

**PRELIMINARY OFFICIAL STATEMENT DATED MARCH 1, 2023**

**NEW ISSUE - Book-Entry-Only**

**Rating: Moody's: "Aa1"  
(See "RATING" herein)**

*In the opinion of Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel to the Authority (as hereinafter defined), assuming continuing compliance by the Authority with certain tax covenants described herein, under existing law, interest on the 2023 Bonds (as hereinafter defined) is not included for federal income tax purposes in the gross income of the owners thereof pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and will not constitute a tax preference item for purposes of the alternative minimum tax imposed on individuals; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on such corporations. In addition, interest on the 2023 Bonds may be subject to the branch profits tax imposed on certain foreign corporations and to the tax on "excess net passive income" imposed on S corporations. Interest on the 2023 Bonds and any gain from the sale thereof are not included in the gross income of the owners thereof under the New Jersey Gross Income Tax Act, as presently enacted and construed. See "TAX MATTERS" herein.*

**\$9,225,000\***

**THE GLOUCESTER COUNTY IMPROVEMENT AUTHORITY  
(Gloucester County, New Jersey)  
COUNTY GUARANTEED SOLID WASTE REVENUE BONDS  
(LANDFILL EXPANSION PROJECT – CELL 16), SERIES 2023  
(CALLABLE)**

**Dated: Date of Delivery**

**Due: September 1, as shown on the inside cover**

The \$9,225,000\* aggregate principal amount of County Guaranteed Solid Waste Revenue Bonds (Landfill Expansion Project – Cell 16), Series 2023 (the "2023 Bonds") are being issued by The Gloucester County Improvement Authority (the "Authority"), a political subdivision and public body corporate and politic of the State of New Jersey (the "State"), pursuant to: (i) the County Improvement Authorities Law, constituting Chapter 183 of the Pamphlet Laws of 1960 of the State, and the acts amendatory thereof and supplemental thereto (the "Act"); and (ii) a bond resolution of the Authority duly adopted on July 8, 1992, as amended and supplemented by supplemental bond resolutions of the Authority, duly adopted on September 9, 1992, January 16, 2003, April 17, 2008, September 17, 2009, February 16, 2012, March 20, 2014, May 19, 2016, February 16, 2017, February 20, 2020, March 18, 2021, and December 15, 2022, respectively, and as further amended and supplemented by a Certificate of Authority Officer, to be dated the date of sale of the 2023 Bonds, duly executed by the Executive Director of the Authority (collectively, and as amended and supplemented to date, the "Bond Resolution"). The 2023 Bonds are subject to optional redemption prior to maturity as described herein.

The 2023 Bonds will be issued in fully registered form and, when issued, will be registered in the name of and held by Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), an automated depository for securities and a clearinghouse for securities transactions. Individual purchases of the 2023 Bonds will be made in book-entry form (without certificates) in denominations of \$5,000 or any integral multiple thereof. The principal of the 2023 Bonds is payable on their respective maturity dates, in the years and in the amounts set forth on the inside front cover page hereof. Interest on the 2023 Bonds is payable semi-annually on the first day of March and September of each year until maturity or earlier redemption thereof, commencing on March 1, 2024, at the rates set forth on the inside front cover page hereof. The principal or Redemption Price (as hereinafter defined) of the 2023 Bonds will be payable upon presentation and surrender thereof at the corporate trust office of TD Bank, National Association, Cherry Hill, New Jersey (the "Trustee", "Paying Agent" and "Registrar").

So long as Cede & Co. is the registered owner of the 2023 Bonds, payments of principal or Redemption Price of and interest on the 2023 Bonds will be made directly to DTC or its nominee, Cede & Co., which will remit such payments to Direct Participants (as hereinafter defined) which will, in turn, remit such payments to Beneficial Owners (as hereinafter defined) of the 2023 Bonds. Purchasers will not receive certificates representing their beneficial ownership interest in the 2023 Bonds purchased. For so long as any purchaser is a Beneficial Owner of a 2023 Bond, such purchaser must maintain an account with a broker or dealer who is, or acts through, a Direct Participant to receive payment of the principal or Redemption Price of and interest on such 2023 Bond.

The 2023 Bonds are being issued by the Authority to provide funds which will be used to finance: (i) the costs of acquisition, design, construction and equipping of a new landfill cell (Cell 16) at the Authority-owned solid waste landfill ("Landfill") located at the Gloucester County Solid Waste Complex ("Complex") in the Township of South Harrison, in the County, to increase the waste disposal capacity of the Landfill; (ii) the costs of acquisition, design, and construction of other related capital improvements at the Complex; and (iii) the costs of issuance of the 2023 Bonds (collectively, the "2023 Project").

The 2023 Bonds are direct and special obligations of the Authority payable solely from the Revenues (as defined in the Bond Resolution) and all moneys, investment income and securities and funds established pursuant to and held by the Trustee under the Bond Resolution (collectively, the "Pledged Property"). The lien and pledge of the Pledged Property is subject to the prior right of the Authority to apply moneys to pay Operating Expenses (as defined in the Bond Resolution) of the Project (as defined in the Bond Resolution). The 2023 Bonds are also secured by the provisions of a Guaranty of the County (the "County Guaranty"), pursuant to which the County has unconditionally guaranteed the payment, when due, of the principal of and interest on the 2023 Bonds, and will be unconditionally and irrevocably obligated to levy *ad valorem* taxes upon all taxable real property within the jurisdiction of the County for the payment, when due, of the principal of and interest on the 2023 Bonds without limitation as to rate or amount when required under the provisions of applicable law and the County Guaranty.

THE 2023 BONDS ARE NOT AND SHALL NOT BE IN ANY WAY A DEBT OR LIABILITY OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF (EXCEPT THE AUTHORITY, SOLELY TO THE EXTENT OF THE PLEDGED PROPERTY, AND THE COUNTY, SOLELY TO THE EXTENT OF THE COUNTY GUARANTY), AND DO NOT AND SHALL NOT CREATE OR CONSTITUTE ANY INDEBTEDNESS, LIABILITY OR OBLIGATION OF SAID STATE OR ANY SUCH SUBDIVISION THEREOF (EXCEPT THE AUTHORITY, SOLELY TO THE EXTENT OF THE PLEDGED PROPERTY, AND THE COUNTY, SOLELY TO THE EXTENT OF THE COUNTY GUARANTY) EITHER LEGAL, MORAL OR OTHERWISE. THE AUTHORITY HAS NO TAXING POWER.

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

*The 2023 Bonds are offered when, as and if issued by the Authority, subject to the approval of certain legal matters by Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel to the Authority, and certain other conditions. Certain matters will be passed upon for the Authority by its counsel, Angelini, Viniar & Freedman, L.L.P., Woodbury, New Jersey; for the County by County Counsel, Eric Campo, Esquire, Woodbury, New Jersey; and for the Underwriter by its counsel, Obermayer Rebmann Maxwell & Hippell LLP, Mount Laurel, New Jersey. Acacia Financial Group, Inc., Mount Laurel, New Jersey has acted as Municipal Advisor to the Authority in connection with the issuance of the 2023 Bonds. It is expected that the 2023 Bonds will be available for delivery through the facilities at DTC in New York, New York on or about March \_\_, 2023.*

**CITIGROUP**

Dated: March \_\_, 2023

\* Preliminary, subject to change

This Preliminary Official Statement and the information contained herein are subject to change, amendment and completion without notice. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration, qualification or filing under the applicable securities laws of such jurisdiction.

**\$9,225,000\***  
**THE GLOUCESTER COUNTY IMPROVEMENT AUTHORITY**  
**(Gloucester County, New Jersey)**  
**COUNTY GUARANTEED SOLID WASTE REVENUE BONDS**  
**(LANDFILL EXPANSION PROJECT – CELL 16), SERIES 2023**

**MATURITY SCHEDULE**

<u>Maturity</u> <u>(September 1)</u>	<u>Principal</u> <u>Amount*</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP**</u>
2024	\$450,000	%	%	\$	
2025	695,000				
2026	730,000				
2027	765,000				
2028	805,000				
2029	845,000				
2030	890,000				
2031	935,000				
2032	985,000				
2033	1,035,000				
2034	1,090,000				

*\* Preliminary, subject to change*

*\*\* CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by S&P Global Market Intelligence. The CUSIP numbers listed above are being provided solely for the convenience of holders only at the time of issuance of the 2023 Bonds and neither the Authority nor the County makes any representation 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 specific maturity is subject to being changed after the issuance of the 2023 Bonds as a result of 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 2023 Bonds.*

The information which is set forth herein has been provided by The Gloucester County Improvement Authority (the "Authority"), the County of Gloucester, New Jersey (the "County"), The Depository Trust Company, New York, New York ("DTC") and by other sources which are believed to be reliable by the Authority, but the information provided by such sources is not guaranteed as to accuracy or completeness by the Authority. Certain general and financial information concerning the County is contained in APPENDICES A and B to this Official Statement. Such information has been furnished by the County. The Authority has not confirmed the accuracy or completeness of information relating to the County (except in those limited instances in which the Authority has provided information to the County which the County has included in APPENDIX A) and the Authority disclaims any responsibility for the accuracy or completeness thereof (except in those limited instances in which the Authority has provided information to the County which the County has included in APPENDIX A).

The Underwriter has reviewed this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities law as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

Where the Constitution or statutes of the State of New Jersey are referred to in this Official Statement, reference should be made to such Constitution or statutes for a complete statement of the matters referred to.

No dealer, broker, salesman or any other person has been authorized by the Authority to give any information or to make any representations other than those contained in this Official Statement in connection with the offering of the 2023 Bonds; and if given or made, such other information or representations must not be relied upon as having been authorized by the Authority. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of the 2023 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority or the County since the date hereof.

**Upon issuance, the 2023 Bonds will not be registered under the Securities Act of 1933, as amended, will not be listed on any stock or other securities exchange, and neither the Securities and Exchange Commission nor any other federal, state, municipal or other governmental entity, other than the Authority (subject to the limitations set forth above), will have passed upon the accuracy or adequacy of this Official Statement.**

The order and placement of materials in this Official Statement, including the Appendices hereto, are not to be deemed to be a determination of relevance, materiality or importance, and this Official Statement, including the Appendices hereto, must be considered in its entirety.

This Official Statement is not to be construed as a contract or agreement between the Authority, the Underwriter and the purchasers or the holders of any of the 2023 Bonds.

This Official Statement is submitted in connection with the sale of the securities referred to herein and may not be reproduced, copied, or used, in whole or in part, for any other purpose.

**IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SECURITIES OFFERED HEREBY AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.**

**IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE AUTHORITY, THE COUNTY AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE 2023 BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

**THE GLOUCESTER COUNTY IMPROVEMENT AUTHORITY  
109 Budd Boulevard  
Woodbury, New Jersey 08096**

**AUTHORITY MEMBERS**

<b><u>Name</u></b>	<b><u>Position</u></b>
Charles Fentress .....	Chairman
Paul Medany .....	Vice Chairwoman
Paul W. Lenkowski.....	Secretary/Treasurer
Charles Della Vecchia.....	Commissioner
Gregory Ferretti .....	Commissioner

**EXECUTIVE DIRECTOR**

George D. Strachan

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Woodbury, New Jersey

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Mount Laurel, New Jersey

**MUNICIPAL ADVISOR**

Acacia Financial Group, Inc.  
Mount Laurel, New Jersey

**TRUSTEE, REGISTRAR AND PAYING AGENT**

TD Bank, National Association  
Cherry Hill, New Jersey

**COUNTY OF GLOUCESTER, NEW JERSEY**

**COMMISSION DIRECTOR**

**Frank J. DiMarco**

**COMMISSION DEPUTY DIRECTOR**

**Heather Simmons**

**BOARD OF COUNTY COMMISSIONERS**

**Lyman Barnes  
Nicholas DeSilvio  
Denice DiCarlo  
Jim Jefferson  
Christopher Konawel Jr.**

**COUNTY ADMINISTRATOR**

**Chad M. Bruner**

**COUNTY TREASURER/CFO**

**Tracey N. Giordano**

**CLERK OF THE BOARD OF COUNTY COMMISSIONERS**

**Laurie J. Burns**

**COUNTY COUNSEL**

**Eric M. Campo, Esquire**

**COUNTY AUDITOR**

**Bowman & Company LLP  
Woodbury and Voorhees, New Jersey**

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## OFFICIAL STATEMENT

Relating to

**\$9,225,000\***

**THE GLOUCESTER COUNTY IMPROVEMENT AUTHORITY  
(Gloucester County, New Jersey)  
COUNTY GUARANTEED SOLID WASTE REVENUE BONDS  
(LANDFILL EXPANSION PROJECT – CELL 16), SERIES 2023**

### INTRODUCTION

This Official Statement, which includes the cover page hereof and the Appendices attached hereto, is furnished by The Gloucester County Improvement Authority (the "Authority"), a political subdivision and public body corporate and politic of the State of New Jersey (the "State"), to provide certain information relating to: (i) the Authority; (ii) the Authority's Solid Waste Complex (the "Landfill"); (iii) the 2023 Project (as hereinafter defined); (iv) the County of Gloucester, New Jersey (the "County"); and (v) the \$9,225,000\* aggregate principal amount of County Guaranteed Solid Waste Revenue Bonds (Landfill Expansion Project – Cell 16), Series 2023 (the "2023 Bonds") to be issued by the Authority. Capitalized words and terms which are used herein which are not ordinarily capitalized and which are not otherwise defined herein shall have the meanings which are assigned to such words and terms in the Bond Resolution as summarized in APPENDIX C attached hereto.

The 2023 Bonds are issued pursuant to: (i) the County Improvement Authorities Law, constituting Chapter 183 of the Pamphlet Laws of 1960 of the State (*N.J.S.A. 40:37A-44 et seq.*), and the acts amendatory thereof and supplemental thereto (the "Act"); and (ii) a bond resolution of the Authority, duly adopted on July 8, 1992, as amended and supplemented by supplemental bond resolutions of the Authority, duly adopted on September 9, 1992, January 16, 2003, April 17, 2008, September 17, 2009, February 16, 2012, March 20, 2014, May 19, 2016, February 16, 2017, February 20, 2020, March 18, 2021 and December 15, 2022, and as further amended and supplemented by a Certificate of Authority Officer duly executed by the Executive Director of the Authority to be dated the closing date of the 2023 Bonds (collectively, and as amended and supplemented to date, the "Bond Resolution").

The 2023 Bonds are being issued by the Authority to provide funds which will be used to finance: (i) the costs of acquisition, design, construction and equipping of a new landfill cell (Cell 16) at the Authority-owned solid waste landfill ("Landfill") located at the Gloucester County Solid Waste Complex ("Complex") in the Township of South Harrison, in the County, to increase the waste disposal capacity of the Landfill; (ii) the costs of acquisition, design, and construction of other related capital improvements at the Complex; and (iii) the costs of issuance of the 2023 Bonds (collectively, the "2023 Project"). See "PURPOSE OF THE 2023 BOND ISSUE" herein for a description of the 2023 Project.

TD Bank, National Association (successor by merger with Commerce Bank, National Association), Cherry Hill, New Jersey, has been appointed by the Authority pursuant to the Bond Resolution to serve as trustee, paying agent and registrar (the "Trustee", "Paying Agent" and "Registrar") for the 2023 Bonds.

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\* Preliminary, subject to change



The 2023 Bonds are direct and special obligations of the Authority payable solely from the Revenues generated in connection with the ownership and operation by the Authority of the Project, and all moneys, securities and funds which are held or set aside pursuant to the terms of the Bond Resolution or which are held in any funds which are established under the the Bond Resolution (other than amounts on deposit in the Rebate Fund) (collectively, the "Pledged Property"). The 2023 Bonds are equally and ratably secured on a parity with the Authority's Outstanding County Guaranteed Solid Waste Revenue Bonds (Landfill Project, Series 2012) (the "2012 Bonds"), the Authority's Outstanding County Guaranteed Solid Waste Revenue Bonds (Landfill Project, Series 2014) (the "2014 Bonds"), the Authority's Outstanding County Guaranteed Solid Waste Revenue Refunding Bonds (Landfill Project, Series 2016) (the "2016 Bonds"), the Authority's Outstanding County Guaranteed Solid Waste Revenue Bonds (Landfill Project, NJEIT Series 2017A-2) (the "2017A-2 Bonds"), the Authority's Outstanding County Guaranteed Solid Waste Revenue Bonds (Landfill Project, NJIB Series 2020A-1) (the "2020A-1 Bonds"), the Authority's Outstanding County Guaranteed Solid Waste Revenue Bonds (Landfill Project, NJIB Series 2021A-1) (the "2021A-1 Bonds") and any other Series of Additional Bonds (as defined in the Bond Resolution) to be issued pursuant to the Bond Resolution, by a pledge of the Pledged Property. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2023 BONDS – Outstanding Authority Solid Waste Revenue Bonds" herein. The lien and pledge of the Pledged Property is subject to the prior right of the Authority to apply moneys to: (i) pay Operating Expenses (as defined in the Bond Resolution) of the Project; and/or (ii) use any moneys, securities or funds held under the terms of the Bond Resolution for purposes which are authorized therein.

