	46,906.16	46,906.16	46,906.16
Reserve for Repair and Reconstruction of Roads, Bridges and Railroads	246,557.13	246,557.13	246,557.13	246,557.13
Reserve for COVID-19 Related Costs	1,068,120.00			
Reserve for OEM - CARES	357,500.00			
	10,864,444.73	8,399,638.85	7,400,979.36	5,073,518.33
Reserve for Receivables	4,377,815.93	1,604,756.07	2,962,862.03	1,269,232.73
Fund Balance	7,051,050.11	8,309,120.65	6,184,690.54	4,442,737.73
Total Regular Fund	22,293,310.77	18,313,515.57	16,548,531.93	10,785,488.79
Federal and State Grant Fund:				
Due Current Fund	3,920,880.37	1,142,628.08	2,286,115.51	784,298.66
Reserve for Encumbrances	8,690,070.21	6,406,766.32	5,041,083.14	8,323,842.84
Reserve for Appropriated Grants	39,258,437.69	42,725,149.09	37,214,439.10	25,200,682.54
Reserve for Unappropriated Grants	31,399.35	53,217.31	30,204.00	30,204.00
Total Federal and State Grant Fund	51,900,787.62	50,327,760.80	44,571,841.75	34,339,028.04
	<u>\$ 74,194,098.39</u>	<u>\$ 68,641,276.37</u>	<u>\$ 61,120,373.68</u>	<u>\$ 45,124,516.83</u>

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

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

	For the Years Ended December 31,			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
REVENUE AND OTHER INCOME REALIZED:				
Fund Balance Realized	\$ 2,975,000.00	\$ 4,016,680.58	\$ 3,579,188.64	\$ 1,890,172.56
Miscellaneous Revenue Anticipated	29,082,033.02	32,081,338.02	41,062,806.79	36,023,332.00
Receipts from Current Taxes	60,685,357.10	58,653,268.22	58,157,686.32	55,718,511.67
Non-Budget Revenues	726,011.25	1,444,227.17	2,411,785.85	1,205,193.00
Other Credits to Income:				
Unexpended Balance of Appropriation Reserves	3,075,655.81	1,284,891.63	1,951,290.64	1,022,847.00
Cancellation of Prior Year Payable		142,948.77		
Cancellation of Budget Appropriations				3,582,362.00
Cancellation of Grants - Appropriated Reserves				153,911.97
Revenue Accounts Receivable:				
Constitutional Officers Salary Reimbursement		96,200.00		
Interfunds Returned		1,143,487.43	12,987.36	
Mortgage Receivable	15,738.64	17,620.51	30,388.88	25,093.00
Total Income	96,559,795.82	98,880,662.33	107,206,134.48	99,621,423.20
EXPENDITURES:				
Budget Appropriations:				
Operations:				
Salaries and Wages	31,311,150.00	30,690,050.00	29,344,125.00	30,958,502.00
Other Expenses	46,937,808.46	46,938,267.76	56,472,976.08	50,681,136.00
Capital Improvements	2,031,000.00	1,065,030.00	650,000.00	
Debt Service	5,276,814.61	6,023,635.88	5,908,460.51	5,505,747.00
Deferred Charges and Statutory Expenditures	8,049,409.00	8,022,568.00	8,007,614.59	7,738,605.00
Judgements				125,500.00
Other Debits to Income:				
Interfund Advances	2,778,252.29		1,501,816.85	423,336.00
Cancellation of Grants Receivable				148,844.37
Overexpenditure of Appropriation Reserves				37,464.31
Total Expenditures	96,384,434.36	92,739,551.64	101,884,993.03	95,619,134.68
Excess in Revenues	175,361.46	6,141,110.69	5,321,141.45	4,002,288.52
Adjustments to Income before Fund Balance:				
Expenditures included above which are by Statute				
Deferred Charges to the Budget of the Succeeding Year				
Overexpenditure of Appropriation Reserves	1,541,568.00			37,464.31
Statutory Excess to Fund Balance	1,716,929.46	6,141,110.69	5,321,141.45	4,039,752.83
FUND BALANCE:				
Balance January 1	8,309,120.65	6,184,690.54	4,442,737.73	2,293,157.46
	10,026,050.11	12,325,801.23	9,763,879.18	6,332,910.29
Decreased by:				
Utilized as Revenue	2,975,000.00	4,016,680.58	3,579,188.64	1,890,172.56
Balance December 31	\$ 7,051,050.11	\$ 8,309,120.65	\$ 6,184,690.54	\$ 4,442,737.73

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

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

	As of December 31,			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<u>ASSETS</u>				
Trust Other Funds:				
Cash - Treasurer	\$ 3,015,863.53	\$ 2,503,247.56	\$ 1,903,264.97	\$ 2,092,520.85
Due from Payroll Trust to Agency Trust				15.34
	<u>3,015,863.53</u>	<u>2,503,247.56</u>	<u>1,903,264.97</u>	<u>2,092,536.19</u>
Open Space and Farmland Preservation Trust:				
Cash - Treasurer	974,575.21	1,211,560.52	1,116,098.09	3,531,856.00
Investments	598,623.28	575,121.03	497,650.76	497,650.76
Due from Bank	1,277.56			
Due Current Fund	1,444,335.17	1,444,335.17	1,987,300.49	
Taxes Receivable	399.53	286.25	3,621.90	1,142.52
	<u>3,019,210.75</u>	<u>3,231,302.97</u>	<u>3,604,671.24</u>	<u>4,030,649.28</u>
Total Trust Funds	<u>\$ 6,035,074.28</u>	<u>\$ 5,734,550.53</u>	<u>\$ 5,507,936.21</u>	<u>\$ 6,123,185.47</u>
<u>LIABILITIES AND RESERVES</u>				
Trust Other Funds:				
Due Agency Trust from Payroll Trust				\$ 15.34
Due Current Fund				287.85
Reserve for:				
Accumulated Absences Trust	\$ 424,890.53	\$ 284,172.16	\$ 196,357.47	208,067.84
Commodities Resale Program	297,933.62	348,969.58	49,265.05	35,881.13
County Auction	3,552.92	3,552.92	3,552.92	3,552.92
County Clerk	195,653.11	82,785.08	60,836.71	110,758.17
Revolving Fund	2,568.88	2,568.88		
Document Preservation Fees	14,925.00			
Engineering Escrow	36,684.25	30,963.40	28,533.40	28,173.00
Environmental Enforcement	251,054.70	282,339.46	322,697.61	384,136.93
First Responder Dinner	7,392.46	7,392.46	2,630.95	129.68
Hospitalization	1.43	1.38	1.38	1.38
Housing Revitalization	73,776.46	73,590.45	72,643.12	72,364.76
Motor Vehicle Fines	125,298.84	286,793.24	151,417.72	333,659.30
Net Payroll Account	3,456.95	4,052.69	4,052.69	504.17
Parvin Bequest	33,244.34	16,910.15	4,504.01	0.01
Payroll Agency	701,398.95	382,503.70	378,294.87	328,761.91
Performance Bond - Woods Laurel Hills	3,375.00	3,375.00	3,375.00	3,375.00
Prosecutor's Office:				
Asset Maintenance Account	50.32	740.97	2,337.11	2,269.54
Auto Law Enforcement Trust Account	7,434.96	7,416.24	7,253.79	7,006.75
County Law Enforcement Trust Account	72,682.72	93,034.35	65,762.74	75,161.37
Federal County Law Enforcement Trust Account	69,972.84	74,785.94	81,548.71	68,711.86
Municipal Law Enforcement Trust Account	27,727.65	36,691.64	33,928.84	37,851.42
Seized Assets Trust Account	53,371.67	36,840.91	24,488.38	28,064.02
Road Opening Deposits	19,634.44	18,346.44	17,828.44	17,698.44
Realty Transfer Fees	106,381.05			

(Continued)