The 2023 Bonds are also secured by the provisions of the County Guaranty (as defined in the Bond Resolution), pursuant to which the County has unconditionally and irrevocably guaranteed the payment, when due, of the principal of and interest on the Outstanding 2012 Bonds, the Outstanding 2014 Bonds, the Outstanding 2016 Bonds, the Outstanding 2017A-2 Bonds, the Outstanding 2020A-1 Bonds, the Outstanding 2021A-1 Bonds and the 2023 Bonds. The County, upon endorsement of the 2023 Bonds by the Commission-Director of the County, will be unconditionally and irrevocably obligated to levy *ad valorem* taxes upon all taxable real property within the jurisdiction of the County without limitation as to rate or amount when required under the provisions of applicable law and the County Guaranty for the payment, when due, of the principal of and interest on the 2023 Bonds.

Copies of the Bond Resolution and the County Guaranty are on file at the offices of the Authority in Woodbury, New Jersey and at the corporate trust office of the Trustee in Cherry Hill, New Jersey, and reference is made to such documents for the provisions relating to, among other things, the terms of and the security for the 2023 Bonds, the custody and application of the proceeds of the 2023 Bonds, the rights and remedies of the Holders of the 2023 Bonds, and the rights, duties and obligations of the Authority, the County and the Trustee.

There follows in this Official Statement brief descriptions of the 2023 Bonds, the Bond Resolution, the County Guaranty, the Authority, the Landfill, the Complex, and the 2023 Project. A description of the County is attached to this Official Statement as APPENDIX A. An Excerpt of Report of Audit of 2021 Financial Statements of the County of Gloucester, New Jersey is attached to this Official Statement as APPENDIX B. The Authority has not confirmed the accuracy or completeness of the information relating to the County (except in those limited instances in which the Authority has provided information to the County, which information the County has included in APPENDIX A), and the Authority disclaims any responsibility for the accuracy or completeness thereof (except in those limited instances in which the Authority has provided information to the County, which the County has included in APPENDIX A).

The summaries of and references to all documents, statutes, reports and other instruments which are referred to herein do not purport to be complete, comprehensive or definitive, and each such summary and reference is qualified in its entirety by reference to such document, statute, report or instrument.

## **AUTHORIZATION FOR THE 2023 BONDS**

The 2023 Bonds are issued under and authorized pursuant to the Constitution and laws of the State including, particularly, the Act and the Bond Resolution.

The financing plan of the Authority regarding the 2023 Bonds was reviewed by the Local Finance Board of the Division of Local Government Services within the State Department of Community Affairs (the "Local Finance Board") at a meeting held on December 14, 2022. On said date, the Local Finance Board passed separate resolutions approving: (i) the method proposed for funding the costs of the 2023 Project and the terms of the financing; and (ii) the issuance by the County of the County Guaranty. The Authority confirmed the findings of the Local Finance Board by resolution adopted on January 19, 2023.

In addition, in accordance with the provisions of the New Jersey Solid Waste Utility Control Act, *N.J.S.A.* 48:3-9 and the regulations promulgated pursuant thereto, the Authority submitted a petition with the State Department of Environmental Protection ("NJDEP") requesting approval to issue the 2023 Bonds and a waiver from the NJDEP's policy requiring competitive sale of the 2023 Bonds ("Petition"). The NJDEP issued its Solid Waste Order, dated February 8, 2023, approving the Petition, including the issuance of the 2023 Bonds.

## **PURPOSE OF THE 2023 BOND ISSUE**

### **General – The 2023 Project**

The 2023 Bonds are being issued by the Authority to provide funds which will be used to finance: the costs of acquisition, design, construction and equipping of a new landfill cell (Cell 16) at the Authority-owned Landfill located at the Gloucester County Solid Waste Complex ("Complex") in the Township of South Harrison, in the County, to increase the waste disposal capacity of the Landfill; (ii) the costs of acquisition, design, and construction of other related capital improvements at the Complex; and (iii) the costs of issuance of the 2023 Bonds (collectively, the "2023 Project"). The Authority anticipates that it will need to issue other Series of Additional Bonds in order to finance the costs of construction of the continued expansion of the Landfill and other capital improvements to the Complex as and when deemed necessary. See "THE AUTHORITY – The Landfill" herein.

## **DESCRIPTION OF THE 2023 BONDS**

### **General**

The 2023 Bonds are issuable as fully registered bonds. The 2023 Bonds will mature on the dates and bear interest at the rates set forth on the inside front cover page of this Official Statement and will be issued in book-entry form. Interest on the 2023 Bonds, calculated on the basis of a 360-day year of twelve 30-day months, is payable on the first day of March and September of each year, commencing on March 1, 2024, until maturity or earlier redemption. So long as The Depository Trust Company, New York, New York ("DTC"), or its nominee, Cede & Co., is the registered owner of the 2023 Bonds, payments of the principal or Redemption Price of, and interest on, the 2023 Bonds will be made directly to Cede & Co., as nominee for DTC.

Disbursement of such payments to the participants of DTC (the "Direct Participants") is the responsibility of DTC and the disbursement of such payments to the Beneficial Owners (as defined herein) of the 2023 Bonds is the responsibility of the Direct Participants and not the Authority or the Paying Agent. See "DESCRIPTION OF THE 2023 BONDS – Book-Entry-Only System" below.

### **Optional Redemption**

The 2023 Bonds maturing prior to September 1, 20\_\_, are not subject to optional redemption prior to maturity. The 2023 Bonds maturing on or after September 1, 20\_\_, are subject to redemption prior to maturity at the option of the Authority on or after September 1, 20\_\_, in whole or in part at any time, and, if in part, in such order of maturity as the Authority may direct and, within a maturity, by lot (or other customary method of selection determined by the Trustee), upon payment of a redemption price equal to one hundred percent (100%) of the principal amount of 2023 Bonds to be redeemed, plus accrued interest to the redemption date.

### **Notice of Redemption**

When the Trustee shall be required or authorized, or shall receive notice from the Authority of its election to redeem 2023 Bonds, the Trustee shall select the 2023 Bonds to be redeemed and shall give notice, in the name of the Authority, of the redemption of 2023 Bonds; provided however, that such notice of redemption (other than a notice of a mandatory sinking fund redemption or any notice that refers to any 2023 Bonds that are the subject of an advance refunding) shall not be circulated unless sufficient funds have been deposited with the Trustee to pay the principal of, redemption premium, if any, and interest on the 2023 Bonds to be redeemed. The Trustee shall mail a copy of such notice, postage prepaid, not less than thirty (30) days prior to such redemption date, to the Registered Owner of any 2023 Bond all or a portion of which is to be redeemed, at the last address, if any, appearing upon the registration books of the Authority which are kept and maintained on behalf of the Authority by the Registrar. However, such mailing shall not be a condition precedent to such redemption, and the failure of the Trustee to mail such notice or the failure of such notice to be received by the Holder of such 2023 Bond shall not affect the validity of any proceedings for such redemption. Such notice may, at the direction of the Authority, state that it is a conditional notice of redemption which may be withdrawn by the Trustee, at the direction of the Authority, upon the failure of the occurrence of the conditions precedent to the redemption.

Each redemption notice shall specify the Series and maturities of the 2023 Bonds to be redeemed, the redemption date and the place or places where amounts which are due and payable upon such redemption will be payable and, if less than all of the 2023 Bonds of any like Series and maturity are to be redeemed, the letters and numbers or other distinguishing marks of such 2023 Bonds to be redeemed, and, in the case of a 2023 Bond to be redeemed in part only, such notice shall also specify the portion of the principal amount thereof to be redeemed. Such notice shall further state that on such date the Redemption Price thereof shall become due and payable with respect to each 2023 Bond to be redeemed, or the Redemption Price of the specified portion of the principal amount thereof (in the case of a 2023 Bond to be redeemed in part only), and such notice shall also state that from and after such date interest on such 2023 Bond, or portion thereof, shall cease to accrue and be payable.

So long as the 2023 Bonds are in book-entry-only form, the Trustee shall mail such notice solely to DTC and the Trustee will not send redemption notices to Beneficial Owners of the 2023 Bonds.

## **Book-Entry-Only System**

*The information contained in this section concerning DTC and the DTC Book-Entry Only System has been obtained from sources that the Authority and the Underwriter believe to be reliable. However, the Authority and the Underwriter take no responsibility for the accuracy thereof. The Beneficial Owners should confirm the information with DTC or the DTC Participants, as the case may be.*

DTC will act as securities depository for the 2023 Bonds. The 2023 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity of the 2023 Bonds, in the aggregate principal amount of such maturity of the 2023 Bonds, 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 (the "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 (the "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](http://www.dtcc.com).

Purchases of the 2023 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2023 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2023 Bond (the "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 2023 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the 2023 Bonds, except in the event that use of the book-entry only system for the 2023 Bonds is discontinued.

To facilitate subsequent transfers, all 2023 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2023 Bonds with DTC and their registration in the name of Cede & Co., or such other DTC nominee, do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2023 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2023 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

Redemption notices shall be sent to DTC. If less than all of the 2023 Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2023 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority or the Trustee 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 2023 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, redemption premium, if any, and interest payments on the 2023 Bonds 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 Authority or the Trustee, 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 nor its nominee, the Authority or the Trustee, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, redemption premium, if any, or interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the 2023 Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, 2023 Bond certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, 2023 Bond certificates will be printed and delivered to DTC.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE 2023 BONDS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE BONDHOLDERS OR REGISTERED OWNERS OF THE 2023 BONDS (EXCLUDING ALL REFERENCES THERETO UNDER THE HEADING "TAX MATTERS" HEREIN) MEANS CEDE & CO., NOT THE BENEFICIAL OWNERS OF THE 2023 BONDS.

THE AUTHORITY, THE TRUSTEE, THE REGISTRAR, THE PAYING AGENT AND THE UNDERWRITER CANNOT AND DO NOT GIVE ANY ASSURANCES THAT DTC WILL DISTRIBUTE TO ITS PARTICIPANTS OR THAT DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL DISTRIBUTE TO BENEFICIAL OWNERS OF THE 2023 BONDS (1) PAYMENTS OF THE PRINCIPAL OF, REDEMPTION PREMIUM, IF ANY, OR INTEREST ON THE 2023 BONDS, OR (2) CONFIRMATION OF OWNERSHIP INTERESTS IN THE 2023 BONDS, OR (3) REDEMPTION OR OTHER NOTICES, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT. THE CURRENT "RULES" APPLICABLE TO DTC ARE ON FILE WITH THE SEC AND THE CURRENT "PROCEDURES" OF DTC TO BE FOLLOWED IN DEALING WITH ITS PARTICIPANTS ARE ON FILE WITH DTC.

NONE OF THE AUTHORITY, THE TRUSTEE, THE REGISTRAR, THE PAYING AGENT OR THE UNDERWRITER WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC, DIRECT PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS OF THE 2023 BONDS WITH RESPECT TO: (1) THE 2023 BONDS; (2) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ITS NOMINEE, OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT; (3) THE PAYMENT BY DTC TO ANY DIRECT PARTICIPANT OR BY ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OF, REDEMPTION PREMIUM, IF ANY, OR INTEREST ON ANY 2023 BONDS; (4) THE DELIVERY BY DTC, ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE BOND RESOLUTION TO BE GIVEN TO THE BONDHOLDERS; (5) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE 2023 BONDS; OR (6) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC, ANY DIRECT PARTICIPANT OR ANY INDIRECT PARTICIPANT.

### **Discontinuance of Book-Entry-Only System**

In the event that the book-entry-only system is discontinued and the Beneficial Owners become registered owners of the 2023 Bonds, the following provisions would apply: (i) the 2023 Bonds may be exchanged for an equal aggregate principal amount of 2023 Bonds in other authorized denominations and of the same maturity, upon surrender thereof at the offices of the Authority or its designated paying agent; (ii) the transfer of any 2023 Bonds may be registered on the books maintained by the Authority or its designated paying agent for such purpose only upon the surrender thereof to the Authority or its designated paying agent together with the duly executed assignment in form satisfactory to the Authority or its designated paying agent; and (iii) for every exchange or registration of transfer of 2023 Bonds, the Authority, or its designated paying agent, may make a charge sufficient to reimburse for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer of the 2023 Bonds. Interest on the 2023 Bonds will be payable by check or draft, mailed on each Interest Payment Date to the registered owners

thereof as of the close of business on the fifteenth (15th) day, whether or not a business day, of the calendar month next preceding an Interest Payment Date.

## **SECURITY AND SOURCES OF PAYMENT FOR THE 2023 BONDS**

### **General**

The 2023 Bonds constitute direct and special obligations of the Authority. Under the terms of the Bond Resolution, the Authority has pledged the Pledged Property to the repayment of the principal or Redemption Price of and interest on the Outstanding 2012 Bonds, the Outstanding 2014 Bonds, the Outstanding 2016 Bonds, the Outstanding 2017A-2 Bonds, the Outstanding 2020A-1 Bonds, the Outstanding 2021A-1 Bonds and the 2023 Bonds and any other Additional Bonds issued pursuant thereto. Such pledge is, however, in accordance with the provisions of the Bond Resolution, subject to the prior right of the Authority to apply the Pledged Property to the payment of Operating Expenses of the Project and/or the right to use any moneys, securities or funds held under the terms of the Bond Resolution for purposes authorized pursuant to the Bond Resolution.

The term "Revenues" includes: (i) all revenues, income and receipts derived or to be derived by the Authority from or attributable to the ownership or use of the Project; (ii) the proceeds of any insurance covering a loss due to an interruption in the operation of the Project; and (iii) any investment income derived from the investment of any funds which are held by the Trustee and which are deposited in the Revenue Fund pursuant to the terms of the Bond Resolution. See "THE AUTHORITY – Revenues" below.

No recourse shall be had by the Trustee or any Bondholder for any claim based on the 2023 Bonds or the Bond Resolution against any director, commissioner, member, officer, agent or employee, past, present, future, of, as the case may be, the Authority or the County, either directly or through the Authority or the County, as the case may be, or any such successor body, under any constitutional provision, statute or rule of law or by assessment or penalty or by any legal or equitable proceeding or otherwise unless such claim is based upon the willful dishonesty of or intentional violation of law by such person. No covenant stipulation, obligation or agreement of the Authority or the County contained in the 2023 Bonds or the Bond Resolution or in any document to which the Authority or the County is a party shall be deemed to be a stipulation, obligation or agreement of any present or future director, commissioner, member, officer, agent or employee of, as the case may be, the Authority or the County in his or her individual capacity, and any director, commissioner, member, officer, agent or employee of, as the case may be, the Authority or the County executing the 2023 Bonds shall not be liable personally thereon or subject to any personal liability or accountability by reason of the issuance thereof.

THE 2023 BONDS ARE NOT AND SHALL NOT BE IN ANY WAY A DEBT OR LIABILITY OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF (EXCEPT THE AUTHORITY, SOLELY TO THE EXTENT OF THE PLEDGED PROPERTY, AND THE COUNTY, SOLELY TO THE EXTENT OF THE COUNTY GUARANTY), AND DO NOT AND SHALL NOT CREATE OR CONSTITUTE ANY INDEBTEDNESS, LIABILITY OR OBLIGATION OF SAID STATE OR ANY SUCH SUBDIVISION THEREOF (EXCEPT THE AUTHORITY, SOLELY TO THE EXTENT OF THE PLEDGED PROPERTY, AND THE COUNTY, SOLELY TO THE EXTENT OF THE COUNTY GUARANTY) EITHER LEGAL, MORAL OR OTHERWISE. THE AUTHORITY HAS NO TAXING POWER.

## **Bond Reserve Fund, Renewal and Replacement Fund and Rate Stabilization Fund**

The Bond Resolution establishes the Bond Reserve Fund, the Renewal and Replacement Fund and the Rate Stabilization Fund. The Bond Reserve Fund is required to be funded from Bond proceeds in an amount specified in the Supplemental Resolution for a particular Series of Bonds that is equal to the Bond Reserve Requirement for each Series of Bonds. There is no Bond Reserve Requirement with respect to either the Outstanding 2012 Bonds, the Outstanding 2014 Bonds, the Outstanding 2016 Bonds, the Outstanding 2017A-2 Bonds, the Outstanding 2020A-1 Bonds, the Outstanding 2021A-1 Bonds or the 2023 Bonds. The Renewal and Replacement Fund is required to be funded from Revenues in an amount that is equal to the Project Reserve Requirement (. The Project Reserve Requirement is equal to the amount that, as certified (at least annually or upon the issuance of any Series of Bonds) by the Consulting Engineer or an Authorized Officer of the Authority and filed with the Trustee, is reasonably necessary to be held as a reserve for expenses with respect to the Project for major repairs, renewals, replacements or maintenance items of a type not recurring annually or at shorter intervals. In connection with the issuance and delivery of the 2023 Bonds, the Consulting Engineer has certified that the Project Reserve Requirement for Fiscal Year 2023 is \$250,000 (funded from general funds of the Authority currently held by the Trustee in the Renewal and Replacement Fund). The Rate Stabilization Fund is required to be funded only to the extent of money available at the time of such deposit, in an amount that is equal to the Rate Stabilization Requirement. The Rate Stabilization Requirement is the amount, established at least annually, which does not exceed 33% of the rates and charges charged, imposed and collected pursuant to the Bond Resolution. The Rate Stabilization Requirement currently is set at zero for each of the Outstanding 2012 Bonds, Outstanding 2014 Bonds, Outstanding 2016 Bonds, Outstanding 2017A-2 Bonds, Outstanding 2020A-1 Bonds, Outstanding 2021A-1 Bonds and the 2023 Bonds.

## **General Fund; Release of Revenues**

The Bond Resolution establishes a General Fund. Upon the fulfillment of certain conditions, Revenues may be transferred to the General Fund and thereafter applied to any lawful purpose of the Authority, free and clear of the lien of the Bond Resolution. See "APPENDIX C – DEFINITIONS OF CERTAIN TERMS AND SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION--Application and Investment of General Fund (Section 512)" hereto.

## **Bond Resolution to Constitute Contract**

In consideration of the purchase and acceptance of the 2023 Bonds by those who shall hold the same from time to time, the provisions of the Bond Resolution shall be deemed to be and shall constitute contracts between the Authority, the Trustee, the issuer of any Credit Facility or Liquidity Facility and the Holders from time to time of the Outstanding 2012 Bonds, the Outstanding 2014 Bonds, the Outstanding 2016 Bonds, the Outstanding 2017A-2 Bonds, the Outstanding 2020A-1 Bonds, the Outstanding 2021A-1 Bonds, the 2023 Bonds and any other Additional Bonds. Any pledge which is made in the Bond Resolution for the benefit of the Holders of the 2023 Bonds and the covenants and agreements which are set forth therein and which are to be performed by or on behalf of the Authority are for the equal benefit, protection and security of: (i) the Holders of such Outstanding 2012 Bonds, Outstanding 2014 Bonds, Outstanding 2016 Bonds, Outstanding 2017A-2 Bonds, Outstanding 2020A-1 Bonds, Outstanding 2021A-1 Bonds and the 2023 Bonds and any other Additional Bonds all of which, regardless of the time or times of their issuance or maturity, shall be of equal rank without preference, priority or distinction as to lien of any of the Outstanding 2012 Bonds, the Outstanding 2014 Bonds, the Outstanding 2016 Bonds, Outstanding 2017A-2 Bonds, Outstanding 2020A-1 Bonds, Outstanding 2021A-1 Bonds and the 2023 Bonds and any other Additional Bonds over any other thereof except as expressly



provided in or pursuant to the terms of the Bond Resolution; and (ii) the issuer of any Credit Facility or Liquidity Facility for any Additional Bonds.

### **County Guaranty**

The Board of County Commissioners (the "Board") of the County duly and finally adopted in accordance with the provisions of Chapter 169 of the Pamphlet Laws of 1960 of the State, as amended and supplemented (the "Local Bond Law"), a Guaranty Ordinance on December 21, 2022, further amending the County Guaranty as theretofore previously amended to date, authorizing the guaranty by the County of the 2023 Bonds in an amount not-to-exceed \$13,500,000. Upon the endorsement of the 2023 Bonds by the County, the County will be unconditionally and irrevocably obligated to pay the principal of and interest on the Outstanding 2012 Bonds, the Outstanding 2014 Bonds, the Outstanding 2016 Bonds, Outstanding 2017A-2 Bonds, Outstanding 2020A-1 Bonds, Outstanding 2021A-1 Bonds and the 2023 Bonds, when due, to the extent not otherwise paid by the Authority. Furthermore, the County, upon its endorsement of the 2023 Bonds, will be unconditionally and irrevocably obligated to levy *ad valorem* taxes upon all taxable real property within the jurisdiction of the County without limitation as to rate or amount when required under the provisions of applicable law and the County Guaranty for the payment, when due, of the principal of and interest on the Outstanding 2012 Bonds, the Outstanding 2014 Bonds, the Outstanding 2016 Bonds, the Outstanding 2017A-2 Bonds, the Outstanding 2020A-1 Bonds, the Outstanding 2021A-1 Bonds and the 2023 Bonds.

### **Outstanding Authority Solid Waste Revenue Bonds**

The 2012 Bonds are currently Outstanding in the principal amount of \$2,540,000 (as of December 31, 2021). See "DEBT SERVICE REQUIREMENTS" herein for the debt service due on the Outstanding 2012 Bonds.

The 2014 Bonds are currently Outstanding in the principal amount of \$4,125,000 (as of December 31, 2021). See "DEBT SERVICE REQUIREMENTS" herein for the debt service due on the Outstanding 2014 Bonds.

The 2016 Bonds are currently Outstanding in the principal amount of \$9,095,000 (as of December 31, 2021). See "DEBT SERVICE REQUIREMENTS" herein for the debt service due on the Outstanding 2016 Bonds.

The 2017A-2 Bonds are currently Outstanding in the principal amount of \$4,553,972 (as of December 31, 2021). See "DEBT SERVICE REQUIREMENTS" herein for the debt service due on the Outstanding 2017A-2 Bonds.

The 2020A-1 Bonds are currently Outstanding in the principal amount of \$4,615,948 (as of December 31, 2021). See "DEBT SERVICE REQUIREMENTS" herein for the debt service due on the Outstanding 2020A-1 Bonds.

The 2021A-1 Bonds are currently Outstanding in the principal amount of \$7,943,171 (as of December 31, 2021). See "DEBT SERVICE REQUIREMENTS" herein for the debt service due on the Outstanding 2021A-1 Bonds.

For a listing of the other obligations of the Authority issued and outstanding under other bond resolutions which are secured by the full faith and credit of the County in the form of a guaranty by the County, see "APPENDIX A – CERTAIN INFORMATION CONCERNING THE

COUNTY OF GLOUCESTER, NEW JERSEY--CONTINGENT DEBT LIABILITY--The Gloucester County Improvement Authority" hereto.

### **Additional Bonds**

Pursuant to the Bond Resolution, the Authority may issue one or more Series of Additional Bonds for the purposes further described in the Bond Resolution. See "APPENDIX C – DEFINITIONS OF CERTAIN TERMS AND SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION--Purposes, Authorization and Description of Additional Bonds (Section 317)" hereto. Each Series of Additional Bonds is entitled to the benefit and security of the Bond Resolution on a parity with the Outstanding 2012 Bonds, the Outstanding 2014 Bonds, the Outstanding 2016 Bonds, the Outstanding 2017A-2 Bonds, the Outstanding 2020A-1 Bonds, the Outstanding 2021A-1 Bonds and the 2023 Bonds and any other Series of Additional Bonds issued within the limitations and provisions of the Bond Resolution.

## **CERTAIN RISK FACTORS**

### **Recent Healthcare Developments**

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus ("Coronavirus" or "COVID-19"), which was first detected in China and has spread to other countries, including the United States, has been declared a pandemic by the World Health Organization, a national emergency by the President of the United States ("President") and a state of emergency by the Governor of the State ("Governor").

In response, the President declared a national emergency on March 13, 2020. Additionally, on March 9, 2020, the Governor issued Executive Order 103, pursuant which the Governor declared a State of Emergency and a Public Health Emergency, thereby allowing State agencies and departments to utilize State resources to assist affected communities in response to the COVID-19 outbreak. Other Executive Orders (some of which have since been modified or rescinded), limited various activities and undertook measures in an attempt to slow the spread of COVID-19 throughout the State. Quarantine and other "social distancing" measures undertaken by government agencies, businesses, schools and other entities in response to the COVID-19 outbreak altered behavior and have affected commerce in a manner that has negatively affected global, national and local economies.

Notwithstanding the disruptions that have resulted from COVID-19, the State has seen a reduction in reported cases of COVID-19, and a corresponding reduction in hospitalization rates and fatalities. As a result, on June 4, 2021, the public health emergency was terminated, but the 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, for an additional thirty (30) days, 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 as of the date hereof. 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 an effort to provide relief to entities impacted by the COVID-19 pandemic, the American Rescue Plan Act of 2021, H.R. 1319 ("Plan") was signed into law by President Biden on March 12, 2021 and provides \$1.9 trillion in financial assistance to businesses, individuals and governmental entities. In particular, the Plan includes various forms of financial relief, including up to a \$1,400 increase in direct stimulus payments to individuals 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 also provides funding for state and local governments to recoup and offset costs related to COVID-19 and to encourage and re-establish economic development and certain infrastructure improvements.

The County received approximately \$56,646,874 from the Plan in two equal payments, the first of which was received by the County in May of 2021 in the amount of \$28,323,437. The second payment of \$28,323,437 was received approximately 12 months from the initial payment. The deadline to obligate the funds is December 31, 2024 and to spend funds is December 31, 2026. 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; and (d) to make necessary investments in water, sewer or broadband infrastructure. As of the date hereof, the County anticipates utilizing monies received under the Plan as an offset against certain lost revenues and to fund various projects and permitted purposes in accordance with the requirements of the Plan.

While the effects of COVID-19 have been reduced in the State, the County and the Authority cannot predict, and do not predict, the duration, severity or ultimate impact of COVID-19 upon global, State-wide and local economies and operations, including those of the County and Authority.

Moreover, the County and Authority have provided and intend to continue to provide essential services including, but limited to, emergency services, core health and human services, and public works, together with certain other vital services they deem necessary to remain operational and responsive to public needs.

## **Cyber Security**

The Authority and the County each rely on a complex technology environment to conduct their various operations. As a result, both the Authority and the County face certain cyber security threats at various times including, but not limited to, hacking, phishing, viruses, malware and other attacks on its computing and digital networks and systems. To mitigate the risks of business operations impact and/or damage from cybersecurity incidents or cyber-attacks, each of the Authority and the County has invested in multiple forms of cybersecurity and operational safeguards. In addition, each of the Authority and the County maintains certain insurance coverage for cyberattacks and related events.

**ESTIMATED SOURCES AND USES OF FUNDS**

The following table sets forth the estimated sources and uses of funds in connection with the issuance of the 2023 Bonds:

**Sources of Funds:**

Principal Amount of 2023 Bonds.....	\$
Original Issue [Premium/Discount] .....	
<b>TOTAL SOURCES OF FUNDS .....</b>	<b>\$</b>

**Uses of Funds:**

Deposit to 2023 Landfill Project Account .....	\$
Costs of Issuance <sup>1</sup> .....	
<b>TOTAL USES OF FUNDS .....</b>	<b>\$</b>

<sup>(1)</sup>Includes Underwriter's discount, legal, printing, financial advisory, credit rating, Trustee, Paying Agent, Registrar, County and Authority fees, contingency and other fees and expenses

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## DEBT SERVICE REQUIREMENTS

The following table details the principal and interest payments required during the term of the 2023 Bonds, together with the required debt service on the remaining Outstanding 2012 Bonds, the Outstanding 2014 Bonds, the Outstanding 2016 Bonds, the Outstanding 2017A-2 Bonds, the Outstanding 2020A-1 Bonds and the Outstanding 2021A-1 Bonds, with interest and total debt service rounded to the nearest dollar<sup>(1)</sup>:

Bond Year Ending Dec. 31 <sup>st</sup>	SERIES 2012 BONDS		SERIES 2014 BONDS		SERIES 2016 BONDS		SERIES 2017A-2 BONDS		
	Principal	Interest	Principal	Interest	Principal	Interest	Trust Principal	Fund Principal	Interest
2023	\$510,000	\$45,150	\$330,000	\$124,238	\$815,000	\$298,800	\$95,000	\$315,531	\$39,885
2024	530,000	24,450	345,000	107,363	845,000	265,600	100,000	315,531	35,135
2025	550,000	8,250	365,000	89,613	885,000	229,250	105,000	315,531	30,135
2026	-	-	380,000	74,788	920,000	186,800	110,000	315,531	24,885
2027	-	-	390,000	62,994	965,000	144,500	115,000	315,531	19,385
2028	-	-	405,000	50,319	1,005,000	105,100	120,000	315,531	16,941
2029	-	-	420,000	36,913	1,040,000	64,200	125,000	315,531	14,091
2030	-	-	430,000	22,832	1,085,000	21,700	125,000	315,531	10,966
2031	-	-	445,000	7,788	-	-	130,000	193,667	7,685
2032	-	-	-	-	-	-	-	-	-
2033	-	-	-	-	-	-	-	-	-
2034	-	-	-	-	-	-	-	-	-
<b>TOTAL:</b>	<b><u>\$1,590,000</u></b>	<b><u>\$77,850</u></b>	<b><u>\$3,510,000</u></b>	<b><u>\$5706,848</u></b>	<b><u>\$7,560,000</u></b>	<b><u>\$1,315,950</u></b>	<b><u>\$1,025,000</u></b>	<b><u>\$2,717,911</u></b>	<b><u>\$199,108</u></b>

Bond Year Ending Dec. 31 <sup>st</sup>	SERIES 2020A-1 BONDS		SERIES 2021A-1 BONDS				SERIES 2023 BONDS		Total Debt Service*
	Trust Principal	Fund Principal	Interest	Trust Principal	Fund Principal	Interest	Principal	Interest	
2023	\$110,000	\$391,772	\$47,520	\$475,000	\$557,370	\$172,010			\$5,727,816
2024	115,000	391,772	42,020	495,000	557,370	148,260			5,729,251
2025	120,000	391,772	36,270	520,000	557,370	123,510			5,742,201
2026	125,000	391,772	30,270	550,000	557,370	97,510			5,175,926
2027	130,000	391,772	24,020	575,000	557,370	70,010			5,172,082
2028	140,000	391,772	17,520	605,000	557,370	41,260			5,184,563
2029	145,000	391,772	10,520	-	-	-			3,976,527
2030	-	-	-	-	-	-			3,421,779
2031	-	-	-	-	-	-			2,199,640
2032	-	-	-	-	-	-			1,412,250
2033	-	-	-	-	-	-			1,411,250
2034	-	-	-	-	-	-			1,412,250
<b>TOTAL:</b>	<b><u>\$885,000</u></b>	<b><u>\$2,742,404</u></b>	<b><u>\$208,140</u></b>	<b><u>\$3,220,000</u></b>	<b><u>\$3,344,220</u></b>	<b><u>\$652,560</u></b>	<b><u>\$</u></b>	<b><u>\$</u></b>	<b><u>\$46,565,530</u></b>

<sup>(1)</sup> Includes the Outstanding 2012 Bonds, the Outstanding 2014 Bonds, the Outstanding 2016 Bonds, the Outstanding 2017A-2 Bonds, the Outstanding 2020A-1 Bonds, the Outstanding 2021A-1 Bonds and 2023 Bonds only; the County and the Authority have other outstanding indebtedness. See APPENDICES A and B hereto for additional debt and other financial information related to the County and the Authority. Totals may not add due to rounding.

\* Preliminary, subject to change.

## THE AUTHORITY

### Creation and Powers

The Authority is a public body corporate and politic of the State and was created by a resolution of the Board pursuant to the Act.

The Authority has broad powers under the Act including, among others, the following: to sue and be sued; to enter into leases and contracts; to acquire property by any lawful means, including the exercise of the power of eminent domain; to hold, operate and administer its property; to issue its negotiable bonds and to secure their payment and the rights of holders thereof under a bond resolution; to enter into contracts; to charge and collect charges for use of its facilities and to revise such charges which the Act requires to be charged such that the revenues of the Authority will at all times be adequate to pay all administrative expenses, to pay punctually the principal of and interest on any bonds, to maintain reserves and sinking funds therefor, as may be required by the terms of any contracts with Bondholders, and to make and enforce rules and regulations for the management of its business and affairs.

The Authority was established for, among other purposes, the purpose of providing for the construction of public buildings, transportation facilities, the acquisition of equipment and the acquisition of property owned by the federal government. Subsequent amendments to the Act permit the Authority to provide for the construction of convention halls, solid waste disposal facilities, recreational/entertainment centers, low and moderate income housing, to plan, initiate and carry out redevelopment projects and to provide financing on behalf of certain non-profit entities.

The Authority's mailing address is 109 Budd Boulevard, Woodbury, New Jersey 08096.