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

	As of December 31,			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Trust Other Funds (Cont'd):				
Reserves (Cont'd):				
SCAPG - Nutrition Program	\$ 14,382.76	\$ 13,363.96	\$ 2,754.61	\$ 1,323.83
SCAPG - Parvin	18,333.65	19,484.30	12,411.67	2,489.88
Self Insurance	64,420.91	64,258.46	63,408.69	45,518.89
Sheriff's Trust	54,191.19	51,773.78	45,242.08	44,919.83
Surrogate Fees	94,879.17	81,867.91	75,986.46	71,375.25
Tax Appeals Filing Fees	43,438.48	36,412.11	37,001.88	35,377.23
Unemployment Claims	44.50	44.50	44.16	44.04
Veterans Donations	26,469.44	19,673.30	17,033.41	14,891.75
Weights & Measures	152,312.86	131,111.11	119,624.31	119,263.38
Worker's Compensation	14,927.48	7,431.09	18,446.79	10,899.32
	<u>3,015,863.53</u>	<u>2,503,247.56</u>	<u>1,903,264.97</u>	<u>2,092,536.19</u>
Open Space and Farmland Preservation Trust:				
Due Current Fund				12,699.51
Reserve for Open Space and Farmland Preservation	<u>3,019,210.75</u>	<u>3,231,302.97</u>	<u>3,604,671.24</u>	<u>4,017,949.77</u>
	<u>3,019,210.75</u>	<u>3,231,302.97</u>	<u>3,604,671.24</u>	<u>4,030,649.28</u>
	<u>\$ 6,035,074.28</u>	<u>\$ 5,734,550.53</u>	<u>\$ 5,507,936.21</u>	<u>\$ 6,123,185.47</u>

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

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

	As of December 31,			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<u>ASSETS</u>				
Cash	\$ 45,815,434.73	\$11,175,626.07	\$ 9,470,752.97	\$ 4,883,663.14
Dam Restoration Loan Receivable	1,300,000.00	1,300,000.00	1,300,000.00	1,300,000.00
Due from Bank	843.30			
Grants Receivable				3,000,000.00
Due from Current Fund	1,850,393.03	903,576.93	4,110.31	
Deferred Charges to Future Taxation:				
Funded	86,340,000.00	39,430,000.00	31,524,000.00	32,134,000.00
Unfunded	1,905,428.00	5,714,667.00	10,531,384.00	8,445,364.00
	<u>\$137,212,099.06</u>	<u>\$58,523,870.00</u>	<u>\$ 52,830,247.28</u>	<u>\$49,763,027.14</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>				
Reserve for County Aid Program	\$ 4,712.74	\$ 4,712.74	\$ 4,712.74	\$ 4,712.74
Accrued Interest on Bond Sale		158,547.15	158,547.15	158,547.15
Serial Bonds Payable	85,040,000.00	38,130,000.00	30,224,000.00	30,834,000.00
Bond Anticipation Notes Payable		5,714,000.00	10,531,000.00	7,645,000.00
Improvement Authorizations:				
Funded	45,210,234.51	6,141,533.49	5,335,444.93	7,143,730.59
Unfunded	1,710,973.50	3,065,004.66	3,112,361.55	1,074,380.00
Contracts Payable	2,238,373.67	2,566,238.10	1,564,863.35	1,489,967.70
Dam Restoration Loan Payable	1,300,000.00	1,300,000.00	1,300,000.00	1,300,000.00
Reserve for Payment of Debt	270,175.75	111,628.60	111,628.60	
General Capital Fund Fund Balance	248,618.16	173,955.53	108,752.23	108,752.23
Capital Improvement Fund	1,189,010.73	1,158,249.73	378,936.73	3,936.73
	<u>\$137,212,099.06</u>	<u>\$58,523,870.00</u>	<u>\$ 52,830,247.28</u>	<u>\$49,763,027.14</u>

There were Bonds and Notes authorized, but not issued in the amount of \$384.00 and \$800,364.00 for the years ended December 31, 2018 and 2017, respectively.

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

COUNTY OF SALEM
Notes to Financial Statements
For the Year Ended December 31, 2020

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Financial Reporting Entity - The County of Salem 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 official 2020 census is 64,837.

The County operates under the commissioner form of government. The Board of Commissioners consists of five commissioner members elected at-large for three-year terms on a staggered basis. Each year, the board elects one of the Commissioners to serve as Director. The Director appoints Commissioners to be in charge of various committees. The Board, operating through the committee system, is charged with both executive and legislative responsibilities for: (1) formulating policies; (2) developing new programs; (3) appointing members of the various County commissions, authorities and boards; (4) approving the County's operating and capital budgets; and (5) appropriating the funds required from the fifteen municipal subdivisions of the County to maintain all County services.

Component Units - The financial statements of the component units of the County of Salem are not presented in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended. If the provisions of the aforementioned GASB Statement, as amended 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
286 Welchville Road, PO Box 890
Alloway, NJ 08001

Salem Community College
460 Hollywood Avenue
Carneys Point, NJ 08069

Salem County Vocational-
Technical Schools
880 Route 45
Woodstown, New Jersey 08098

Special Services School
District of the County of Salem
880 Route 45
Woodstown, New Jersey 08098

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 Township 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.

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 and farmland preservation trust 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 eighteen days after the date the budget was introduced. After the hearing has been held, the governing body may, by majority vote, adopt the budget or may amend the budget in accordance with N.J.S.A. 40A:4-9. Amendments to adopted budgets, if any, are detailed in the statements of revenues and expenditures.

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

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

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

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

New Jersey municipal units are required by N.J.S.A. 40A: 5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of investments which may be purchased by New Jersey municipal units. In addition, other State statutes permit investments in obligations issued by local utilities 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 included 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 also 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 Salem. County taxes are determined on a calendar year by the County Board of Taxation based upon the ratables required to be certified to them on January 10 of each year. Operations for every municipality is charged for the amount due the County for the year, based upon the ratables required to be certified to the County Board of Taxation by January 10 of the current year. In addition, operations for every municipality 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.

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

Appropriation Reserves - Appropriation reserves covering unexpended appropriation balances are automatically created at year-end and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments, or contracts incurred during the preceding 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 2: CASH AND CASH EQUIVALENTS

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

As of December 31, 2020, the County's bank balances of \$67,883,224.93 were exposed to custodial credit risk as follows:

Insured by FDIC and GUDPA	\$ 67,050,260.41
Uninsured and Uncollateralized	<u>832,964.52</u>
Total	<u><u>\$ 67,883,224.93</u></u>

Note 3: INVESTMENTS

New Jersey municipal units are limited as to the types of investments and types of financial institutions they may invest in. N.J.S.A. 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey municipal units. These permissible investments generally include bonds or other obligations of the United States of America or obligations guaranteed by the United States of America; government money market mutual funds; any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress; bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part or within which the school district is located; bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Local Government Services in the Department of Community Affairs for investment by local units; local government investment pools; deposits with the State of New Jersey Cash Management Fund; and agreements for the purchase of fully collateralized securities with certain provisions. The County has no investment policy that would further limit its investment choices.

Custodial Credit Risk Related to Investments - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in possession of an outside party if the counterparty to the transactions fails. Other than the rules and regulations promulgated by N.J.S.A. 40A:5-15.1, the County has no investment policy to limit its exposure to custodial credit risk. As of December 31, 2020, the County's investments were exposed to custodial credit risk as follows:

Uninsured and unregistered, with securities held by the the counterparty's trust department or agent in the County's name	\$ -
Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the County's name	598,623.28
Total	<u>\$ 598,623.28</u>

As of December 31, 2020, the County had the following investments:

<u>Investment</u>	<u>Maturities</u>	<u>Cost</u>	<u>Fair Value Hierarchy Level *</u>	<u>Fair Value</u>
US Treasury Strips	249.58 months average	<u>\$ 598,623.28</u>	Level 1	<u>\$ 1,014,742.55</u>

* Level 1 inputs are quoted (unadjusted) prices in active markets for identical assets that the government can access at the measurement date. Observable markets include exchange markets, dealer markets, brokered markets and principal-to-principal markets.

The weighted average maturity of the County's investment portfolio was 249.58 months as of December 31, 2020.

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Other than the rules and regulations promulgated by N.J.S.A. 40A:5-15.1, the County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Note 3: INVESTMENTS (CONT'D)

Credit Risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. As stated in note 1, investments are purchased in accordance with N.J.S.A. 40A:5-15.1. Other than the rules and regulations promulgated by N.J.S.A. 40A:5-15.1, the County has no investment policy that would further limit its exposure to credit risk. As of December 31, 2020, the County's investments had the following ratings:

<u>Investment</u>	<u>Standard & Poor's</u>	<u>Moody's</u>
US Treasury Strips	AAA	Aaa

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. Other than the rules and regulations promulgated by N.J.S.A. 40A:5-15.1, the County's investment policies place no limit on the amount the County may invest in any one issuer. As of December 31, 2020, 100% of the County's investments are in US Treasury Strips.

Note 4: PROPERTY TAXES

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

Comparative Schedule of Tax Rates

	<u>Year Ended</u>				
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
County Tax Rate	<u>\$ 1.197</u>	<u>\$ 1.187</u>	<u>\$ 1.164</u>	<u>\$ 1.141</u>	<u>\$ 1.066</u>
County Open Space and Farmland Preservation Tax Rate	<u>\$ 0.020</u>	<u>\$ 0.020</u>	<u>\$ 0.020</u>	<u>\$ 0.020</u>	<u>\$ 0.020</u>

Assessed Valuation

<u>Year</u>	<u>Amount</u>
2020	\$ 5,092,058,514
2019	5,023,197,445
2018	5,034,771,435
2017	4,934,856,756
2016	5,057,825,714

Note 4: PROPERTY TAXES (CONT'D)

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

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Total Collections</u>	<u>Percentage of Collections</u>
2020	\$ 60,685,357	\$ 60,685,357	100.00%
2019	58,653,268	58,653,268	100.00%
2018	58,157,686	58,157,686	100.00%
2017	55,718,512	55,718,512	100.00%
2016	52,933,660	52,933,660	100.00%

Note 5: FUND BALANCES APPROPRIATED

The following schedule details the amount of fund balances available at the end of the current year and four previous years and the amounts utilized in the subsequent year's budgets.

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
2020	\$ 7,051,050	\$ 3,677,336	52.15%
2019	8,309,121	2,975,000	35.80%
2018	6,184,691	4,016,681	64.95%
2017	4,442,739	3,579,189	80.56%
2016	2,293,158	1,890,173	82.43%

Note 6: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances were recorded on the various statements of assets, liabilities, reserves and fund balance as of December 31, 2020:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
Current	\$ 3,920,880	\$ 3,294,728
Federal and State Grant		3,920,880
Open Space Trust	1,444,335	
General Capital	1,850,393	
	<u>\$ 7,215,609</u>	<u>\$ 7,215,609</u>

The interfund receivables and payables above predominately resulted from collections and payments made by certain funds on behalf of other funds. During the year 2021, the County expects to liquidate such interfunds, depending upon the availability of cash flow.

Note 7: PENSION PLANS

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

State of New Jersey
Division of Pensions and Benefits
P.O. Box 295
Trenton, New Jersey 08625-0295

<https://www.state.nj.us/treasury/pensions/financial-reports.shtml>

General Information about the Pension Plans**Plan Descriptions**

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

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

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

Note 7: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Vesting and Benefit Provisions**

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

The following represents the membership tiers for PERS:

Tier Definition

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

Service retirement benefits of 1/55th 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.

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

The following represents the membership tiers for PFRS:

Tier Definition

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

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

Note 7: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Vesting and Benefit Provisions (Cont'd)**

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

Contributions

Public Employees' Retirement System - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Pursuant to the provisions of P.L. 2011, C. 78, the member contribution rate is currently 7.50% of base salary, effective July 1, 2018. The rate for members who are eligible for the Prosecutors Part of PERS (P.L. 2001, C. 366) is 10.0%. Employers' contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability.

Special Funding Situation Component - Under N.J.S.A. 43:15A, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation, which legally obligates the State, is Chapter 366, P.L. 2001. This legislation established the Prosecutors Part of the PERS which provides enhanced retirement benefits for Prosecutors enrolled in the PERS. The State is liable for the increased pension costs to a County that resulted from the enrollment of Prosecutors in the Prosecutors Part. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a *special funding situation* as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the Plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to disclose in the notes to the financial statements of the local participating employers related to this legislation.

The County's contractually required contribution rate for the year ended December 31, 2020 was 15.53% of the County's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2020, the County's contractually required contribution to the pension plan for the year ended December 31, 2020 is \$1,936,300.00, and is payable by April 1, 2021. Due to the basis of accounting described in note 1, no liability has been recorded in the financial statements for this amount. For the prior year measurement date of June 30, 2019, the County's contractually required contribution to the pension plan for the year ended December 31, 2019 was \$1,736,241.00, which was paid on April 1, 2020.

Employee contributions to the Plan for the year ended December 31, 2020 were \$944,393.00.

Note 7: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Contributions (Cont'd)**

Public Employees' Retirement System (Cont'd) - The amount of contractually required contribution for the State of New Jersey's proportionate share, associated with the County, for the year ended December 31, 2020 was 0.63% of the County's covered payroll.

Based on the most recent PERS measurement date of June 30, 2020, the State's contractually required contribution, on-behalf of the County, to the pension plan for the year ended December 31, 2020 was \$78,055.00, and was payable by April 1, 2021. For the prior year measurement date of June 30, 2019, the State's contractually required contribution, on-behalf of the County, to the pension plan for the year ended December 31, 2019 was \$65,801.00, which was paid on April 1, 2020.

Police and Firemen's Retirement System - The contribution policy for PFRS is set by N.J.S.A 43:16A and requires contributions by active members and contributing employers. Pursuant to the provisions of P.L. 2011, C. 78, the member contribution rate is currently 10.0% of base salary. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability.

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

The County's contractually required contribution rate for the year ended December 31, 2020 was 33.49% of the County's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Note 7: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Contributions (Cont'd)**

Police and Firemen's Retirement System (Cont'd) - Based on the most recent PFRS measurement date of June 30, 2020, the County's contractually required contribution to the pension plan for the year ended December 31, 2020 is \$3,534,664.00, and is payable by April 1, 2021. Due to the basis of accounting described in note 1, no liability has been recorded in the financial statements for this amount. For the prior year measurement date of June 30, 2019, the County's contractually required contribution to the pension plan for the year ended December 31, 2019 was \$3,101,859.00, which was paid on April 1, 2020.

Employee contributions to the Plan for the year ended December 31, 2020 were \$1,064,969.31.

The amount of contractually required contribution for the State of New Jersey's proportionate share, associated with the County, for the year ended December 31, 2020 was 4.63% of the County's covered payroll.

Based on the most recent PFRS measurement date of June 30, 2020, the State's contractually required contribution, on-behalf of the County, to the pension plan for the year ended December 31, 2020 was \$488,225.00, and is payable by April 1, 2021. For the prior year measurement date of June 30, 2019, the State's contractually required contribution, on-behalf of the County, to the pension plan for the year ended December 31, 2019 was \$399,826.00, which was paid on April 1, 2020.

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

For the year ended December 31, 2020, employee contributions totaled \$46,960.12, and the County's contributions were \$25,614.61. There were no forfeitures during the year.

Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**Public Employees' Retirement System**

Pension Liability - At December 31, 2020, the County's and State of New Jersey's proportionate share of the PERS net pension liability were as follows:

County's Proportionate Share of Net Pension Liability	\$ 28,864,209.00
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the County	<u>1,233,053.00</u>
	<u>\$ 30,097,262.00</u>

Note 7: PENSION PLANS (CONT'D)**Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)****Public Employees' Retirement System (Cont'd)**

Pension Liability (Cont'd) - The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2020. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State of New Jersey, actuarially determined. For the June 30, 2020 measurement date, the County's proportion was 0.1770008477%, which was a decrease of 0.0014952248% from its proportion measured as of June 30, 2019. Likewise, at June 30, 2020, the State of New Jersey's proportion, on-behalf of the County, was 0.9615830895%, which was a decrease of 0.0019448752% from its proportion, on-behalf of the County, measured as of June 30, 2019.

Pension Expense - For the year ended December 31, 2020, the County's proportionate share of the PERS pension (benefit) expense, calculated by the Plan as of the June 30, 2020 measurement date was \$287,321.00. This (benefit) expense is not recognized by the County because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2020, the County's contribution to PERS was \$1,736,241.00, and was paid on April 1, 2020.

For the year ended December 31, 2020, the State's proportionate share of the PERS pension (benefit) expense, associated with the County, calculated by the Plan as of the June 30, 2020 measurement date, was \$105,772.00. This on-behalf (benefit) expense is not recognized by the County because of the regulatory basis of accounting as described in note 1.

Police and Firemen's Retirement System

Pension Liability - As of December 31, 2020, the County's and State of New Jersey's proportionate share of the PERS net pension liability were as follows:

County's Proportionate Share of Net Pension Liability	\$ 40,882,306.00
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the County	<u>6,344,748.00</u>
	<u>\$ 47,227,054.00</u>

Note 7: PENSION PLANS (CONT'D)**Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)****Police and Firemen's Retirement System (Cont'd)**

Pension Liability - The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2020. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State of New Jersey, actuarially determined. For the June 30, 2020 measurement date, the County's proportion was 0.3163942191%, which was an increase of 0.0093130923% from its proportion measured as of June 30, 2019. Likewise, at June 30, 2020, the State of New Jersey's proportion, on-behalf of the County, was 0.3163942191%, which was an increase of 0.0093130923% from its proportion, on-behalf of the County, measured as of June 30, 2019.