### Management

The governing body of the Authority consists of five members appointed by the Board. There is currently one vacancy on the governing body of the Authority. The Authority's staff is supervised by the Executive Director. George D. Strachan was appointed as Executive Director of the Authority on February 17, 2017. The present members of the governing body of the Authority, their offices and the expiration dates of their terms as members are as follows:

<u>Name</u>	<u>Office</u>	<u>Expiration of Term</u>
Charles Fentress	Chairman	February 1, 2025
Paul Medany	Vice Chairman	February 1, 2028
Paul W. Lenkowski	Secretary/Treasurer	February 1, 2026
Charles Della Vecchia	Commissioner	February 1, 2024
Gregory Ferretti	Commissioner	February 1, 2027

### County Solid Waste System

Pursuant to the Solid Waste Management Act, constituting Chapter 39 of the Pamphlet Laws of 1970 of the State of New Jersey, as amended and supplemented, and the regulations promulgated thereunder (collectively, the "Solid Waste Management Act"), a County-wide solid waste management system has been implemented by the Authority in accordance with the County

Solid Waste Management Plan (the "Plan") and consists of two primary components: (i) a mass burn waste-to-energy facility located in West Deptford, New Jersey (the "Resource Recovery Facility") whose construction was approved by the Board of Chosen Freeholders on July 24, 1985; and (ii) the Landfill. The Landfill was opened and began to receive solid waste generated from within the County on February 9, 1987.

### **The Resource Recovery Facility**

The Resource Recovery Facility was constructed and is owned and operated by Wheelabrator Gloucester Company, L.P., a subsidiary of WTI Energy, Inc. (the "Company"). A solid waste franchise was granted by NJDEP (as successor to the Board of Public Utilities) to the Company, which franchise required the disposal and processing of the municipal solid waste generated within the County, other than non-processible waste and bypass waste, to occur at the Resource Recovery Facility. The Landfill is owned and operated by the Authority. A solid waste franchise was granted by NJDEP to the Authority, which franchise required that all non-processible waste and bypass waste and all ash residue from the Resource Recovery Facility be disposed of at the Landfill.

The aforesaid County-wide solid waste management system was determined to be unconstitutional based upon the decision in *Atlantic Coast Demolition & Recycling, Inc. v. Board of Chosen Freeholders of Atlantic County*, 112 F.3d 652 (3d Cir. 1997). In response thereto, the County made certain amendments to its solid waste management system in accordance with the findings of the court in the *Atlantic Coast* case and the requirements of the Solid Waste Management Act and related statutes. The first Plan Amendment occurred in October 1997. It set forth a plan for the Authority to procure voluntary contracts for the disposal of solid waste to ensure sufficient revenues to meet its financial obligations. Shortly thereafter, the County and Authority determined to alter this solid waste plan and on February 18, 1998, the County adopted a further amendment to its solid waste management plan which provided for the non-discriminatory procurement of solid waste disposal services in accordance with the *Atlantic Coast* decision requirements and the relevant State statutes. On March 24, 1998, the NJDEP certified this Plan Amendment approving the County's procurement plan, subject to receipt of a subsequent filing by the County identifying the name of the entity with whom it contracts for the disposal services.

The Authority originally procured solid waste disposal services pursuant to the McEnroe Act, *N.J.S.A. 13-1E-136 et seq.* (the "McEnroe Act"), and negotiated a ten (10) year agreement with the Company (the "Original Agreement") which expired on December 31, 2009 and subsequent 10 year agreement which expired December 31, 2019. The Authority re-procured solid waste disposal services for a third ten year period under terms similar to the Original Agreement in accordance with the provisions of the McEnroe Act pursuant to the terms of an Agreement for Provision of Resource Recovery Services, dated December 21, 2019 (the "Current Agreement"), between the Authority and the Company. The term of the Current Agreement commenced on January 1, 2020 and expires on December 31, 2029, unless extended or earlier terminated. The Current Agreement provides that the Authority direct the disposal of all processible solid waste generated within the County to the Resource Recovery Facility and all bypass waste to the Landfill. In addition, the Current Agreement contractually obligates the Company to dispose of its residual ash waste at the Landfill, and authorizes the Authority to accept, at the Landfill for a disposal fee, construction and demolition waste and non-processible waste (collectively, the "New System"). The County's Solid Waste System is further described in APPENDIX A attached hereto under "SOLID WASTE MATTERS."

## **The Landfill**

The Authority has constructed and operates the Landfill in accordance with the Plan. The Landfill is located on an approximately five hundred seventy-three (573) acre site (the "Landfill Site") in South Harrison Township, in the County, and includes approximately one hundred twenty (120) acres of additional land (the "Expansion Parcel") acquired by the Authority in 2008 in connection with a planned lateral expansion of the Landfill.

Approximately eighty-six (86) acres of the Landfill Site are currently subject to NJDEP permit approval and used for solid waste disposal. Approximately fifty-two (52) acres of the Expansion Parcel received NJDEP permit approval on April 20, 2012, increasing the Landfill disposal area to approximately 138 acres and providing for approximately 7.6 million cubic yards of additional air space for solid waste disposal. Ancillary structures, such as a scale house and maintenance garage, occupy approximately sixteen (16) acres of the Landfill Site. The remainder of the Landfill Site consists of various Landfill Site improvements (e.g. access roads, storm water management swales and basins, leachate collection and storage facilities) and buffer for the surrounding area.

The Authority's planned cell expansion of the Landfill for which it has received NJDEP permits extends the useful life of the Landfill to 2025. The Authority anticipates receiving NJDEP permits for further cell expansion which further expansion will extend the useful life of the Landfill to 2031.

## **Revenues**

The operation of the Landfill is the Authority's main source of income. The Revenues are derived primarily from (1) ash waste residue delivered from the Resource Recovery Facility, (2) bypassed Acceptable Waste (as defined in the Current Agreement) and (3) nonperishable waste delivered to the Landfill. The Current Agreement provides for the establishment of a tipping fee for Acceptable Waste delivered to the Resource Recovery Facility pursuant to a formula that escalates annually as a function of, among other things, the Producer Price Index for Commodities. Pursuant to the Current Agreement, the tipping fee in effect for the year 2023 is \$84.64 per ton of bypassed Acceptable Waste (as defined in the Current Agreement).



**Landfill Financial Highlights  
(Fiscal Year Ended, December 31)**

	Unaudited				
	2021	2020	2019	2018	2017
<b>Operating Revenues</b>					
<b>Tipping Fees</b>	\$ 36,853,516	\$ 31,752,530	\$ 30,830,484	\$ 28,945,036	\$ 24,888,879
<b>Miscellaneous</b>	\$ 833,471	\$ 2,917,726	\$ 766,151	\$ 488,245	\$ 788,310
<b>Total Revenues</b>	\$ 37,686,987	\$ 34,670,256	\$ 31,596,635	\$ 29,433,281	\$ 25,677,189
<b>Operating Expenses</b>					
<b>General &amp; Admin.</b>	\$ 24,070,058	\$ 24,926,592	\$ 18,486,713	\$ 17,632,616	\$ 14,714,453
<b>Taxes</b>	\$ 5,327,364	\$ 4,790,609	\$ 4,703,752	\$ 4,392,429	\$ 4,052,022
<b>Total Expenses</b>	\$ 29,397,422	\$ 29,717,201	\$ 23,190,465	\$ 22,025,045	\$ 18,766,475
<b>Operating Income/ (Loss)</b>	\$ 8,289,565	\$ 4,953,055	\$ 8,406,170	\$ 7,408,236	\$ 6,910,714

Source: Authority records and Audited Financial Statements of the Authority for years ended December 31, 2017 through 2020. See "APPENDIX B –EXCERPT OF REPORT OF AUDIT OF 2021 FINANCIAL STATEMENTS OF THE COUNTY OF GLOUCESTER, NEW JERSEY" hereto.

Pursuant to the Current Agreement, the Company is required to deliver and the Authority is required to accept at the Landfill the ash waste residue generated from the processing of Acceptable Waste. The Current Agreement provides that the Company operating the Resource Recovery Facility shall pay to the Authority for the disposal of ash waste residue at the Landfill according to a schedule described therein which escalates annually and is a function of, among other things, the annual amount of Acceptable Waste delivered to the Resource Recovery Facility from within the County. The Current Agreement further provides that the Acceptable Waste bypassed at the Resource Recovery Facility shall be delivered to the Landfill and the tipping fee therefor payable to the Authority shall be equivalent to the then effective tipping fee for Acceptable Waste delivered to the Resource Recovery Facility.

Pursuant to the 1999 Plan Amendment and the Current Agreement, the Authority is prohibited from accepting Acceptable Waste at the Landfill that has not otherwise been bypassed by the Resource Recovery Facility. The Authority is not prohibited from accepting non-processible waste at the Landfill and may enter into contracts for the receipt of such waste at tipping fee rates determined by the Authority. The following table details the top revenue customers of the Landfill for fiscal year ending December 31, 2022:

## Top Revenue Customers of the Landfill

<u>Firm</u>	<u>Revenue</u>
Eastern Metal Recycling	\$7,085,467.80
Covanta	7,010,634.18
Wheelabrator	4,550,249.47
Doing It Right Technologies	3,614,165.50
Clean Earth Inc.	1,868,202.76
R&B Debris	1,466,466.68
Waste Management	1,162,036.94
Bull Waste	730,116.74
Alpha Shredding	722,459.88
EPIC	716,659.06

Source: Authority records.

### Closure and Post-Closure Costs

State and Federal laws and regulations require the Authority to place a final cover on the Landfill when it stops accepting waste and to provide a post-closure plan for thirty years after closure. Although closure and post-closure costs will be paid only near or after the date that the Landfill stops accepting waste, the Authority provides a portion of these closure and post closure costs as an operating expense in each period based on Landfill capacity used as of each balance sheet date. The Authority is required by State and Federal laws and regulations to make annual contributions to escrow accounts to finance closure and post-closure costs; the Authority is in compliance with these requirements based on its financial plan most recently updated in March 2014. The Authority expects that future inflation costs will be paid from interest earnings on amounts held in these escrow accounts; however, if interest earnings are inadequate or additional post-closure requirements are determined, these costs may need to be covered by charges to future users or other sources of funds.

## LITIGATION

### Authority

In the opinion of Angelini, Viniar & Freedman, L.L.P., Woodbury, New Jersey, General Counsel to the Authority, there is no litigation pending or, to the best of its knowledge, threatened which would restrain or enjoin the issuance or sale of the 2023 Bonds or in any way contesting the validity or affecting the authority for the issuance of the 2023 Bonds, the 2023 Project, the adoption of the Bond Resolution, or the authorization, execution and delivery by the Authority of any of the financing documents to which the Authority is a party, or the existence or powers of the Authority.

### County

In the opinion of the Eric Campo, Esq., Woodbury, New Jersey, County Counsel, there is no litigation pending or, to the best knowledge of the Office of the County Counsel, threatened to restrain or enjoin the County from entering into or delivering the County Guaranty or in any way contesting or affecting the 2023 Project. Also, there is no litigation pending or, to the best

knowledge of the Office of the County Counsel, threatened that would have a material and adverse impact on the financial condition of the County, if adversely decided.

## TAX MATTERS

### Federal

In the opinion of Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel to the Authority, assuming continuing compliance by the Authority with its tax covenants described below, under existing law, interest on the 2023 Bonds is not included for federal income tax purposes in the gross income of the owners thereof pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not a specific item of tax preference under Section 57 of the Code for purposes of calculating the alternative minimum tax imposed on individuals; however, interest on the 2023 Bonds is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on such corporations.

Section 884 of the Code imposes on certain foreign corporations a branch profits tax equal to thirty percent (30%) of the "dividend equivalent amount" for the taxable year. Interest on the 2023 Bonds received or accrued by a foreign corporation subject to the branch profits tax may be included in computing the "dividend equivalent amount" of such corporation.

In addition, passive investment income, including interest on the 2023 Bonds, may be subject to federal income taxation under Section 1375 of the Code for any S corporation that has Subchapter C earnings and profits at the close of the taxable year, if more than twenty-five percent (25%) of the gross receipts of such S corporation is passive investment income.

In rendering its opinion, Bond Counsel has relied on the Authority's covenants contained in the Bond Resolution and in the Certificate as to Nonarbitrage and Other Tax Matters (the "Nonarbitrage Certificate") that it will comply with the applicable requirements of the Code. These covenants relate to, *inter alia*, the use and investment of proceeds of the 2023 Bonds and rebate to the United States Treasury of specified arbitrage earnings, if any, under Section 148(f) of the Code. Failure of the Authority to comply with such covenants could result in the interest on the 2023 Bonds being subject to federal income tax from the date of issue. Bond Counsel has not undertaken to monitor compliance with such covenants or to advise any party as to changes in the law after the date of issuance of the 2023 Bonds that may affect the tax-exempt status of the interest thereon.

Ownership of the 2023 Bonds may result in collateral federal income tax consequences to certain taxpayers including, without limitation, certain holders of an interest in a financial asset securitization investment trust, controlled foreign corporations, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, individuals who otherwise qualify for the earned income credit and individuals and families that qualify for a premium assistance credit amount under Section 36B of the Code. The Code denies the earned income credit to an individual who is otherwise eligible if the aggregate amount of disqualified income of the taxpayer for the taxable year exceeds certain limits set forth in Sections 32(i) and (j) of the Code. Interest on the 2023 Bonds will constitute disqualified income for this purpose. The Code also provides that the earned income credit is phased out if the modified adjusted gross income of the taxpayer exceeds certain amounts. Interest on the 2023 Bonds is included in determining the modified adjusted gross income of the taxpayer. Section 36B of the Code provides that the amount of the premium assistance credit is in part determined by the household income.

Section 36B(d) of the Code provides that household income consists of the "modified adjusted gross income" of the taxpayer and certain other individuals. "Modified adjusted gross income" means adjusted gross income increased by certain amounts including interest received or accrued by the taxpayer which is exempt from tax, such as the interest on the 2023 Bonds.

In addition, attention is called to the fact that Section 265(b)(1) of the Code eliminates the interest deduction otherwise allowable with respect to indebtedness deemed incurred by banks, thrift institutions and other financial institutions to purchase or to carry tax-exempt obligations acquired after August 7, 1986 other than "qualified tax-exempt obligations" as defined in Section 265(b)(3) of the Code. The 2023 Bonds are *not* "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

Owners of the 2023 Bonds should consult their own tax advisors as to the applicability and effect on their federal income taxes of the alternative minimum tax, the branch profits tax and the tax on passive investment income of S corporations, as well as the applicability and effect of any other collateral federal income tax consequences.

### **New Jersey**

Bond Counsel is also of the opinion that interest on the 2023 Bonds and any gain from the sale thereof is not included in the gross income of the owners thereof under the New Jersey Gross Income Tax Act, as presently enacted and construed.

### **Changes in Federal and State Tax Law**

From time to time, there are legislative proposals in the United States Congress and in the states that, if enacted, could alter or amend the Federal and state tax matters referred to above or adversely affect the market value of the 2023 Bonds. It cannot be predicted whether or in what form any such proposals might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the 2023 Bonds.

PROSPECTIVE PURCHASERS OF THE 2023 BONDS SHOULD CONSULT WITH THEIR OWN TAX ADVISORS REGARDING ANY FEDERAL AND STATE INCOME TAX LEGISLATION, WHETHER CURRENTLY PENDING OR PROPOSED, REGULATORY INITIATIVES OR LITIGATION. THE OPINIONS EXPRESSED BY BOND COUNSEL ARE BASED UPON EXISTING LEGISLATION AND REGULATIONS AS INTERPRETED BY RELEVANT JUDICIAL AND REGULATORY AUTHORITIES AS OF THE DATE OF ISSUANCE AND DELIVERY OF THE 2023 BONDS AND BOND COUNSEL HAS EXPRESSED NO OPINION AS OF ANY DATE SUBSEQUENT THERETO OR WITH RESPECT TO ANY PENDING LEGISLATION, REGULATORY INITIATIVES OR LITIGATION.

### **PLEDGE OF THE STATE NOT TO LIMIT POWERS OF AUTHORITY OR RIGHTS OF BONDHOLDERS**

The Act sets forth the pledge and agreement that the State will not limit or alter the rights vested by the Act in the authorities organized thereunder to fix, establish, charge and collect service charges and to fulfill the terms of any agreements made with holders of obligations of authorities or in any way impair the rights and remedies of such holders, until such obligations, together with interest thereon, with interest on any unpaid installments of interest, and all costs and expenses in

connection with any action or proceedings by or on behalf of such holders, are fully met and discharged.

### **NEGOTIABILITY OF THE 2023 BONDS**

Section 24 of the Act, *N.J.S.A.* 40:37A-67, provides that any bond or obligation issued pursuant to the Act shall be fully negotiable within the meaning and for all purposes of the negotiable instruments law of the State and each holder or owner of such bond or other obligation, or of any coupon appurtenant thereto, by accepting such bond or coupon shall be conclusively deemed to have agreed that such bond, obligation or coupon is and shall be fully negotiable within the meaning and for all purposes of said negotiable instruments law.

### **THE 2023 BONDS NOT A DEBT OF THE STATE**

The 2023 Bonds shall not in any way be a debt or liability of the State or any political subdivision thereof or create or constitute any indebtedness, liability or obligation of the State or any political subdivision thereof other than the obligation of: (i) the Authority, which has no taxing power, the obligation of which is limited to the Pledged Property; and (ii) the County to the extent of the County Guaranty pursuant to which the County has pledged its full faith and credit and will be obligated to levy *ad valorem* taxes on all taxable real property within the jurisdiction of the County in an amount sufficient to provide for payment as is needed to pay, when due, the principal of and interest on the Outstanding 2012 Bonds, the Outstanding 2014 Bonds, the Outstanding 2016 Bonds, the Outstanding 2017A-2 Bonds, the Outstanding 2020A-1 Bonds, the Outstanding 2021A-1 Bonds and the 2023 Bonds.

### **CONTINUING DISCLOSURE**

In accordance with the provisions of Rule 15c2-12, as amended, promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended, the Authority and the County will, prior to the issuance of the 2023 Bonds, enter into an agreement substantially in the forms set forth in APPENDIX E and APPENDIX F hereto.

The County has entered into previous undertakings with respect to various bond issues for which it is an obligated party. On May 13, 2020, the Authority issued certain revenue bonds ("GCIA Bonds") to evidence a loan provided by the New Jersey Infrastructure Bank for which the County provided its guaranty for the payment of principal and interest. The County did not timely file a notice on EMMA of its guaranty of a financial obligation in connection with the GCIA Bonds. The County filed the notice on June 8, 2020.

The Authority has entered into previous undertakings with respect to various bond issues for which it is an obligated party. In fiscal years ended December 31, 2019 through 2021, the Authority failed to timely file its annual financial information. A failure to file notice has been posted.

The foregoing description of instances of non-compliance by the County and Authority with its continuing disclosure obligations should not be construed as an acknowledgement that any such instances were material. The County and Authority have retained Disclosure Agents to ensure future timely filings.

## MUNICIPAL BANKRUPTCY

The undertakings of the Authority and the County should be considered with reference to Chapter 9 of the United States Bankruptcy Code (the "Bankruptcy Code"), 11 *U.S.C.* §§901 to 946. Under Chapter 9 of the Bankruptcy Code, a municipality, which is a political subdivision or public agency or instrumentality of the State, that is insolvent or unable to meet its debts may file a petition in a United States Bankruptcy Court (the "Bankruptcy Court") to adjust the debt of the municipality. Chapter 9 of the Bankruptcy Code does not permit the municipality to liquidate its assets and distribute the proceeds of its assets to its creditors. Chapter 9 of the Bankruptcy Code permits a financially distressed municipality to seek protection from its creditors by staying the commencement or continuation of certain actions against the municipality while it formulates and negotiates a plan of adjustment of its debts which can be binding on a dissenting minority of creditors if it is acceptable to the majority of creditors. Should the Authority or the County file a petition in the Bankruptcy Court under Chapter 9 of the Bankruptcy Code prior to the payment in full of the principal of and interest on the 2023 Bonds, the holders of the 2023 Bonds would be considered creditors and would be bound by the municipality's plan of adjustment of its debt.

Reference should also be made to *N.J.S.A. 52:27-40 et seq.* which provides that any "political subdivision" of the State as defined therein, which includes the Authority and the County, has the power to file a petition with the Bankruptcy Court under Chapter 9 of the Bankruptcy Code provided the "political subdivision" has obtained approval of the Local Finance Board. Section 903 of the Bankruptcy Code, 11 *U.S.C.* §903, specially provides that Chapter 9 of the Bankruptcy Code does not limit or impair the power of a state to control, by legislation or otherwise, a municipality of or in such state in the exercise of the political or governmental powers of such municipality; provided, however, that a state law prescribing a method of composition of indebtedness of the municipality may not bind any creditor that does not consent to such composition and that a judgment entered under such state law may not bind a creditor that does not consent to such composition.

**THE ABOVE REFERENCES TO THE BANKRUPTCY CODE ARE NOT TO BE CONSTRUED AS AN INDICATION THAT THE AUTHORITY OR THE COUNTY EXPECTS TO RESORT TO THE PROVISIONS OF SUCH BANKRUPTCY CODE OR THAT, IF IT DID, SUCH ACTION WOULD BE APPROVED BY THE LOCAL FINANCE BOARD, OR THAT ANY PROPOSED PLAN WOULD INCLUDE A DILUTION OF THE SOURCES OF PAYMENT OF AND SECURITY FOR THE 2023 BONDS.**

## APPROVAL OF LEGAL PROCEEDINGS

Certain legal matters incident to the authorization and the issuance by the Authority of the 2023 Bonds are subject to the approval of Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel to the Authority. Certain legal matters will be passed on for the Authority by its General Counsel, Angelini, Viniar & Freedman, L.L.P., Woodbury, New Jersey; for the County by Eric Campo, Esquire, Woodbury, New Jersey, County Counsel. Certain legal matters will be passed upon by the Underwriter by its counsel, Obermayer Rebmann Maxwell & Hippell LLP, Cherry Hill, New Jersey.

The various legal opinions and/or certifications to be delivered concurrently with the delivery of the 2023 Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion and/or certification, the attorney does not become an insurer or guarantor of that expression of

professional judgment, of the transaction opined upon, or the future performance of parties to the transaction. Nor does the rendering of an opinion and/or certification guarantee the outcome of any legal dispute that may arise out of the transaction.

### **LEGALITY FOR INVESTMENT**

The Act provides that: (i) the State and all public officers, municipalities, counties, political subdivisions and public bodies and agencies thereof; (ii) all banks, trust companies, savings banks and institutions, building and loan associations, savings and loan associations, investment companies and other persons carrying on a banking or investment business; (iii) all insurance companies, insurance associations, and other persons carrying on an insurance business; and (iv) all executors, administrators, guardians, trustees and other fiduciaries in the State may legally invest any sinking funds, moneys or other funds belonging to them or within their control in the obligations of authorities organized thereunder, including the 2023 Bonds, and that such obligations are authorized security for any and all public deposits.

### **RATING**

Moody's Investors Service, Inc. ("Moody's"), has assigned a rating of "Aa1" to the 2023 Bonds.

The rating reflects only the views of Moody's and an explanation of the significance of such rating may only be obtained from Moody's. The Authority furnished to Moody's certain information and materials concerning the Bonds and the Authority. There can be no assurance that the ratings will be maintained for any given period of time or that it may not be raised, lowered or withdrawn entirely if, in Moody's judgment, circumstances so warrant. Any downward change in or withdrawal of such a rating may have an adverse effect on the marketability or market price of the 2023 Bonds.

### **INDEPENDENT AUDITORS**

The Excerpt of Report of Audit of 2021 Financial Statements of the County of Gloucester, New Jersey prepared by Bowman & Company LLP, Woodbury, New Jersey, independent certified public accountants (the "County Auditor"), are included in APPENDIX B to this Official Statement. Such financial statements have been included in this Official Statement in reliance on the reports of the County Auditor given upon the authority of such firm.

### **UNDERWRITING**

#### **2023 Bonds**

The 2023 Bonds are being purchased by Citigroup Global Markets Inc., New York, New York (the "Underwriter") pursuant to a Bond Purchase Contract, dated March \_\_, 2023 (the "Purchase Contract"), between the Underwriter and the Authority and approved by the County. The Purchase Contract provides that the purchase price for the 2023 Bonds is \$\_\_\_\_\_. The purchase price reflects an Underwriter's discount of \$\_\_\_\_\_ and a [net] original issue [premium][discount] of \$\_\_\_\_\_. The Purchase Contract also provides that the Underwriter will purchase all of the 2023 Bonds if any 2023 Bonds are purchased. However, the obligation to make such purchase is subject to certain terms and conditions set forth in the Purchase Contract, to the approval of certain legal matters by counsel and to certain other conditions. The initial public offering prices or yields may be changed from time to time by the Underwriter without prior notice.

The Underwriter intends to offer the 2023 Bonds to the public initially at the offering prices and yields set forth on the inside front cover page of this Official Statement, which may subsequently change without any requirement of prior notice. The Underwriter reserves the right to join with dealers and other underwriters in offering the 2023 Bonds to the public. The Underwriter may offer and sell the 2023 Bonds to certain dealers (including dealers depositing 2023 Bonds into investment trusts) at prices lower than or yields higher than the public offering prices and yields set forth on the inside front cover page, and such public offering prices and yields may be changed, from time to time, by the Underwriter without prior notice.

### **Other Matters**

The Underwriter has provided the information in the following three paragraphs for inclusion in this Official Statement.

The Underwriter and its affiliates are full-service financial institutions engaged in various activities that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, the Underwriter and its affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). The Underwriter and its affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offering of the Authority. The Underwriter and its affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the Authority. The Underwriter and its affiliates may make a market in credit default swaps with respect to municipal securities in the future.

Additionally, the Underwriter has entered into a retail distribution agreement (the "Distribution Agreement") with Fidelity Capital Markets, a division of National Financial Services LLC (together with its affiliates, "Fidelity"). Under this Distribution Agreement, the Underwriter may distribute municipal securities to retail investors at the original issue price through Fidelity. As part of this arrangement, the Underwriter will compensate Fidelity for its selling efforts.

The Authority has not been furnished with any documents related to the Distribution Agreement and makes no representations of any kind with respect thereto. The Authority is not a party to the Distribution Agreement and has not entered into any agreement or arrangement with Fidelity with respect to the offering and sale of the 2023 Bonds.

### **MUNICIPAL ADVISOR**

Acacia Financial Group, Mount Laurel, New Jersey has served as municipal advisor to the Authority with respect to this transaction (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 this 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.

### **CERTAIN RELATIONSHIPS**

Parker McCay P.A., Mount Laurel, New Jersey, from time to time, provides legal services to the Underwriter in various matters unrelated to the 2023 Bonds or the transaction described in this Official Statement.



## **APPENDICES**

APPENDIX A to this Official Statement consists of General Information Concerning the County which has been provided by the County from public documents of the County and from other public or official documents or publications (including, in some limited instances, official documents or publications of the Authority) which are referred to therein. The Authority (except in those limited instances in which the Authority has provided information) has not confirmed the accuracy or completeness of said information, and the Authority (except in those limited instances in which the Authority has provided information) disclaims any responsibility for the accuracy or completeness thereof. In any instance in which the Authority has provided information included by the County in APPENDIX A, the Authority is identified as the source.

APPENDIX B to this Official Statement consists of an Excerpt of Report of Audit of 2021 Financial Statements of the County (the "Excerpt of Report of Audit") which has been provided by the County from public documents of the County and from other public or official documents or publications which are referred to therein. A copy of the complete Report of Audit may be obtained upon request to the office of the County Treasurer. Neither the Authority nor the Underwriter has confirmed the accuracy or completeness of said information, and the Authority and the Underwriter disclaim any responsibility for the accuracy and completeness thereof.

APPENDIX C to this Official Statement contains definitions of certain terms and a summary of certain provisions of the Bond Resolution.

APPENDIX D to this Official Statement consists of the Proposed Form of Opinion of Bond Counsel to the Authority.

APPENDIX E to this Official Statement consists of the Form of the Continuing Disclosure Agreement for the County.

APPENDIX F to this Official Statement consists of the Form of the Continuing Disclosure Agreement for the Authority.

## **MISCELLANEOUS**

The execution and delivery of this Official Statement has been duly authorized by the Authority. Concurrently with the delivery of the 2023 Bonds, the Authority will furnish a certificate to the effect that nothing has come to the Authority's attention that would lead the Authority to believe that the Official Statement, in final form, contains any untrue statement of a material fact or omits to state any information necessary to make the statements herein, in light of the circumstances under which they were made, not misleading. Certain information contained in the Official Statement has been obtained from sources other than the Authority. All quotations from and summaries and explanations of provisions of laws, statutes, resolutions and agreements herein do not purport to be complete and reference should be made to said laws, statutes, resolutions and agreements for a full and complete statement of their provisions.

This Official Statement is not to be construed as a contract or agreement between the Authority and the purchasers or holders of any of the 2023 Bonds. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinions and not as representations of fact. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County or the Authority since the date hereof.

The execution and the delivery of this Official Statement has been duly authorized by the Authority.

**THE GLOUCESTER COUNTY  
IMPROVEMENT AUTHORITY**

By: \_\_\_\_\_  
**CHARLES FENTRESS,**  
**Chairman**

Dated: March \_\_, 2023

**APPENDIX A**

**CERTAIN INFORMATION CONCERNING  
THE COUNTY OF GLOUCESTER, NEW JERSEY**

## **GENERAL INFORMATION CONCERNING THE COUNTY OF GLOUCESTER**

### **Introduction**

The County of Gloucester, New Jersey ("County") operates under the Commissioners form of County government in which a seven-member Board of County Commissioners ("Board") is elected for staggered three-year terms. A County Administrator is appointed by the Board to be responsible for daily operations of the County government. 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 the various commissions and boards; and (iv) approving the operating and capital budgets and appropriating the funds that are received from the 24 municipalities of the County to maintain all County services.

### **Location and Profile**

The County is located between Camden and Salem Counties, with its western shore lying along the Delaware River, south of the City of Philadelphia. The County covers an area of 329 square miles. Within a few miles of the Delaware River, there is a concentration of both industry and people. Extensive farmlands in the eastern portion of the County make the County one of the State's leading agricultural counties. The County is also a home site for thousands of commuters to the Philadelphia metropolitan area.

### **Transportation and Manufacturing**

The County is served by a modern high-speed road network and comprehensive rail and air routes. The New Jersey Turnpike and Interstate 295 provide access to and from the County and its industry. Both the New Jersey Turnpike and Interstate 295 parallel the Delaware River and provide north-south access to the County. The Atlantic City Expressway and Route 42 provide east-west access to the County. The County is also traversed by U.S. Routes 130 and 322 and State Routes 41, 44, 45, 47, 55 and 77. A bypass to U.S. Route 322 north of Mullica Hill was completed in 2012 to relieve congestion through the town. There are also 404 miles of County roads that provide access to and from the County.

Air transportation is facilitated by the Philadelphia International Airport, Atlantic City International Airport, the Northeast Philadelphia Airport, and two (2) commercially licensed airports in the County.

The Delaware River continues to serve the County's industry needs with direct access to the Atlantic Ocean and Philadelphia Ports such as the South Jersey Port Corporation, the Port of Philadelphia, the Delaware River Port Authority and the Port of Wilmington.

Freight rail service is provided by CSX and Norfolk Southern Transportation Corporation. The Glassboro-Camden Line (GCL) is a proposed 18-mile passenger rail line between Glassboro and Camden in Southern New Jersey. NJ TRANSIT is funding the \$8.1 million environmental study with DRPA acting as project manager. The GCL corridor traverses Gloucester and Camden counties including the communities of Glassboro, Pitman, Sewell, Mantua Twp., Deptford Twp., Wenonah, Woodbury Heights, Woodbury, Westville, Brooklawn, Gloucester City and Camden.

The South Jersey Port Corporation ("SJPC") and the Gloucester County Improvement Authority has developed a new state-of-the-art marine terminal in the Borough of Paulsboro, with Holt Logistics Corp ("Holt"), with which a partnership was entered into in July 2014 for its construction. Located on the banks of the Delaware River, the facility, a redevelopment of the terminal, is the first new multi-purpose marine terminal on the Delaware River in over 30 years. The Paulsboro Marine Terminal is a 190-acre development with a 3,000-foot-deep water berth and 21,000 feet of rail track which opened March 2, 2017. The terminal provides over 300 jobs, securing a new tenant from Russia with regards to steel slabs.

In early 2021, Gloucester County announced plans to build a \$250 million facility to manufacture monopile components for the entire U.S. wind industry at the Port of Paulsboro, N.J. This project will be America's Largest Offshore Wind Manufacturing Hub. Ocean Wind, a joint venture between Ørsted and PSEG, and steel pipe manufacturer EEW, have broken ground for the EEW monopile manufacturing facility at the Port of Paulsboro Marine Terminal. The start of construction marks a significant milestone in delivering the largest industrial offshore wind manufacturing facility in the U.S. to date. Construction of the facility will be completed under a Project Labor Agreement (PLA) with the South Jersey Building Trades Council. Ocean Wind is an 1,110 MW offshore wind project by Ørsted and PSEG that will provide enough clean energy to power 500,000 New Jersey homes. Creating more than 500 skilled jobs at build-out in 2023. The construction of two large buildings that will support circumferential welding, sandblasting, and painting. EEW has contracted with more than 30 New Jersey companies in support of design, permitting, site work, and concrete creating the beginnings of the South Jersey Offshore Wind Industry supply chain that will continue to grow in our region.