Pension Expense - For the year ended December 31, 2020, the County's proportionate share of the PFRS pension (benefit) expense, calculated by the Plan as of the June 30, 2020 measurement date was \$3,275,525.00. This (benefit) expense is not recognized by the County because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2020, the County's contribution to PFRS was \$3,101,859.00, and was paid on April 1, 2020.

For the year ended December 31, 2020, the State's proportionate share of the PFRS pension (benefit) expense, associated with the County, calculated by the Plan as of the June 30, 2020 measurement date, was \$719,050.00. This on-behalf (benefit) expense is not recognized by the County because of the regulatory basis of accounting as described in note 1.

Deferred Outflows of Resources and Deferred Inflows of Resources - As of December 31, 2020, the County had deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources			Deferred Inflows of Resources		
	PERS	PFRS	Total	PERS	PFRS	Total
Differences between Expected and Actual Experience	\$ 525,570.00	\$ 412,163.00	\$ 937,733.00	\$ 102,076.00	\$ 146,722.00	\$ 248,798.00
Changes of Assumptions	936,388.00	102,880.00	1,039,268.00	12,085,718.00	10,960,302.00	23,046,020.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments	986,602.00	2,397,121.00	3,383,723.00	-	-	-
Changes in Proportion and Differences between County Contributions and Proportionate Share of Contributions	345,936.00	2,228,275.00	2,574,211.00	2,674,453.00	1,933,331.00	4,607,784.00
County Contributions Subsequent to the Measurement Date	968,150.00	1,767,332.00	2,735,482.00	-	-	-
	<u>\$ 3,762,646.00</u>	<u>\$ 6,907,771.00</u>	<u>\$ 10,670,417.00</u>	<u>\$ 14,862,247.00</u>	<u>\$ 13,040,355.00</u>	<u>\$ 27,902,602.00</u>

Note 7: PENSION PLANS (CONT'D)**Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd) - Deferred outflows of resources in the amounts of \$968,150.00 and \$1,767,332.00 for PERS and PFRS, respectively, will be included as a reduction of the net pension liability during the year ending December 31, 2021. These amounts were based on an estimated April 1, 2022 contractually required contribution, prorated from the pension plans' measurement date of June 30, 2020 to the County's year end of December 31, 2020.

The County will amortize the other deferred outflows of resources and deferred inflows of resources related to pensions over the following number of years:

	PERS		PFRS	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience				
Year of Pension Plan Deferral:				
June 30, 2015	5.72	-	-	5.53
June 30, 2016	5.57	-	-	5.58
June 30, 2017	5.48	-	5.59	-
June 30, 2018	-	5.63	5.73	-
June 30, 2019	5.21	-	-	5.92
June 30, 2020	5.16	-	5.90	-
Changes of Assumptions				
Year of Pension Plan Deferral:				
June 30, 2014	6.44	-	6.17	-
June 30, 2015	5.72	-	5.53	-
June 30, 2016	5.57	-	5.58	-
June 30, 2017	-	5.48	-	5.59
June 30, 2018	-	5.63	-	5.73
June 30, 2019	-	5.21	-	5.92
June 30, 2020	-	5.16	-	5.90
Net Difference between Projected and Actual Earnings on Pension Plan Investments				
Year of Pension Plan Deferral:				
June 30, 2016	5.00	-	5.00	-
June 30, 2017	5.00	-	5.00	-
June 30, 2018	5.00	-	5.00	-
June 30, 2019	5.00	-	5.00	-
June 30, 2020	5.00	-	5.00	-
Changes in Proportion and Differences between County Contributions and Proportionate Share of Contributions				
Year of Pension Plan Deferral:				
June 30, 2014	6.44	6.44	6.17	6.17
June 30, 2015	5.72	5.72	5.53	5.53
June 30, 2016	5.57	5.57	5.58	5.58
June 30, 2017	5.48	5.48	5.59	5.59
June 30, 2018	5.63	5.63	5.73	5.73
June 30, 2019	5.21	5.21	5.92	5.92
June 30, 2020	5.16	5.16	5.90	5.90

Note 7: PENSION PLANS (CONT'D)**Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

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

<u>Year Ending Dec 31,</u>	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>
2021	\$ (4,307,014.00)	\$ (3,554,585.00)	\$ (7,861,599.00)
2022	(4,239,815.00)	(2,642,936.00)	(6,882,751.00)
2023	(2,491,981.00)	(1,309,617.00)	(3,801,598.00)
2024	(853,461.00)	(276,789.00)	(1,130,250.00)
2025	(175,480.00)	(115,989.00)	(291,469.00)
	<u><u>\$(12,067,751.00)</u></u>	<u><u>\$ (7,899,916.00)</u></u>	<u><u>\$(19,967,667.00)</u></u>

Actuarial Assumptions

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2020. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	<u>PERS</u>	<u>PFRS</u>
Inflation Rate:		
Price	2.75%	2.75%
Wage	3.25%	3.25%
Salary Increases: ⁽¹⁾		
Through 2026	2.00% - 6.00%	
Thereafter	3.00% - 7.00%	
Through All Future Years		3.25% - 15.25%
Investment Rate of Return	7.00%	7.00%
Period of Actuarial Experience Study upon which Actuarial Assumptions were Based	July 1, 2014 - June 30, 2018	July 1, 2013 - June 30, 2018

⁽¹⁾ based on years of service

Note 7: PENSION PLANS (CONT'D)**Actuarial Assumptions (Cont'd)****Public Employees' Retirement System**

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

Police and Firemen's Retirement System

Pre-retirement mortality rates were based on the Pub-2010 Safety Employee mortality table with a 105.6% adjustment for males and 102.5% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Safety Retiree Below-Median Income Weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For beneficiaries (contingent annuitants), the Pub-2010 General Retiree Below-Median Income Weighted mortality table was used, unadjusted, and with future improvement from the base year of 2010 on a generational basis. Disability rates were based on the Pub-2010 Safety Disabled Retiree mortality table with a 152.0% adjustment for males and 109.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

For both PERS and PFRS, in accordance with State statute, the long-term expected rate of return on Plan investments (7.00% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension Plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS' and PFRS' target asset allocation as of June 30, 2020 are summarized in the table that follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	7.71%
Non-US Developed Markets Equity	13.50%	8.57%
Emerging Market Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Mitigation Strategies	3.00%	3.40%
	<u>100.00%</u>	

Note 7: PENSION PLANS (CONT'D)**Actuarial Assumptions (Cont'd)****Discount Rate -**

Public Employees' Retirement System - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. This 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 2.21% as of the June 30, 2020 measurement date 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 would be based on 78% of the actuarially determined contributions for the State and 100% of actuarially determined contributions for the local employers. 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. Therefore, the long-term expected rate of return on Plan investments was applied to all projected benefit payments to determine the total pension liability.

Police and Firemen's Retirement System - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. This 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 2.21% as of June 30, 2020 measurement date 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 based on 78% of the actuarially determined contributions for the State and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all projected benefit payments to determine the total pension liability.

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

Public Employees' Retirement System (PERS) - The following presents the County's proportionate share of the net pension liability as of the June 30, 2020 measurement date, calculated using a discount rate of 7.00%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	PERS		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
County's Proportionate Share of the Net Pension Liability	<u>\$ 36,335,224.00</u>	<u>\$ 28,864,209.00</u>	<u>\$ 22,524,849.00</u>

Note 7: PENSION PLANS (CONT'D)**Sensitivity of County's Proportionate Share of Net Pension Liability to Changes in the Discount Rate (Cont'd)**

Public Employees' Retirement System (PERS) - As previously mentioned, PERS has a special funding situation, where the State of New Jersey pays a portion of the County's annual required contribution. As such, the net pension liability as of the June 30, 2020 measurement date, for the County and the State of New Jersey, calculated using a discount rate of 7.00%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used, is as follows:

	PERS		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
County's Proportionate Share of the Net Pension Liability	\$ 36,335,224.00	\$ 28,864,209.00	\$ 22,524,849.00
State of New Jersey's Proportionate Share of Net Pension Liability associated with the County	1,552,208.00	1,233,053.00	962,241.00
	<u>\$ 37,887,432.00</u>	<u>\$ 30,097,262.00</u>	<u>\$ 23,487,090.00</u>

Police and Firemen's Retirement System (PFRS) - As previously mentioned, PFRS has a special funding situation, where the State of New Jersey pays a portion of the County's annual required contribution. As such, the net pension liability as of the June 30, 2020 measurement date, for the County and the State of New Jersey, calculated using a discount rate of 7.00%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used, is as follows:

	PFRS		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
County's Proportionate Share of the Net Pension Liability	\$ 54,365,052.00	\$ 40,882,306.00	\$ 29,683,855.00
State of New Jersey's Proportionate Share of Net Pension Liability associated with the County	8,437,208.00	6,344,748.00	4,606,799.00
	<u>\$ 62,802,260.00</u>	<u>\$ 47,227,054.00</u>	<u>\$ 34,290,654.00</u>

Pension Plan Fiduciary Net Position

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

Note 7: PENSION PLANS (CONT'D)**Supplementary Pension Information**

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

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

	Measurement Date Ended June 30,			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
County's Proportion of the Net Pension Liability	0.1770008477%	0.1784960725%	0.1812480983%	0.1978902693%
County's Proportionate Share of the Net Pension Liability	\$ 28,864,209.00	\$ 32,162,284.00	\$ 35,686,847.00	\$ 46,065,692.00
County's Covered Payroll (Plan Measurement Period)	\$ 11,990,288.00	\$ 11,822,252.00	\$ 11,944,984.00	\$ 12,994,764.00
County's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	240.73%	272.05%	298.76%	354.49%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	58.32%	56.27%	53.60%	48.10%
	Measurement Date Ended June 30,			
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
County's Proportion of the Net Pension Liability	0.2024000348%	0.1853809517%	0.1806080846%	0.1878411900%
County's Proportionate Share of the Net Pension Liability	\$ 59,945,085.00	\$ 41,614,309.00	\$ 33,814,773.00	\$ 35,900,184.00
County's Covered Payroll (Plan Measurement Period)	\$ 13,034,372.00	\$ 11,865,488.00	\$ 11,696,100.00	\$ 11,871,648.00
County's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	459.90%	350.72%	289.11%	302.40%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	40.14%	47.93%	52.08%	48.72%

Note 7: PENSION PLANS (CONT'D)**Supplementary Pension Information (Cont'd)*****Schedule of the County's Contributions - Public Employees' Retirement System (PERS) (Last Eight Years)***

	<u>Year Ended December 31,</u>			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
County's Contractually Required Contribution	\$ 1,936,300.00	\$ 1,736,241.00	\$ 1,802,833.00	\$ 1,833,242.00
County's Contribution in Relation to the Contractually Required Contribution	<u>\$ (1,936,300.00)</u>	<u>\$ (1,736,241.00)</u>	<u>(1,802,833.00)</u>	<u>(1,833,242.00)</u>
County's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's Covered Payroll (Calendar Year)	\$ 12,471,849.00	\$ 11,934,860.00	\$ 11,859,101.00	\$ 11,933,090.00
County's Contributions as a Percentage of Covered Payroll	15.53%	14.55%	15.20%	15.36%
	<u>Year Ended December 31,</u>			
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
County's Contractually Required Contribution	\$ 1,798,093.00	\$ 1,593,779.00	\$ 1,488,907.00	\$ 1,415,345.00
County's Contribution in Relation to the Contractually Required Contribution	<u>(1,798,093.00)</u>	<u>(1,593,779.00)</u>	<u>(1,488,907.00)</u>	<u>(1,415,345.00)</u>
County's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's Covered Payroll (Calendar Year)	\$ 12,842,076.00	\$ 12,843,561.00	\$ 12,136,471.00	\$ 11,652,247.00
County's Contributions as a Percentage of Covered Payroll	14.00%	12.41%	12.27%	12.15%

Note 7: PENSION PLANS (CONT'D)**Supplementary Pension Information (Cont'd)*****Schedule of the County's Proportionate Share of the Net Pension Liability - Police and Firemen's Retirement System (PFRS) (Last Eight Plan Years)***

	Measurement Date Ended June 30,			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
County's Proportion of the Net Pension Liability	0.3163942191%	0.3070811268%	0.3124086669%	0.3307208989%
County's Proportionate Share of the Net Pension Liability	\$ 40,882,306.00	\$ 37,580,032.00	\$ 42,274,043.00	\$ 51,056,913.00
State's Proportionate Share of the Net Pension Liability associated with the County	6,344,748.00	5,933,958.00	5,742,230.00	5,718,804.00
Total	<u>\$ 47,227,054.00</u>	<u>\$ 43,513,990.00</u>	<u>\$ 48,016,273.00</u>	<u>\$ 56,775,717.00</u>
County's Covered Payroll (Plan Measurement Period)	\$ 10,827,528.00	\$ 10,398,200.00	\$ 10,415,676.00	\$ 10,771,828.00
County's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	377.58%	361.41%	405.87%	473.99%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	63.52%	65.00%	62.48%	58.60%
	Measurement Date Ended June 30,			
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
County's Proportion of the Net Pension Liability	0.3100319083%	0.3031406092%	0.2524046448%	0.2539736183%
County's Proportionate Share of the Net Pension Liability	\$ 59,224,025.00	\$ 50,492,659.00	\$ 31,750,163.00	\$ 33,763,501.00
State's Proportionate Share of the Net Pension Liability associated with the County	4,973,349.00	4,428,037.00	3,418,959.00	3,147,167.00
Total	<u>\$ 64,197,374.00</u>	<u>\$ 54,920,696.00</u>	<u>\$ 35,169,122.00</u>	<u>\$ 36,910,668.00</u>
County's Covered Payroll (Plan Measurement Period)	\$ 9,879,932.00	\$ 9,599,900.00	\$ 7,886,060.00	\$ 8,013,528.00
County's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	599.44%	525.97%	402.61%	421.33%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.01%	56.31%	62.41%	58.70%

Note 7: PENSION PLANS (CONT'D)**Supplementary Pension Information (Cont'd)*****Schedule of the County's Contributions - Police and Firemen's Retirement System (PFRS) (Last Eight Years)***

	<u>Year Ended December 31,</u>			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
County's Contractually Required Contribution	\$ 3,534,664.00	\$ 3,101,859.00	\$ 3,054,255.00	\$ 2,926,941.00
County's Contribution in Relation to the Contractually Required Contribution	(3,534,664.00)	(3,101,859.00)	(3,054,255.00)	(2,926,941.00)
County's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's Covered Payroll (Calendar Year)	\$ 10,553,003.00	\$ 10,684,652.00	\$ 10,478,405.00	\$ 10,185,316.00
County's Contributions as a Percentage of Covered Payroll	33.49%	29.03%	29.15%	28.74%
	<u>Year Ended December 31,</u>			
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
County's Contractually Required Contribution	\$ 2,527,816.00	\$ 2,464,081.00	\$ 1,938,642.00	\$ 1,852,935.00
County's Contribution in Relation to the Contractually Required Contribution	(2,527,816.00)	(2,464,081.00)	(1,938,642.00)	(1,852,935.00)
County's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's Covered Payroll (Calendar Year)	\$ 10,643,108.00	\$ 9,991,339.00	\$ 9,540,873.00	\$ 8,048,663.00
County's Contributions as a Percentage of Covered Payroll	23.75%	24.66%	20.32%	23.02%

Note 7: PENSION PLANS (CONT'D)**Supplementary Pension Information (Cont'd)****Other Notes to Supplementary Pension Information*****Public Employees' Retirement System (PERS)*****Changes in Benefit Terms**

The June 30, 2020 measurement date included two changes to the plan provisions. Chapter 157, P.L. 2019 expanded the definition of regular or assigned duties for purposes of accidental disability. The Division of Pension and Benefits (DPB) also adopted a new policy regarding the crediting of interest on member contributions for the purpose of refund of accumulated deductions.

Changes in Assumptions

The discount rate used as of June 30 measurement date is as follows:

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2020	7.00%	2016	3.98%
2019	6.28%	2015	4.90%
2018	5.66%	2014	5.39%
2017	5.00%		

The long-term expected rate of return used as of June 30 measurement date is as follows:

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2020	7.00%	2016	7.65%
2019	7.00%	2015	7.90%
2018	7.00%	2014	7.90%
2017	7.00%		

The mortality assumption was updated upon direction from the DPB.

Police and Firemen's Retirement System (PFRS)**Changes in Benefit Terms**

None

Changes in Assumptions

The discount rate used as of June 30 measurement date is as follows:

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2020	7.00%	2016	5.55%
2019	6.85%	2015	5.79%
2018	6.51%	2014	6.32%
2017	6.14%		

Note 7: PENSION PLANS (CONT'D)**Supplementary Pension Information (Cont'd)****Other Notes to Supplementary Pension Information (Cont'd)*****Police and Firemen's Retirement System (PFRS) (Cont'd)*****Changes in Assumptions (Cont'd)**

The long-term expected rate of return used as of June 30 measurement date is as follows:

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2020	7.00%	2016	7.65%
2019	7.00%	2015	7.90%
2018	7.00%	2014	7.90%
2017	7.00%		

The mortality assumption was updated upon direction from the DPB.