### **Health Care**

Two (2) hospitals provide health care in the County. The first, Jefferson Health System's Washington Township Campus, is located in Washington Township, formerly known as Kennedy Hospital. The second, Inspira Medical Center, is located in Mullica Hill (Harrison Township), and contains 210 licensed beds. This has changed since the hospital has relocated to Mullica Hill. Inspira Medical Center has also recently undergone an expansion to better serve the health care needs of the County, including an expanded/renovated emergency room/center, plans to build a surgical center and the establishment of several additional family practice centers throughout the County. Inspira Medical Center has over 1,825 full and part time employees and a medical and dental staff of 400.

Also located within the County are 24 specialized care facilities. The 24 facilities include nine (9) assisted living facilities, seven (7) residential health care facilities, and eight (8) long-term care facilities.

Atrium Health, located in the City of Woodbury holds a total of 244 beds. This facility created about 400-500 new employment opportunities for the County. On site amenities for the facility include The Woodbury Country Club, aquatic therapy pool, salon/massage parlor, handicap accessible theater, a physical/occupational and speech therapy office.

The Nemours-duPont Pediatric Center opened a location in the Township of Deptford which has created 60 professional healthcare jobs and 120 employees to staff the facility.

### **Recreation and Distribution**

One of the County's most notable assets is the opportunity it provides to rediscover nature. With its parks, camp grounds, lakes and streams, the County provides an excellent opportunity for all of its residents to enjoy the natural environment. Six (6) golf courses and four (4) boat launches are located in the County to provide other forms of recreation.

The County has worked to actively expand both the municipal and County Park systems. Through the County's Open Space Preservation Program, new parks were created for the township of East Greenwich, Greenwich, Glassboro, Monroe and Woodbury. Municipal expansion of existing parks has been completed in Mantua Township, Washington Township and Woodbury Heights Borough. Acquisitions are currently underway in Woolwich Township, Harrison Township, West Deptford Township, Mantua Township and Glassboro Borough. The County has also completed seven (7) expansions of the County Park system and has completed a bike path project.

In June of 2008, phase one of the Delaware River Equestrian, Agriculture and Marine Park ("DREAM Park") opened in Logan Township. The 74-acre equestrian complex features a 150 x 300-foot temperature controlled indoor arena with bleacher seating for 600 spectators, a separate area for auctions and exhibits, two barns that can accommodate 238 horses, five outdoor rings and a concession area. In addition to being a premier equestrian facility, DREAM Park has been used for canine agility trials and various regional events.

## **Farming**

The County has secured numerous land additions to the county parks system and has assisted with additions to municipal open spaces that includes land in Deptford Township, East Greenwich Township, Glassboro Borough, Greenwich Township, Harrison Township, Logan Township, Mantua Township, Monroe Township, Swedesboro Borough, Washington Township, West Deptford Township, Woodbury City, Woodbury Heights Borough and Woolwich Township. A bike path project has also been completed that encompasses land in a number of municipalities. As of this date the County has participated in the acquisition of more than 3,477.5 acres of open space. For more than a decade the County has overseen one of the most aggressive farmland preservation programs in the State. Since its inception the County has permanently preserved 19,187 acres of farmland, encompassing more than 200 individual farms in 14 different municipalities.

## **EDUCATION**

### **Rowan College of South Jersey**

Rowan College of South Jersey, formerly known as Rowan College at Gloucester County and Gloucester County College, is a public community college with two campuses, one in Sewell and one in Vineland. The college was established in 1966 as Gloucester County College. In 2014 the college changed its name to Rowan College of Gloucester County when Rowan University and Gloucester County College entered into a partnership. The college then expanded in 2019, combining Rowan College at Gloucester County and Cumberland County College to become Rowan College of South Jersey. The college now offers conditional dual enrollment with Rowan University depending on GPA. While GCC took the Rowan name, the community college maintains its independence with its own Board of Trustees and administration.

Total enrollment for the fall 2021<sup>1</sup> semester was 8,132 students. In addition, the College's Division of Career and Technical Education provides various educational, career training and personal enrichment courses, as well as outreach programs, to community residents.

The College offers more than 120 academic programs in a full spectrum of career fields. The College also maintains a well-rounded cultural, artistic and sports calendar of events.

A number of selective admission programs related to the allied-health field, including nursing, diagnostic medical sonography (DMS) and nuclear medicine technology (NMT) are available at the College.

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<sup>1</sup> Represents the latest data available. (Unaudited)

The College awards both certificate and associate degrees leading to immediate career and transfer opportunities. With an extensive record of matriculation agreements with four-year colleges and universities, graduates are able to transfer seamlessly into baccalaureate and master degree programs. The College added an automatic-dual acceptance initiative with five (5) four-year universities which makes earning a bachelor's degree an uncomplicated progression with added benefits. The College's educational partners offer a variety of programs and incentives to the College graduates ranging from tuition discounts to obtaining a bachelor's degree on the College campus.

The College is currently constructing a 27,390 square-foot Health Science Center to open January 2023.

Located on 250 acres in Deptford Township, New Jersey, the College's main campus also houses the Career and Technical Education Center that will provide wind turbine technician training for employers in the off-shore wind industry.

Recent projects completed in 2021 include a one-story economic development center to house the New Jersey Department of Labor and Workforce Development, the Gloucester County Chamber of Commerce and the Gloucester County Economic Development Department. In addition, a two story, 56,000 square-foot medical and academic building for Rowan School of Osteopathic Medicine.

## **Rowan University**

Rowan University (“Rowan” or the “University”) is a selective, medium-sized national public research university located primarily in Glassboro, New Jersey. It is recognized for its nationally-ranked academic and athletic programs, talented professors, and high-tech facilities. Rowan prides itself on being able to provide its approximately 19,700 students an outstanding education at an exceptional value.

The University’s approved degree programs as of June 30, 2021 include 93 bachelor's degrees, 52 master's degrees, nine doctoral degrees (Ed.D. and Ph.D.) and two professional degrees, a Doctor of Medicine (M.D.) and a Doctor of Osteopathic Medicine (D.O.). Students may pursue degrees at the main Glassboro campus, the Camden campus, Cooper Medical School of Rowan University in Camden, the Rowan University School of Osteopathic Medicine in Stratford, online through Rowan Global, or at multiple community college locations.

Rowan is continually recognized for excellence by top organizations including U.S. News & World Report, Forbes, the Chronicle of Higher Education and the website College Factual.

- For 2022, U.S. News & World Report ranked Rowan #179 among national research universities and #88 among public research universities. Its engineering program was also ranked #19 in the nation among undergraduate engineering programs.
- The Chronicle of Higher Education recognized Rowan as the nation’s 4th fastest-growing research university in the U.S. in the fall of 2021.
- In the fall of 2021 U.S. News & World Report rated Rowan among the best schools for veterans.

The University's main campus, on approximately 200 acres in the southern New Jersey town of Glassboro, is about 20 minutes southeast of Philadelphia and about one hour west of Atlantic City. It is approximately two hours from New York City and just a two-and-a-half-hour drive to Washington, D.C. The locale provides students all of the advantages of a suburban campus plus opportunities for entertainment, cultural events and professional opportunities in major east coast metropolises and the nation’s capital.

Rowan has acquired approximately 600 acres of open space in Glassboro and neighboring Harrison and Mantua Townships, some of which is home to the South Jersey Technology Park at Rowan University. A portion of the land on that parcel informally referred to as the “West Campus” was developed into athletic fields. In May of 2016, Rowan sold 100 acres of West Campus land in Harrison Township to Inspira Health Network of New Jersey (“Inspira”). Inspira built a new \$349 million, 467,000 square foot, 204-bed medical center which opened in December 2019 which provides Rowan with a wide range of educational opportunities. It will also act as an anchor that is expected to attract health-care providers, researchers, and businesses to the area.

On July 6, 1992, Mr. & Mrs. Henry M. Rowan pledged \$100 million to the Glassboro State College Development Fund. Terms of the gift required establishment of an Inductotherm Scholarship Fund in the amount of \$3 million and the creation of a School of Engineering. In 1992, the name of the University was changed from Glassboro State College to Rowan College of New Jersey. On March 21, 1997, the school became Rowan University.

In Fiscal Year 2015, following a subsequent gift announcement from the Henry M. Rowan Family Foundation of \$15 million, the College of Engineering was renamed the Henry M. Rowan College of Engineering in Mr. Rowan’s honor.

On October 17, 2016, Rowan University alumni Jean and Ric Edelman made history when they announced a \$25 million gift to transform the Rowan University Fossil Park into a world-class destination for scientific discovery and “citizen science.” The Fossil Park will be known as the Jean & Ric Edelman Fossil Park at Rowan University. The gift from the Edelman’s is the largest ever from Rowan alumni and the second largest gift in the institution’s history. Plans for the tract include a museum and visitor center, laboratory spaces, a nature trail, a paleontology-themed playground, and social spaces. Construction began in the 4<sup>th</sup> quarter of 2021 to establish a world-class museum and visitor center focusing on STEM, Education laboratory spaces for research a paleontology-themed playground and social spaces. The \$71 million-dollar Museum project will attract visitors worldwide and enhance Gloucester County as known tourism destination. Estimated completion date is Spring 2023.

In 2017, Rowan opened the new \$63.2 million dollar, four-story, 96,500-square-foot Rohrer College of Business facility, which houses 16 classrooms, 7 conference rooms, 10 specialty spaces, 15 administrative offices, and 70 faculty offices. Along with the new College of Business facility, Rowan opened a three story, 90,500 square-foot, \$71 million addition to the College of Engineering building and opened the new \$145 million Holly Pointe Commons housing complex, which houses 1,400 students on campus.

In 2021, Rowan completed Discovery Hall, a 68,000 square-foot academic and research building. Anchoring the academic corridor from the east end of Rowan University’s Glassboro campus, Discovery Hall expands facilities for the School of Earth & Environment and the College of Science & Mathematics.

The Rowan University School of Veterinary Medicine (SVM) building complex will be located on the north side of Rowan’s West Campus. Designed as a multipurpose learning environment, the envisioned 135,000 sf complex is proposed to contain an approximately 60,000 square-foot academic building, a 25,000 square-foot hospital, and 50,000 square-foot of research space. The SVM will be serving approximately 400 students of all levels by its fifth year of operation who will have access to physical resources such as large auditoriums and break out study rooms, pre-clinical laboratories and surgical facilities, and state of the-art-technologies for learning and teaching.

In collaboration with the Gloucester County Improvement Authority, Rowan University intends to build a proposed Global Solutions Facility with a 100,000 square-foot mixed R&D and manufacturing facility.



## **Gloucester County Institute of Technology**

The Gloucester County Institute of Technology ("Institute") provides a full range of regionalized occupational and technical County-wide educational services and programs appropriate to the needs of the students of 13 public high schools, and adults who seek educational opportunities that lead to employment or higher education. The Institute also provides programming for secondary students who wish to continue to higher education through Tech Prep matriculation agreements with various county colleges and four-year institutions.

As of April 13, 2022, there are approximately 1,589 students are enrolled in the Institutes' Academy and Career-Technical programs. Recent construction has added, among other things, a cafeteria, gymnasium and classrooms to the academic facilities in order to keep pace with demand.

In addition to its day school enrollment, the Institute serves an average of 1,000 residents in various programs, including: (i) adult and continuing education programs; (ii) County employees in customized training programs; (iii) adults in the skill center; (iv) over 455 at-risk youth and their families in school-based youth services counseling; (v) the U.S. swim team of 200 members; and (vi) the joint auto technology program with Rowan College serving 40 adult students in an AAS degree program.

## **Gloucester County Special Services School District**

Gloucester County Special Services School District ("GCSSSD") provides a wide range of educational services to the families of the County. GCSSSD serves children with special needs from birth to age 21. The enrollment for the 28-acre Bankbridge complex in Deptford, as of April 13, 2022, was 535 special needs students.

Bankbridge Regional opened its doors in September 2000 and serves secondary level students who have special needs. In September 2002, GCSSSD opened Bankbridge Elementary School. The elementary school is located next to Bankbridge Regional and serves special needs students from pre-kindergarten to grade five (5).

The Bankbridge Development Center ("BDC") opened in 2007. With an emphasis on developing skills in the areas of communication, socialization, and independence, the BDC strives toward helping students become participating and contributing members of their community. Education, advocacy, public awareness efforts, and the promotion of research form the cornerstones of the activities. Together, they can promote lifelong access and opportunity for all individuals within the autism spectrum and/or multiply disabled.

BDC student outcome goals include, but are not limited to:

- The development of a functional communication system in order to increase interaction and enhance adaptive behaviors.
- Effectively providing functional, skill-based instruction to develop each student's social, behavioral and academic abilities.
- Providing students with the skills necessary to become contributing and functional members of society.

The staff at BDC is dedicated to educating and supporting the special needs students who attend BDC. Each classroom and specialty area has been carefully designed to provide an encouraging but challenging learning environment to help the children reach their maximum potential. The programs are tailored to meet the specific needs of each child. The philosophy, goals, and objectives of the BDC reflect the diversity of the children they serve. Programs are designed to meet their educational, social, and emotional needs.

In addition to the schools, GCSSSD provides the following services to support the special needs children of the County: (i) the Early Intervention Program for children from birth to age 3 and their families; and (ii) the Center for Regional Education Support Services (CRESS) which provides professional services to the school districts in the County and the County of Camden.

GCSSSD also provides support to nonpublic students through their schools including remedial programs, speech-language therapy and textbook purchasing. GCSSSD's Special Projects Program provides Migrant Services to more than 3,000 students and families throughout the southern region of New Jersey.

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## POPULATION

The population of the County has grown at a rate greater than the population growth of the State. The pattern of growth during the last four decades reflects the shift of population to suburban areas assimilating the trend both nationwide and statewide. The following table shows U.S. Census Bureau population data for the twenty-four municipalities in the County and for the State:

<u>MUNICIPALITY</u>	<u>1980</u>	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2020</u>
Clayton Borough	6,013	6,155	7,139	8,179	8,807
Deptford Township	23,473	24,137	26,763	30,561	31,977
East Greenwich Township	4,144	5,258	5,430	9,555	11,706
Elk Township	3,187	3,806	3,514	4,216	4,424
Franklin Township	12,938	14,482	15,466	16,820	16,380
Glassboro Borough	14,574	15,614	19,068	18,579	23,149
Greenwich Township	5,404	5,102	4,879	4,899	4,917
Harrison Township	3,585	4,715	8,788	12,417	13,641
Logan Township	3,078	5,147	6,032	6,042	6,000
Mantua Township	9,193	10,074	14,217	15,217	15,235
Monroe Township	21,639	26,703	28,967	36,129	37,117
National Park Borough	3,552	3,413	3,205	3,036	3,026
Newfield Borough	1,563	1,592	1,616	1,553	1,774
Paulsboro Borough	6,944	6,577	6,160	6,097	6,196
Pitman Borough	9,744	9,365	9,331	9,011	8,780
South Harrison Township	1,486	1,919	2,417	3,126	3,395
Swedesboro Township	2,031	2,024	2,055	2,584	2,711
Washington Township	27,878	41,960	47,114	48,559	48,677
Wenonah Borough	2,303	2,331	2,317	2,278	2,283
West Deptford Township	18,002	19,380	19,368	21,677	22,197
Westville Borough	4,786	4,573	4,500	4,288	4,264
Woodbury City	10,453	10,904	10,307	10,174	9,963
Woodbury Heights Borough	3,460	3,392	2,988	3,055	3,098
Woolwich Township	<u>1,129</u>	<u>1,459</u>	<u>3,032</u>	<u>10,200</u>	<u>12,577</u>
<b>GLOUCESTER COUNTY</b>	<b>200,559</b>	<b>230,100</b>	<b>254,673</b>	<b>288,288</b>	<b>302,294</b>
<b>STATE OF NEW JERSEY</b>	<b>7,380,000</b>	<b>7,730,000</b>	<b>8,414,350</b>	<b>8,791,894</b>	<b>9,288,994</b>

*[The remainder of this page has intentionally been left blank.]*

## EMPLOYMENT AND UNEMPLOYMENT COMPARISONS

For the past ten years, the New Jersey Department of Labor reported the following annual average employment information for the County and the State.