Note 8: COMPENSATED ABSENCES

Under existing policies of the County, upon retirement employees will receive one-half of the accumulated unused sick leave to a maximum of \$15,000.00. Unused accumulated vacation is paid for at straight time. A maximum of ten vacation days may be carried over at the end of the year unless approval to carryover more is granted.

The accumulated cost of unused sick and vacation time has not been recorded in the financial statements as presented, however at December 31, 2020, it is calculated that accrued unused sick and vacation time payable are valued at \$1,302,069.21.

The County has established a Compensated Absences Trust Fund to set aside funds for future payments of compensated absences. At December 31, 2020, the balance of the fund was \$424,890.53.

Note 9: DEFERRED COMPENSATION SALARY ACCOUNT

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

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

Note 10: LEASE OBLIGATIONS

At December 31, 2020, the County had lease agreements in effect for the following:

Operating:
 Eight (8) Copier Agreements
 One (1) Parking Lot Lease

Future minimum lease payments under operating lease agreements are as follows:

<u>Year</u>	<u>Amount</u>
2021	\$ 43,224
2022	42,816
2023	31,403
2024	22,688
2025-2030	146,964

Rental payments under operating leases for the year 2020 were \$43,877.65.

Note 11: CAPITAL DEBT**General Debt – Serial Bonds**

Governmental Obligation Bonds, Series 2011, - On May 18, 2011, the County issued \$6,300,000.00 with interest rates varying from 2.000% to 4.000%. The purpose of the bonds was to fund various capital projects in the County. The final maturity of bonds is May 1, 2026.

County College Bonds, Series 2012 - On March 15, 2012, the County issued \$2,100,000.00 of County College bonds with interest rates ranging from 2.000% to 3.000%. The purpose of the bonds was to fund improvements at the County College. The final maturity of the bonds is March 15, 2022.

County College Bonds, Series 2014 - On June 19, 2014, the County issued \$2,700,000.00 of County College bonds with interest rates ranging from 2.000% to 3.250%. The purpose of the bonds was to fund improvements at the County College. The final maturity of the bonds is March 15, 2029.

General Obligation Refunding Bonds, Series 2014, - On June 27, 2014, the County issued \$2,700,000.00 with interest rates varying from 2.000% to 5.000%. The purpose of the bonds was to refund debt issued in a prior period. The final maturity of bonds is April 1, 2025.

Special Services Refunding School Bonds, Series 2015 - On May 1, 2015, the County issued \$3,885,000.00 of Special Services Refunding School bonds with interest rates ranging from 1.000% to 3.500%. The purpose of the bonds was to refund debt issued in a prior period. The final maturity of the bonds is October 1, 2028.

General Obligation Refunding Bonds, Series 2016, - On September 20, 2016, the County issued \$6,035,000.00 with interest rates varying from 2.000% to 4.000%. The purpose of the bonds was to refund debt issued in a prior period. The final maturity of bonds is March 15, 2029.

Governmental Obligation Bonds, Series 2016, - On October 5, 2016, the County issued \$6,949,000.00 with interest rates varying from 2.000% to 4.000%. The purpose of the bonds was to fund various capital projects in the County and Vocational and Technical School. The final maturity of bonds is October 1, 2032.

Note 11: CAPITAL DEBT (CONT'D)**General Debt – Serial Bonds (Cont'd)**

County College Bonds, Series 2018 - On June 20, 2018, the County issued \$2,600,000.00 of County College bonds with interest rates ranging from 3.000% to 3.250%. The purpose of the bonds was to fund improvements at the County College. The final maturity of the bonds is March 15, 2033.

Governmental Obligation Bonds, Series 2019, - On June 18, 2019, the County issued \$9,942,000.00 with interest rates varying from 2.000% to 4.000%. The purpose of the bonds was to fund various capital projects in the County. The final maturity of bonds is June 15, 2034.

County College Bonds, Series 2019 - On June 18, 2019, the County issued \$1,500,000.00 of County College bonds with interest rates ranging from 2.000% to 4.000%. The purpose of the bonds was to fund improvements at the County College. The final maturity of the bonds is June 15, 2031.

Governmental Obligation Bonds, Series 2020A, - On July 24, 2020, the County issued \$37,805,000.00 general improvement bonds with interest rates varying from 2.000% to 4.000%. The purpose of the bonds was to fund various improvements and additions to the County Courthouse and Administration Building. The final maturity of the bonds is June 15, 2050.

Governmental Obligation Bonds, Series 2020B, - On July 24, 2020, the County issued \$7,800,000.00 Vocational-Technical School Bonds with interest rates varying from 2.000% to 4.000%. The purpose of the bonds was to refund \$1,900,000.00 in Bond Anticipation Notes and to fund additional various improvements to the Salem County Career and Technical High School. The final maturity of the bonds is June 15, 2040.

Governmental Obligation Bonds, Series 2020C, - On July 24, 2020, the County issued \$4,545,000.00 general improvement bonds with interest rates varying from 2.000% to 4.000%. The purpose of the bonds was to refund \$4,914,000.00 in Bond Anticipation Notes, which were issued to fund various capital improvements in and for the County. The final maturity of the bonds is June 15, 2030.

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

General Debt - Serial Bonds

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 4,610,000	\$ 2,330,591	\$ 6,940,591
2022	4,745,000	2,167,791	6,912,791
2023	4,915,000	1,989,578	6,904,578
2024	5,085,000	1,810,638	6,895,638
2025	5,230,000	1,616,784	6,846,784
2026-2030	23,420,000	5,678,975	29,098,975
2031-2035	13,830,000	3,389,303	17,219,303
2036-2040	9,305,000	2,145,213	11,450,213
2041-2045	6,950,000	1,264,900	8,214,900
2046-2050	6,950,000	433,506	7,383,506
	<u>\$ 85,040,000</u>	<u>\$ 22,827,278</u>	<u>\$ 107,867,278</u>

Note 11: CAPITAL DEBT (CONT'D)

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

General Debt - Loans

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 31,205	\$ 13,000	\$ 44,205
2022	63,349	25,061	88,410
2023	64,622	23,787	88,410
2024	65,921	22,489	88,410
2025	67,246	21,164	88,410
2026-2030	357,057	84,991	442,048
2031-2035	394,413	47,635	442,048
2036-2038	256,188	9,041	265,229
	<u>\$ 1,300,000</u>	<u>\$ 247,168</u>	<u>\$ 1,547,168</u>

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

Summary of Debt

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>Issued</u>			
General:			
Bonds, Loans and Notes	\$ 86,340,000	\$ 45,144,000	\$ 42,055,000
Total Issued	<u>86,340,000</u>	<u>45,144,000</u>	<u>42,055,000</u>
<u>Authorized but not Issued</u>			
General:			
Bonds, Loans and Notes	1,905,428	667	384
Total Authorized but not Issued	<u>1,905,428</u>	<u>667</u>	<u>384</u>
Total Issued and Authorized but not Issued	<u>88,245,428</u>	<u>45,144,667</u>	<u>42,055,384</u>
<u>Deductions</u>			
General:			
Open Space Funds Held to Pay Bonds and Notes	3,019,211	3,231,303	3,604,671
Accounts Receivable Chapter 12 County College Debt	<u>3,000,000</u>	<u>3,327,500</u>	<u>2,890,000</u>
Total Deductions	<u>6,019,211</u>	<u>6,558,803</u>	<u>6,494,671</u>
Net Debt	<u>\$ 82,226,217</u>	<u>\$ 38,585,864</u>	<u>\$ 35,560,713</u>

Note 11: CAPITAL DEBT (CONT'D)**Summary of Statutory Debt Condition - Annual Debt Statement**

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the annual debt statement and indicated a statutory net debt of 1.643%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Debt Guaranteed by the County	\$ 14,518,424	\$ 14,518,424	
General Debt	88,245,428	6,019,211	\$ 82,226,217
	<u>\$ 102,763,852</u>	<u>\$ 20,537,635</u>	<u>\$ 82,226,217</u>

Net debt \$82,226,217.00 divided by the equalized valuation basis per N.J.S.A.40A:2-2, as amended, \$5,004,028,502.00, equals 1.643%.

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

2% of Equalized Valuation Basis (County)	\$ 100,080,570
Less: Net Debt	<u>82,226,217</u>
Remaining Borrowing Power	<u>\$ 17,854,353</u>

Note 12: COUNTY GUARANTEES

The County of Salem adopted resolutions in 2016 authorizing the guaranty for the Salem County Improvement Authority County Lease Revenue Refunding Bonds (County Glass Blowing Project). Bonds in the amount of \$1,380,000.00 were issued on December 21, 2016. At December 31, 2020, bonds in the amount of \$1,105,000.00 were outstanding. The final payment on these bonds is April 15, 2028.

The County of Salem adopted resolutions in 2016 authorizing the guaranty for the Salem County Improvement Authority New Jersey Environmental Infrastructure Trust loans for the construction of Cell 11 of the landfill. Loans in the amount of totaling \$7,565,088.00 were issued on May 25, 2017 and \$7,473,075.00 was issued February 19, 2020. At December 31, 2020, loans in the amount of \$13,413,423.95 were outstanding. The final payment on the loans totaling \$7,565,088.00 is March 1, 2036 and February 1, 2022 for the loan totaling \$7,473,075.00.

Note 13: OPEN SPACE AND FARMLAND 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 Salem County authorized the establishment of the Salem County Open Space and Farmland 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 purposed stated. Interest earned on the investment of these funds is credited to the Salem County Open Space and Farmland Preservation Trust Fund.

Note 14: TAX ABATEMENTS

Municipalities within the County are authorized to enter into property tax abatement agreements for commercial and industrial structures under N.J.S.A. 40A:21-1 (Chapter 441, P.L. 1991) known as the "Five Year Exemption and Abatement Law". Under this law, municipalities may grant property tax abatements for a period of five years from the date of completion of construction for the purpose of encouraging the construction of new commercial and industrial structures. The first calendar year following completion, 0 percent of taxes are due, and each subsequent calendar the percentage of taxes due increases by 20 percent. During the 6th calendar year, 100 percent of taxes are assessed and due. The property owner agrees that the payment in lieu of taxes shall be made to the municipality in quarterly installments on those dates when real estate tax payments are due. Failure to make timely payments shall result in interest being assessed at the highest rate permitted for unpaid taxes and a real property tax lien on the land.

For 2020, the Abstract of Ratables for Salem County indicated 1 of 15 municipalities abated property taxes under this program. The total assessed value abated was \$66,480.00. At a County tax rate of \$1.197, \$795.77 of taxes would be considered abated.

Note 15: 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 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 deficiencies 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 Commissioners 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 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 Commissioners pursuant to Section 401 of this Article."

In 1984, prior year advances to the Authority of \$215,000.00 were repaid to the County of Salem.

Subsequent to 1984 through December 31, 2020 the Authority has not requested any advances resulting from deficiencies or for any other purpose.

Note 16: CONTINGENCIES

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

Litigation - The County is a defendant in several legal proceedings that are in various stages of litigation. It is believed that the outcome, or exposure to the County, from such litigation is either unknown or potential losses, if any, would not exceed applicable insurance coverages.

Note 17: CONCENTRATIONS

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

Note 18: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS**A. COUNTY OF SALEM POSTEMPLOYMENT BENEFIT PLAN**

Plan Description and Benefits Provided - The County provides postretirement health care benefits through a health plan for retirees, which includes a medical and prescription plan. The County's plan provides a single employer post-employment healthcare plan, which is not administered through a trust that meets the criteria in paragraph 4 of the GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*, and covers the following retiree population: 1) retirement on a disability pension, 2) 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, 3) retirement at age 62 or older with at least 15 years of service with the County (adopted 1/17/2007, revised 7/17/2013), 4) retirement with 25 years or more of service credit in a state or locally-administered retirement system, provided the retiring employee was employed by the County as of August 1, 1991. Years of service are calculated based upon elapsed time. The plan is administered by the County; therefore, premium payments are made directly to the insurance carriers.

Employees Covered by Benefit Terms - As of December 31, 2020, the most recent actuarial valuation date, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	217
Inactive Employees Entitled to but Not Yet Receiving Benefit Payments	-
Active Employees	437
	<hr/>
	654
	<hr/>

Note 18: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**A. COUNTY OF SALEM POSTEMPLOYMENT BENEFIT PLAN (CONT'D)****Total OPEB Liability**

The County's total OPEB liability of \$312,822,750.00 was measured as of December 31, 2020 and was determined by an actuarial valuation as of December 31, 2020.

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

Inflation	
Salary Increases	2.02%
Discount Rate	3.00%
Healthcare Cost Trend Rates	Year 1 Trend - 7.0%
	Ultimate Trend - 4.5%
	Grading Per Year - 0.25%
Retirees' Share of Benefit-Related Costs	0% - the County pays 100% of the benefit cost for retirees and their dependents.

The discount rate was based on the Bond Buyer 20 Index.

Mortality rates were based on the Society of Actuaries Pub-2010 Public Retirement Plans Healthy Male and Female Total Dataset Headcount-Weighted Mortality tables using Employee and Healthy Annuitant Tables for both pre and post retirement projected with mortality improvements.

An experience study was not performed on the actuarial assumptions used in the December 31, 2020 valuation since the Plan had insufficient data to produce a study with credible results. Mortality rates, termination rates and retirement rates were based on standard tables issued by Society of Actuaries.

The actuary has used their professional judgement in applying these assumptions to this Plan.

Changes in Total OPEB Liability

Balance at December 31, 2019	\$465,171,703.00
Changes for the Year:	
Service Cost	\$ 6,121,672.00
Interest Cost	9,351,773.00
Benefit Payments	(4,425,303.00)
Changes in Assumptions	-
Difference between Expected and Actual Experience	<u>(163,397,095.00)</u>
Net Changes	<u>(152,348,953.00)</u>
Balance at December 31, 2020	<u><u>\$312,822,750.00</u></u>

Changes of benefit terms reflect no increase in the retirees' share of health insurance premiums.

Changes of assumptions and other inputs reflect a change in the discount rate from 2.90% at December 31, 2019 to 2.02% at December 31, 2020.

Note 18: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**A. COUNTY OF SALEM POSTEMPLOYMENT BENEFIT PLAN (CONT'D)**

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

	December 31, 2020		
	1.00% Decrease <u>(1.02%)</u>	Current Discount Rate <u>(2.02%)</u>	1.00% Increase <u>(3.02%)</u>
Total OPEB Liability	<u>\$411,184,130.00</u>	<u>\$312,822,750.00</u>	<u>\$244,117,959.00</u>

The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	December 31, 2020		
	1.00% Decrease	Healthcare Cost Trend Rates	1.00% Increase
Total OPEB Liability	<u>\$244,224,362.00</u>	<u>\$312,822,750.00</u>	<u>\$409,671,150.00</u>

OPEB (Benefit) Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - For the year ended December 31, 2020, the County recognized OPEB (benefit) expense of \$10,639,220.00. As of December 31, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$143,758,021.00	\$ -
Changes in Method		
Difference Between Expected and Actual Experience	-	75,236,336.00
	<u>\$143,758,021.00</u>	<u>\$ 75,236,336.00</u>

Note 18: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**A. COUNTY OF SALEM POSTEMPLOYMENT BENEFIT PLAN (CONT'D)**

OPEB (Benefit) Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Cont'd) - Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB (benefit) expense as follows:

Year Ending Dec 31,	
2021	\$ 7,734,590.00
2022	7,734,590.00
2023	7,734,590.00
2024	7,734,590.00
2025	7,734,590.00
Thereafter	29,848,735.00
	<u>\$ 68,521,685.00</u>

Supplementary OPEB Information

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

Schedule of Changes in the County's Total OPEB Liability and Related Ratios (Last Three Years)

	Plan Measurement Date December 31,		
	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability			
Service Cost	\$ 6,121,672.00	\$ 6,451,154.00	\$ 5,207,943.00
Interest Cost	9,351,773.00	12,995,450.00	12,761,378.00
Benefit Payments	(4,425,303.00)	(4,787,736.00)	(4,655,033.00)
Changes in Assumptions	-	99,045,304.00	-
Difference Between Expected and Actual Experience	(163,397,095.00)	-	-
Net Change in Total OPEB Liability	(152,348,953.00)	113,704,172.00	13,314,288.00
Total OPEB Liability - Beginning of Fiscal Year	465,171,703.00	351,467,531.00	338,153,243.00
Total OPEB Liability - End of Fiscal Year	<u>\$ 312,822,750.00</u>	<u>\$ 465,171,703.00</u>	<u>\$ 351,467,531.00</u>
Covered-Employee Payroll	\$ 30,076,125.00	\$ 26,734,753.00	\$ 26,734,753.00
Total OPEB Liability as a Percentage of Covered Payroll	1040.10%	1739.95%	1314.65%

Note 18: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**A. COUNTY OF SALEM POSTEMPLOYMENT BENEFIT PLAN (CONT'D)****Other Notes to Supplementary OPEB Information**Changes in Benefit Terms

None

Changes in Assumptions

The discount rate changed from 2.90% as of December 31, 2019 to 2.02% as of December 31, 2020.