<u>County</u>	<u>Total Labor Force</u>	<u>Employed Labor Force</u>	<u>Total Unemployment</u>	<u>Unemployment Rate</u>
2021	158,300	148,800	9,500	6.0%
2020 <sup>1</sup>	149,600	139,200	10,500	7.0
2019	149,700	144,200	5,500	3.7
2018	151,800	146,200	5,600	3.7
2017	151,600	144,400	7,200	4.7
2016	150,100	142,500	7,600	5.1
2015	149,700	140,800	8,900	5.9
2014	148,800	138,300	10,600	7.1
2013	155,600	142,400	13,300	8.5
2012 (r)	157,400	142,100	15,300	9.7

<u>State</u>	<u>Total Labor Force</u>	<u>Employed Labor Force</u>	<u>Total Unemployment</u>	<u>Unemployment Rate</u>
2021	4,661,100	4,365,400	295,700	6.3%
2020 <sup>1</sup>	4,444,500	4,114,800	329,800	7.4
2019	4,547,100	4,382,900	164,200	3.6
2018	4,500,500	4,337,800	162,700	3.6
2017	4,518,800	4,309,700	209,100	4.6
2016	4,524,300	4,299,900	224,300	5.0
2015	4,543,800	4,288,800	255,000	5.6
2014	4,518,700	4,218,400	300,300	6.6
2013	4,537,800	4,166,000	371,800	8.2
2012 (r)	4,561,800	4,136,900	424,800	9.3

(r) Revised by the Department of Labor and Workforce Development in April of 2015 from originally reported number

(1) The Department of Labor and Workforce Development Estimates as of February 3, 2021. As a result of the COVID-19 Pandemic unemployment rates were elevated.

## Major Employers<sup>1</sup>

The 10 largest non-government employers in the County are shown below, as of 2020:

<u>Employer</u>	<u>Number of Employees</u>	<u>Type of Business</u>	<u>Location</u>
Amazon	4,500	Distribution	West Deptford
Rowan University	3,500	Education	Glassboro
Inspira Healthcare Network	2,051	Healthcare	Mullica Hill
Jefferson Health	2,015	Healthcare	Washington Twp.
Shop Rite	1,300	Food Production	Glassboro
U.S. Food Service	1,014	Wholesale/Distribution	Bridgeport
Walmart	800	Retail	Turnersville
Penske	700	Truck Rental	Deptford
Heritage Dairy Stores	520	Food Production/Distribution	West Deptford
United Methodist Community	500	Assisted Living	Pitman

<sup>1</sup>County Website

## County Labor Relations

The County employs approximately 1,250 employees, including 182 part-time personnel. Approximately 85% of the County's work force is represented by the collective bargaining units listed below:

<u>Union</u>	<u>Employees in Union</u>	<u>Job Titles Covered</u>
Communication Workers of America (CWA) Local 1085	613	Supervisory and Non-Supervisory Personnel
CWA Social Services Local 1085	126	Supervisory & Rank-and-File Social Services
Fraternal Order of Police (FOP Local #97)	23	Corrections Officers
Sheriff s Officers Association (PBA Local #122)	78	Sheriff Officers: Sergeants
Fraternal Order of Police (FOP Local 165)	12	Sheriff; Lieutenants; Captain; Corrections Lieutenants
Police Benevolent Association (PBA Local #122)	35	Prosecutor's Office; Investigators; Detectives and Superior Officers Assistant
Assistant Prosecutor's Association	27	Prosecutors
FOP Lodge # 199	7	Corrections Sergeants Social
Teamsters	5	Services Managers

## RETIREMENT SYSTEMS AND PENSION FUND

Substantially all eligible employees of the County are covered by either the Public Employees' Retirement System or Police or Firemen's Retirement System, a cost-sharing, multiple-employer defined benefit pension plan which has been established by state statute and is administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of the Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the retirement systems. The reports may be obtained by writing to the

Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295 or can be accessed on the internet at <http://www.state.nj.us/treasury/pensions/actuarial-rpts.shtml>.

The Division of Pensions and Benefits within the Treasury Department of the State ("Division") is the administrator of the funds with benefit and contribution levels set by the State. The County currently has no unfunded past pension liability.

### **Public Employees' Retirement System<sup>1</sup>**

The Public Employees' Retirement System includes approximately 1,008 non-uniformed County employees. The system is evaluated every year and the County's contribution is determined on an actuarial basis by the Division. Employee rates of contribution are 7.5%. The County's contribution for 2021 was \$7,758,837 equal to the County's required contribution for such year.

### **Police and Firemen's Retirement System<sup>1</sup>**

Approximately 154 County employees are covered under the Police and Firemen's Retirement System. The State's requirement for the County's contribution is determined on an actuarial basis by the Division. Employee rates of contribution are 10%. The County's contribution for 2021 was \$4,627,448, equal to the County's required contribution for such year.

### **Funding Policy**

The contribution policy is set by NJSA 43:15A, Chapter 62, P.L. of 1994, Chapter 115 P.L. of 1997 and NJSA 18:66 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The PERS contribution rate increased to 6.5% of base salary effective with the first payroll, to be paid on or after October 1, 2011. Subsequent increases will then be phased in over 7 years (each July 1<sup>st</sup>) to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018. The PFRS contribution rate increased to 10% of base salary effective with the first payroll to be paid on or after October 1, 2011. Employers are required to contribute at an actuarially determined rate in PERS and PFRS. The actuarially determined contribution includes funding for, cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

### **Defined Contribution Retirement Program (DCRP)**

The County established Defined Contribution Retirement Program by resolution on June 18, 2008, as required by Chapter 92 of the Laws of 2007 and NJSA 43:15C-1 et. seq. DCRP provides for employee contributions of 5.5% of employee's annual base salary. Employers are required to contribute 3% of the employee's base salary. The County's contributions to DCRP for the years ending December 31, 2021, 2020 and 2019 were \$65,673, \$66,465 and \$57,447 and respectively, equal to the required contributions for each year.

### **Post-Employment Healthcare Plan**

The County contributes to the State Health Benefits Program ("SHBP"), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the Division. The SHBP was established in 1961 under NJSA 52:14-17.25 et seq., to provide health benefits to State employees, retirees, and their dependents. The SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents. The County contribution to SHBP for the year ended December 31, 2021, was \$17,687,425 which equaled the required contributions for the year.

(1) Annual Financial Statements as of December 31, 2021

## COUNTY TAXES

### County Property Tax Rates

County taxes on real property are not levied by the County directly, but the amounts required to be raised are apportioned to the municipalities by the Board of Taxation located in each county. The County Board of Taxation fixes and determines the tax rate, which includes the amount required for county, local school districts and local municipal requirements.

Current property taxes are collected by the tax collectors of the municipalities within the County. Property taxes are due in four (4) installments, which become delinquent on February 1, May 1, August 1 and November 1. Each municipality is required to pay to the County Treasurer its share of the county purpose tax on the fifteenth (15th) day of February, May, August and November of each year, and if need be, to borrow money to make such payments as provided by New Jersey Statutes. Consequently, counties in the State experience 100% tax collection.

The following schedule shows the County property tax rate and the equalized valuation on which such County taxes were apportioned.

### County Property Tax Rate and Equalized Valuations

<u>Year</u>	<u>County Tax Rate (per \$100)</u>	<u>Equalized Valuation</u>
2009	\$0.5104	\$29,365,481,297
2010	0.5104	29,099,745,522
2011	0.5011	28,774,322,435
2012	0.5107	27,539,059,608
2013	0.5635	26,367,768,361
2014	0.5769	25,436,791,282
2015	0.6158	25,466,430,286
2016	0.6311	25,677,598,255
2017	0.6347	26,081,261,902
2018	0.6427	26,537,050,714
2019	0.6457	27,054,614,423
2020	0.6572	27,618,671,833
2021	0.6464	28,247,906,406

*[The remainder of this page has been intentionally left blank.]*

## NET VALUATION TAXABLE

The previously mentioned equalized valuations on which County taxes are based are comprised of the aggregate of Net Valuations of the twenty-four (24) municipalities located within the County, using Assessed Value to True Value ratios maintained by the County Board of Taxation. The net taxable valuations for the past five years of the municipalities in the County are included below:

<b><u>MUNICIPALITY</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>	<b><u>2020</u></b>	<b><u>2021</u></b>	<b><u>2022<sup>1</sup></u></b>
Clayton Borough	\$466,254,207	\$466,959,231	\$466,743,682	\$470,251,879	\$473,177,067
Deptford Township	2,812,813,930	2,816,860,238	2,829,992,276	2,838,348,378	2,852,276,075
East Greenwich Township	1,074,152,700	1,195,814,300	1,211,054,600	1,229,802,600	1,252,758,300
Elk Township	371,019,357	372,583,504	374,251,077	378,382,373	382,165,341
Franklin Township	1,231,752,737	1,231,986,253	1,230,598,454	1,234,106,285	1,241,277,654
Glassboro Borough	1,225,046,520	1,249,614,554	1,263,853,866	1,283,858,451	1,327,058,674
Greenwich Township	746,625,206	719,530,896	720,241,131	722,521,165	720,006,710
Harrison Township	1,530,035,240	1,540,362,693	1,545,984,112	1,549,432,832	1,541,682,547
Logan Township	1,384,277,890	1,421,145,940	1,454,409,740	1,511,604,340	1,651,897,340
Mantua Township	1,334,185,026	1,334,477,687	1,347,665,987	1,358,528,699	1,375,400,800
Monroe Township	2,704,555,200	2,704,193,200	2,721,975,400	2,753,359,000	2,780,249,100
National Park Borough	158,241,182	158,481,879	159,043,974	159,806,193	160,808,351
Newfield Borough	130,776,000	130,432,200	132,958,900	133,654,400	134,454,800
Paulsboro Borough	358,009,400	339,740,300	339,411,300	339,529,900	341,225,800
Pitman Borough	570,025,944	569,134,100	568,717,700	569,401,700	791,856,100
South Harrison Township	383,385,700	385,373,400	385,735,700	390,287,800	396,339,000
Swedesboro Borough	172,856,900	173,087,400	172,167,600	171,070,300	172,863,900
Washington Township	4,262,047,553	4,265,315,844	4,711,518,046	4,725,112,369	4,742,779,675
Wenonah Borough	221,623,000	220,010,800	218,200,300	218,135,500	217,278,400
West Deptford Township	2,250,266,605	2,206,346,696	2,211,842,859	2,213,939,203	2,228,649,128
Westville Borough	233,481,348	231,591,047	232,167,133	232,439,207	233,709,202
Woodbury City	577,763,282	572,821,475	570,769,299	628,848,585	630,741,257
Woodbury Hts. Borough	251,390,917	250,162,420	250,017,821	250,767,491	250,026,911
Woolwich Township	<u>1,150,342,410</u>	<u>1,175,212,910</u>	<u>1,347,561,510</u>	<u>1,370,899,410</u>	<u>1,417,940,910</u>
<b>TOTAL COUNTY</b>	<b>\$25,600,928,254</b>	<b>\$25,731,238,967</b>	<b>\$26,466,882,467</b>	<b>\$26,734,088,060</b>	<b>\$27,316,623,042</b>

### County Assessment Pilot Program

As part of a pilot program approved by the State, the County has finalized the assessment of real property and taken over the assessment process from the various municipalities located within the County.

(1) Preliminary numbers from County Website Updated as of April 2022



## Tax Appeals

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

## Business Retention Act

Under the provisions of N J S.A. 54:4-1 et seq., all property, real and personal, within the jurisdiction of the State not expressly exempted from taxation is subject to taxation annually under the statute. Additionally, pursuant to the Business Retention Act, N J S.A. 54:4-1.13 et seq., machinery, apparatus or equipment of a petroleum refinery directly used for refining crude oil into petroleum production is taxable as tangible personal property. The standard of value of tangible personal property subject to taxation is assessed on the true value thereof, which is presumed to be the original cost less depreciation as of the assessment date, as shown on the books and records of the person assessed, provided that the true value of depreciable property shall, so long as such property remains in use or is held for use, be presumed to be not less than 20% of its original cost.

The taxable value of tangible personal property shall be at that percentage of true value as shall correspond to the average ratio of assessed value of real property promulgated by the Director of the Division of Taxation on October 1 of the pre-tax year for State school aid purposes. The taxable value determined pursuant to this promulgation shall be taxed at the general real property tax rate of the taxing district.

On or before September 1 each year, any person owing tangible personal property is required to prepare and file with the tax assessor a return of such taxable personal property in the form and containing the information as prescribed by the Director of the Division of Taxation.

## TEN LARGEST TAXPAYERS

<u>Name</u>	<u>Type of Business</u>	<u>2022 Assessed Value</u>	<u>Percent of County Total Assessed Valuation</u>
Paulsboro Refinery Co LLC	Oil Refinery (951 Billingsport Rd.)	\$265,028,500	0.87%
Deptford Mall	Retail Property (Deptford)	161,620,700	0.53%
Logan Flow Center Property Owner	Target Distribution Center	83,570,000	0.28%
SVF Oldmans Creek Logan LLC	Developer	58,380,000	0.19%
Sunoco c/o KE Andrews	Oil Refinery	57,699,500	0.19%
Cars DB5 LP	Turnersville Auto Mall	48,310,800	0.16%
Solvay Specialty Polymers USA	Plastic Manufacturer	43,203,800	0.14%
Paulsboro Refining Co LLC	Oil Refinery (226 Billingsport Rd.)	39,183,782	0.13%
PBF Logistics Products	Refinery	38,333,400	0.13%
Virtua West Jersey	Health and Wellness Center	<u>36,428,000</u>	<u>0.12%</u>
Total:		\$831,758,482	2.74%
Total Assessed Valuation in the County (2022):		<b>\$30,319,419,435</b>	

## REAL PROPERTY ASSESSMENTS

Each county board of taxation annually ascertains and determines the general ratio or percentage of true value at which the assessed value of real property of each taxing district is assessed. It prepares an equalization table showing the assessed valuation of the real property in each district, the ratio or percentage, if any, by which the assessed valuation should be increased or decreased in order to correspond to true value.

For the 2021 tax year, the County Board of Taxation filed with the State, on behalf of the twenty-four municipalities, the following aggregate assessed values and true values are shown below.

### REAL PROPERTY EXCLUSIVE OF CLASS II RAILROAD PROPERTY

<u>Municipality</u>	<u>2021 Aggregate Assessed Value</u>	<u>Ratio of Aggregate Assessed Value to True Value</u>	<u>2021 Aggregate True Value</u>
Clayton Borough	\$468,929,200	86.46%	\$542,365,487
Deptford Township	2,832,312,400	89.10%	3,178,801,796
East Greenwich Township	1,229,802,600	93.74%	1,311,929,379
Elk Township	377,219,100	86.47%	436,242,743
Franklin Township	1,231,913,800	84.90%	1,451,017,432
Glassboro Borough	1,276,971,700	93.29%	1,368,819,488
Greenwich Township	678,720,200	90.33%	751,378,501
Harrison Township	1,546,279,800	89.74%	1,723,066,414
Logan Township	1,511,604,340	90.15%	1,676,765,768
Mantua Township	1,358,528,699	86.32%	1,573,828,428
Monroe Township	2,753,359,000	89.87%	3,063,713,141
National Park Borough	159,454,700	91.48%	174,305,531
Newfield Borough	133,654,400	90.42%	147,815,085
Paulsboro Borough	339,529,900	97.34%	348,808,198
Pitman Borough	569,401,700	84.40%	674,646,564
South Harrison Township	390,287,800	86.08%	453,401,255
Swedesboro Borough	171,070,300	86.61%	197,517,954
Washington Township	4,720,001,615	89.87%	5,252,032,508
Wenonah Borough	218,135,500	92.80%	235,059,806
West Deptford Township	2,209,097,800	88.40%	2,498,979,412
Westville Borough	232,200,500	89.97%	258,086,584
Woodbury City	622,743,500	94.02%	662,352,159
Woodbury Heights Borough	250,086,700	88.07%	283,963,552
Woolwich Township	<u>1,370,899,410</u>	<u>92.53%</u>	<u>1,481,572,906</u>
<b>TOTAL COUNTY</b>	<b>\$26,652,204,664</b>	<b>89.60%</b>	<b>\$29,746,470,091</b>

Source: New Jersey Division of Taxation Table of Equalized Valuation 2021

## COUNTY FINANCES

### **The Budget Process**

The County's process for establishing its annual operating and capital budgets, including submission of the budget to the Board, its approval by the Board and its certification by the Director ("Director") of the Division of Local Government Services ("Division of LGS"), are set forth by State statute. The County Treasurer is responsible for the preparation of the annual budgets.

The budget process begins with the submission of appropriation requests by the directors and managers of the various county departments and agencies to the Budget Committee which consists of the County Administrator, Deputy Administrator and the County Treasurer. The Committee reviews the requests, evaluates financial factors affecting the County, then makes recommendations to the Board of Commissioners.

The Board of Commissioners then meets to act on the Budget Committee's recommendations and to adopt a balanced budget which meets the desired goals.

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

The Local Budget Law, Chapter 4 of Title 40A of the New Jersey Statutes, as amended and supplemented ("Local Budget Law"), governs the budgeting and appropriation of funds by counties and municipalities.