Note 19: RISK MANAGEMENT

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

Property and Liability Insurance - The County maintains commercial insurance coverage for property, general liability, automobile liability, automobile physical damage, cyber liability, excess worker's compensation, pollution, storage tanks, railroad, blanket surety bonds, accident and health, excess and umbrella (GL/LEL/PEML/PEEPL) etc.

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:

<u>Year</u>	<u>Trust Fund</u>			<u>Current Fund</u>
	<u>County Contributions</u>	<u>Interest Earnings</u>	<u>Ending Balance</u>	<u>Amount Reimbursed</u>
2020	-	-	\$ 44.50	\$ 35,737.76
2019	-	\$ 0.34	44.50	27,245.73
2018	-	0.12	44.16	37,788.35

Self-Insurance Plan - 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, 2020, the estimated payable for the workers' compensation insurance was \$182,950, 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 \$489,150, the amount that the records of the administrator of the plan show as the estimated maximum amount of potential claims reported, at December 31, 2019. Such liability at this time is not known.

Note 19: RISK MANAGEMENT

Self-Insurance Plan (Cont'd) - 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, 2019. 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 2021 or future budgets. At December 31, 2020, the balances of the plans were as follows:

<u>Insurance Plan</u>	<u>Amount</u>
Reserve for Worker's Compensation - Trust Fund	\$ 14,927.48
Reserve for Self Insurance - Trust Fund	64,420.91
Hospitalization - Trust Fund	1.43

Note 20: CHANGE ORDERS

During the year 2020, the County amended contracts by approving the following change orders that resulted in the total amount of change orders executed for these projects to exceed the originally awarded contract price by more than twenty percent (20%):

<u>Resolution Number</u>	<u>Description</u>
Resolution #2020-111	Change Order #1 Contract for Professional Soil and Groundwater Remediation Services
Resolution #2020-120	Change Order #1 Contract for Purchase of Election Materials (07.01.19-06.30.20)
Resolution #2020-231	Change Order #3 Contract for Legal Services to Senior Salem County Residents
Resolution #2020-232	Change Order #6 Contract for Congregate Services to Senior Salem County Residents
Resolution #2020-233	Change Order #4 Contract for Assisted Transportation Services to Senior Salem County Residents
Resolution #2020-234	Change Order #5 Contract for Housekeeping Services to Senior Salem County Residents
Resolution #2020-268	Change Order #7 Contract for Residential Maintenance Services to Senior Salem County Residents
Resolution #2020-318	Change Order #2 Contract for Professional Soil and Groundwater Remediation Services
Resolution #2020-373	Change Order #7 Contract for Resurfacing of Woodstown-Alloway Road, CR #603
Resolution #2020-429	Change Order #1 Contract for Purchase of Election Materials(07.01.20-06.30.21)

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

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

Note 21: SUBSEQUENT EVENTS

General Obligation Refunding Bonds, Series 2021 – As of March 17, 2021, the County refunded the callable portion of the outstanding Series 2011 Bonds, dated June 2, 2011. Through the refunding, the County was able to save approximately \$162,006.28 in total debt service repayments.

COVID-19 - On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the County’s financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the County is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for calendar year 2021.

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 __, 2022

Director and Members of the
Board of County Commissioners
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 \$2,000,000 General Obligation Bonds, Series 2022, consisting of \$750,000 Vocational-Technical School Bonds, Series 2022A (New Jersey School Bond Reserve Act, 1980 N.J. Laws c. 72, As Amended) and \$1,250,000 County College Bonds, Series 2022B (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, N.J.S.A. 18A:54-1 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 County Commissioners of the County and published as required by law, and a resolution duly adopted by the Board of County Commissioners of the County on May 18, 2022.

The Bonds are being issued to provide for various capital improvements and acquisition of related capital equipment at and for certain facilities of Salem County Career and Technical High School and Salem County 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 fifteenth day of June and December (each an "Interest Payment Date"), commencing June 15, 2023, in each year until maturity. The Bonds shall mature on June 15 in each of the years, in the principal amounts and at the interest rates as follows:

<u>Maturity</u>	<u>Vocational- Technical School Amounts*</u>	<u>Chapter 12 Amounts*</u>	<u>Combined Amounts*</u>	<u>Interest Rates</u> %
2023	\$50,000	\$80,000	\$130,000	
2024	65,000	110,000	175,000	
2025	70,000	120,000	190,000	
2026	70,000	120,000	190,000	
2027	75,000	120,000	195,000	
2028	80,000	130,000	210,000	
2029	80,000	130,000	210,000	
2030	85,000	140,000	225,000	
2031	85,000	150,000	235,000	
2032	90,000	150,000	240,000	

The Bonds are not subject to redemption prior to their stated maturity dates.

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.

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.

We are further of the opinion that the Bonds constitute a "qualified tax-exempt obligation" within the meaning of section 265(b)(3)(B) of the Code and, therefore, will be treated as if they were acquired on August 7, 1986 for purposes of the limitations on deductibility by financial institutions of interest expense allocable to tax-exempt interest.

Except as stated in the preceding three (3) 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 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.

Director and Members of the
Board of County Commissioners
of the County of Salem
June __, 2022
Page 4

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 __, 2022

Director and Members of the
Board of County Commissioners
of the County of Salem
Salem, New Jersey

Ladies and Gentlemen:

We have examined certified copies of the proceedings of the Board of County Commissioners 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

\$2,250,000
BOND ANTICIPATION NOTES

COUNTY OF SALEM
STATE OF NEW JERSEY

Dated: June 29, 2022

The \$2,250,000 aggregate principal amount of Bond Anticipation Notes (the "Notes") of the County are dated June 29, 2022, mature on June 28, 2023 and bear interest at the rate of _____ 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. Individual purchases of the Notes may be made in the principal amount of \$5,000 or any integral multiple thereof, except that those Notes 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 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 a bond ordinance duly adopted by the Board of County Commissioners of the County and published as required by law.

The proceeds of the Notes are being issued to provide for the temporary financing of various capital improvements in and for the County in the amount of \$2,250,000.

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.

We are further of the opinion that the Notes constitute a "qualified tax-exempt obligation" within the meaning of section 265(b)(3)(B) of the Code and, therefore, will be treated as if they were acquired on August 7, 1986 for purposes of the limitations on deductibility by financial institutions of interest expense allocable to tax-exempt interest.

Except as stated in the preceding three (3) paragraphs, we express no opinion as to any Federal, state or local tax consequences of the ownership or disposition

Director and Members of the
Board of County Commissioners
of the County of Salem
June 29, 2022
Page 3

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 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

This Continuing Disclosure Certificate dated as of June ____, 2022 (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 \$2,000,000 General Obligation Bonds, Series 2022, consisting of \$750,000 Vocational-Technical School Bonds, Series 2022A (New Jersey School Bond Reserve Act, 1980 N.J. Laws c. 72, As Amended) and \$1,250,000 County College Bonds, Series 2022B (County College Bond Act, 1971 N.J. Laws c. 12, as Amended) (collectively, the "Bonds"), all such Bonds being dated June 29, 2022. The Bonds are being issued pursuant to 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 18, 2022 (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 Resolutions 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 Acting Chief Financial Officer/County Treasurer 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 16, 2022, 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 Resolutions.

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. Except as specifically disclosed in the Official Statement, as of the date hereof, the County is in compliance with its previous undertakings with regard to continuing disclosure for prior obligations issued.

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, CPA
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, CPA
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, CPA,
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: \$2,000,000 General Obligation Bonds, Series 2022, consisting of \$750,000 Vocational-Technical School Bonds, Series 2022A (New Jersey School Bond Reserve Act, 1980 N.J. Laws c. 72, As Amended) and \$1,250,000 County College Bonds, Series 2022B (County College Bond Act, 1971 N.J. Laws c. 12, as Amended) (collectively, the "Bonds")
Dated June 29, 2022
(CUSIP Number _____)

Date of Issuance: June 29, 2022

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 Resolutions and a Continuing Disclosure Certificate dated as of June 29, 2022 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

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

I, KELLY A. HANNIGAN, CPA, 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 \$2,250,000 aggregate principal amount of Bond Anticipation Notes of the County dated June 29, 2022 and maturing June 28, 2023 (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 (as defined below) of the County, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the County, 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.

The term "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 consistent with the Rule.

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.

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IN WITNESS WHEREOF, I have hereunto set my hand on behalf of the
County this ____ day of June, 2022.

COUNTY OF SALEM

**KELLY A. HANNIGAN, CPA,
County Treasurer/
Chief Financial Officer**