The Local Budget Law requires counties and municipalities to adopt a "cash basis" budget (unless otherwise permitted by law) in such form that there will be sufficient cash collected to meet all debt service requirements, necessary operations of the municipalities for the fiscal year and any mandatory payments required to be met during the fiscal year.

No budget shall be adopted unless the Director shall have previously certified his approval thereof. Every county and municipality must include in its budget an appropriation for the payment of debt service. The Director is required to examine such appropriation to determine whether it is properly set forth, in addition to determining whether all estimates of revenue contained in the budget are reasonable, accurate and correctly stated.

A statute passed in 1976, as amended (N.J.S.A. 40A:4-45.1 et seq.), commonly known as the "Cap Law", imposed restrictions which limit the allowable increase on county taxes over the previous year's taxes to the lesser of two and one-half percent (2 1/2%), or the rate of the annual percentage increase in the Implicit Price Deflator for State and Local Government purchases of goods and services, as published by the United States Department of Commerce ("Cost of Living Adjustment"). If the Cost-of-Living Adjustment is equal to or less than two and one-half percent (2 1/2%), an increase greater than the Cost of Living Adjustment, but not to exceed three and one-half percent (3 1/2%) over the previous year's county tax levy, will be permitted. If the Cost-of-Living Adjustment is equal to or less than two and one-half percent (2 1/2%) and a county increases its final appropriations or county tax levy in an amount less than three and one-half percent (3 1/2%), it may, in either of the following two years' budgets appropriate additional taxes in an amount equal to the difference between its actual final appropriations or county tax levy and three and one-half percent (3 1/2%). Exceptions to the limitations imposed by the Cap Law exist for, among other things, the payment of debt service; capital expenditures; extraordinary expenses approved by the Local Finance Board required for implementation of an interlocal services agreement; expenditures mandated as a result of certain emergencies; and certain expenditures for services mandated by court order or Federal or State law.

Additionally, legislation constituting P.L. 2010, c.44, was adopted on July 13, 2010, which, among other things, imposes a two percent (2%) cap on the tax levy that municipalities, counties, fire districts and solid waste collection districts may impose, with very limited exceptions and subject to certain adjustments.

Exclusions from the two percent (2%) tax levy cap include: (i) increases required to be raised by taxation for capital expenditures, including debt service as defined by law; (ii) increases in pension contributions and accrued liability for pension contributions in excess of 2.0%; (iii) increases in health care costs equal to that portion of the actual increase in total health care costs for the budget year that is in excess of 2.0% of the total health care costs in the prior year, but is not in excess of the product of the total health care costs in the prior year and the average percentage increase of the State Health Benefits Program, P.L.1961, c.49 (C.52:14-17.25 et seq.), as annually determined by the Division of Pensions and Benefits in the Department of the Treasury; and (iv) and extraordinary costs incurred by a local unit directly related to a declared emergency, as defined by regulation promulgated by the Commissioner of the Department of Community Affairs, in consultation with the Commissioner of Education, as appropriate. The amendments to the tax levy sections of the "Cap Law" (specifically, N J S.A. 40A:4-45-46) in 2010 no longer permit municipalities, counties, fire districts and solid waste collection districts to request approval from the Local Finance Board for a waiver to increase the amount to be raised by taxation in excess of the two percent (2%) cap. However, counties, municipalities, fire districts and solid waste collection districts may request, through a public question submitted to the voters, an increase in the amount to be raised by taxes above the two percent (2%) tax levy cap. Such approval must be achieved by an affirmative vote in excess of fifty percent (50%) of those voting on such public question.

Neither the tax levy limitation nor the "Cap Law" limits the obligation of the County to levy ad valorem taxes upon all taxable real property within the County to pay debt service on bonds or notes issued by the County or obligations guaranteed by the County.

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

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

An independent examination of each local unit account must be performed annually by a licensed registered municipal accountant. The audit, conforming to the Division of LGS's "Requirements of Audit", includes recommendations for improvement of the local unit's financial procedures and must be filed with the report, together with all recommendations made, and must be published in a local newspaper within 30 days of its submission. The County's entire annual audit report for the year ended December 31, 2020 is on file with the Clerk of the Board and is available for review during business hours. The 2020 Audit is also available on the County's website at <http://www.co.gloucester.nj.us>.

### **General Expenditures of the County**

County expenditures are comprised of those made for general county purposes, certain expenditures made from restricted Federal, State and private grants, certain Federal or State mandated expenditures, deferred charges, debt service and capital improvements. Budgeted expenditures for general county purposes include payments made primarily in support of the various departments and agencies of the County.

## Recent Budgetary and Financial Condition

The total amount of taxes to be collected from municipalities within the County in 2022 is \$182,500,000, which is equal to what was budgeted in 2021, and 2.50% higher than the \$178,000,000 budgeted in 2020.

	<b>2022</b>	<b>2021</b>	<b>2020</b>
<b><u>APPROPRIATIONS</u></b>	<b><u>BUDGET</u></b>	<b><u>BUDGET</u></b>	<b><u>BUDGET</u></b>
General Government	\$15,357,485.00	\$15,443,468.00	\$16,245,271.00
Health & Human Services	29,277,712.00	28,670,510.00	28,408,704.00
Educational	20,725,041.00	20,309,907.00	19,384,330.00
Parks and Recreation	1,623,864.00	1,914,948.00	2,046,182.00
Land Use Administration	443,281.00	451,755.00	449,626.00
Code Enforcement & Administrator	85,857.00	166,140.00	265,870.00
Insurance	27,688,500.00	26,893,500.00	26,033,500.00
Public Safety Functions	62,052,579.00	57,880,057.00	57,689,839.00
Public Works	9,632,873.00	10,037,673.00	9,748,612.00
Utilities & Bulk Purchases	3,402,000.00	3,187,000.00	3,287,000.00
Landfill/Solid Waste Disposal	3,867,782.00	3,627,845.00	3,345,808.00
Unclassified	450,000.00	450,000.00	140,000.00
State and Federal Programs			
Offset w/ Revenues	13,465,319.00	7,246,757.00	3,775,761.00
Contingency	500,000.00	500,000.00	500,000.00
Capital Improvements	859,942.00	1,007,102.00	1,520,982.00
Debt Service	38,866,566.00	39,453,370.00	34,988,115.00
Deferred Charges and			
Statutory Expenditures	\$21,218,753.00	\$20,527,903.00	17,503,522.00
<b>TOTAL GENERAL APPROPRIATIONS</b>	<b>\$249,517,554.00</b>	<b>\$237,767,935.00</b>	<b>\$225,333,122.00</b>
<b>ANTICIPATED REVENUES</b>			
Miscellaneous Revenues: State & Federal Revenues			
State: Federal Revenues	\$2,096,226.00	\$2,632,344.00	\$1,677,143.00
Local Revenues	19,806,063.00	18,084,888.00	18,523,935.00
Other Special Items	22,837,590.00	19,875,773.00	20,239,981.00
State Assumption of Costs of County Social/Welfare Serv.	455,567.00	494,851.00	508,584.00
Special Items of General Revenue Anticipated w/Prior Consent	13,371,838.00	7,156,079.00	3,685,479.00
Total Miscellaneous Revenues	58,567,284.00	48,243,935.00	44,635,122.00
Surplus Anticipated	8,450,270.00	7,024,000.00	2,698,000.00
Amount to be Raised by Taxation	182,500,000.00	182,500,000.00	178,000,000.00
<b>TOTAL GENERAL REVENUES</b>	<b>\$249,517,554.00</b>	<b>\$237,767,935.00</b>	<b>\$225,333,122.00</b>

## **DISCUSSION OF FINANCIAL OPERATIONS**

### **Basis of Accounting**

The accounting policies of the County conform to the accounting principals applicable to counties which have been prescribed by the Division. The following is a summary of the significant policies:

Basis of Accounting - 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 the State of New Jersey. Expenditures are recorded on the accrual basis. Appropriation reserves covering unexpended appropriation balances are automatically created on December 31 of each year 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 or entered into during the preceding fiscal year. Lapsed appropriation reserves are recorded as income.

Interfunds receivables in the Current Fund are recorded with offsetting reserves. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves.

Fixed Assets - Property and equipment purchased by the Current Fund and the General Fund are recorded as expenditures at the time of purchase and are not capitalized.

### **The Current Fund**

The County finances its operations primarily through the Current Fund. All tax receipts and most revenues are paid into the Current Fund and substantially all expenditures made by appropriations are paid from the Current Fund. The County operates on a January 1 to December 31 fiscal year.

## **REVENUE SOURCES OF THE COUNTY**

### **County Tax Receipts and Other Revenues**

The County purpose taxes are apportioned among the constituent municipalities that comprise the County. The taxes reflect that portion of the total County equalized valuation that each municipality represents. The municipalities' and the County's valuations for this purpose include: (i) the total assessed valuation; (ii) an amount added or deducted to equalize the assessed valuation according to the ratio of assessed-to-true value promulgated by the State Division of Taxation on October 1 of the next preceding year; (iii) an amount which reflects the true value of municipality-owned property which is leased and income producing; (iv) the value of certain railroad property, adjusted downward to reflect only that portion on which local property taxes are not in default and uncollectible; and (v) the capitalized amount of replacement revenues-business personal property tax received during the next preceding year.

## COUNTY BUDGET REVENUES AND TAX RECEIPTS<sup>1</sup>

<u>Year</u>	<u>Total Revenues</u>	<u>County Purpose Tax</u>	<u>Taxes as a % of Revenues</u>	<u>Other Revenue</u>
2009	\$237,955,486	\$148,100,000	62.23%	\$89,855,486
2010	244,411,875	148,020,000	60.56	96,391,875
2011	219,891,640	144,125,000	65.54	75,766,640
2012	220,426,946	139,975,000	63.50	80,451,946
2013	216,889,704	141,970,000	65.46	74,919,704
2014	221,267,054	147,900,000	66.84	73,367,054
2015	220,915,385	155,800,000	70.52	65,115,385
2016	225,341,714	161,000,000	71.45	64,341,714
2017	230,584,515	164,887,378	71.51	65,697,137
2018	244,296,029	170,000,000	69.58	74,296,029
2019	237,510,813	174,000,000	73.25	63,510,813
2020	225,333,122	178,000,000	78.99	47,333,122
2021	237,767,935	182,500,000	76.75	55,267,935
2022	249,517,554	182,500,000	73.14	67,017,554

(1) 2022 County Budget as of April 6, 2022

## MUNICIPAL INDEBTEDNESS<sup>1</sup>

The following table shows the indebtedness of the twenty-four (24) municipalities in the County as of December 31, 2021.

<u>Municipality</u>	<u>Total Gross Debt</u>	<u>Total Deductions</u>	<u>Total Net Debt December 31, 2021</u>
Clayton Borough	\$22,014,542.64	\$19,548,542.64	\$2,466,000.00
Deptford Township	59,850,541.67	38,901,854.00	20,948,687.67
East Greenwich Township	43,648,090.16	32,910,143.30	10,737,946.86
Elk Township	3,440,273.00	2,182,073.00	1,258,200.00
Franklin Township	14,920,759.00	7,647,829.86	7,272,929.14
Glassboro Borough	70,353,275.00	36,774,530.11	33,578,744.89
Greenwich Township	16,051,093.90	3,885,000.00	12,166,093.90
Harrison Township	53,634,454.03	24,208,096.22	29,426,357.81
Logan Township	16,411,500.00	7,385,000.00	9,026,500.00
Mantua Township	12,442,754.89	3,031,754.89	9,411,000.00
Monroe Township	70,364,649.93	37,675,000.00	32,689,649.93
National Park Borough	7,632,607.10	7,282,607.10	350,000.00
Newfield Borough	1,756,960.93	855,561.93	901,399.00
Paulsboro Borough	32,726,720.47	24,064,939.27	8,661,781.20
Pitman Borough	18,280,604.60	9,856,100.85	8,424,503.75
South Harrison Township	11,453,178.53	11,303,178.53	150,000.00
Swedesboro Borough	13,492,681.82	10,792,681.82	2,700,000.00
Washington Township	51,010,793.86	9,250,000.00	41,760,793.86
Wenonah Borough	12,745,742.09	10,575,742.09	2,170,000.00
West Deptford Township	104,067,595.18	49,985,918.69	54,081,676.49
Westville Borough	9,920,599.55	6,181,074.92	3,739,524.63
Woodbury City	32,459,825.81	11,262,911.95	21,196,913.86
Woodbury Heights Borough	10,907,169.81	7,339,669.81	3,567,500.00
Woolwich Township	82,306,072.27	36,077,167.49	46,228,904.78
<b>TOTAL</b>	<b>\$771,892,486.24</b>	<b>\$408,977,378.47</b>	<b>\$362,915,107.77</b>

2021 Annual Debt Statements of all Municipalities

## **COUNTY INDEBTEDNESS**

### **Debt Authorization**

The Local Bond Law (N.J.S.A. 40A:2-1 et seq.) ("Local Bond Law") governs the issuance of bonds and notes by the County to finance certain expenditures. Among its provisions are requirements that bonds must mature within the statutory period of usefulness of the projects bonded, that bonds be retired in serial installments and that cash down payments equal to at least 5% of the bond authorization be generally provided.

### **Debt Limits**

The debt of the County is limited by Local Bond Law to an amount equal to 2% of its equalized valuation basis. The equalized valuation basis of the County is set by statute as the average value of all taxable real property and improvements and certain Class II railroad property within its boundaries as annually determined by the State Board of Taxation for each of the three most recent years. Certain categories of debt are permitted by statute to be deducted for purposes of computing the statutory debt limit.

### **Exceptions to Debt Limits-Extensions of Credit**

The debt limit of the County may be exceeded with the approval of the New Jersey Department of Community Affairs, Division of Local Government Services, Local Finance Board ("Local Finance Board"). If all or any part of a proposed debt authorization exceeds 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 would materially impair the ability of the County to meet its obligations or to provide essential services, approval is denied.

### **Debt Statements**

The County must report all new authorization of debt or changes in previously authorized debt to the New Jersey Division of Local Government Services. The Supplemental Debt Statement, as this report is known, must be submitted to the Division of Local Government Services prior to final passage of any debt authorization. Before January 31 of each year, the County must file an Annual Debt Statement with the Division of Local Government Services. This report, prepared by the Chief Financial Officer, is made under oath and indicates the authorized, issued and unissued debt of the County as of the previous December 31. Through the Annual and Supplemental Debt Statements, the Division of Local Government Services monitors all local borrowing. Even though the County's authorizations are within its debt limits, the Division of Local Government Services is able to enforce State regulations as to the amounts and purposes of local borrowing.



**STATUTORY DEBT**  
**As of December 31, 2021**

Bonded Debt	\$166,890,000.00
Bonds Authorized but Not Issued	-
Miscellaneous Bonds, Notes and Loans Issued	88,415,000.00
Bonds Guar. By County Issued by Another Public Body	<u>239,053,085.00</u>
<b>Total Gross Debt</b>	<b><u>\$494,358,085.00</u></b>
Less Deductions:	
Reserve for Debt Service	\$ 2,938,532.00
Capital Projects for County Colleges	12,940,000.00
Bonds Guar. by County Issued by Another Public Body	<u>\$239,053,085.00</u>
<b>Total Deductions from Gross Debt</b>	<b><u>\$254,931,617.00</u></b>
<b>Statutory Net Debt</b>	<b>\$239,426,468.00</b>

**DEBT LIMIT**

Three-Year Average Equalized Valuation (2019-2021)	\$28,265,395,595.00
Statutory Borrowing Capacity (2% of Average Equalized Valuation)	\$565,307,911.90
Statutory Net Debt	\$239,426,468.00
Remaining Borrowing Capacity	\$325,881,443.90
Percentage Statutory Net Debt to Average Equalized Valuation	0.847%
Percentage Statutory Net Debt to 2021 Equalized Valuation (29,746,470,091)	0.805%
Net Debt per Capita	\$792.00

## OUTSTANDING BONDED INDEBTEDNESS

The outstanding general obligation indebtedness (bonded debt only) of the County as of December 31, 2021 is shown in the following table:

<u>Issue</u>	<u>Interest Rates</u>	<u>Dated Date</u>	<u>Final Maturity</u>	<u>Amount Outstanding</u>
2012 General Obligation Bonds	2.00 to 2.50%	6/20/2012	3/1/2022	\$900,000.00
2012 County College Bonds-Chapter 12	2.25 to 3.00%	6/20/2012	3/1/2022	400,000.00
2012 County College Bonds-Chapter 12	3.00%	6/20/2012	3/1/2022	400,000.00
2013 General Obligation Bonds	2.00 to 2.50%	6/28/2013	3/1/2028	12,170,000.00
2014 County College-Chapter 12	2.00 to 2.50%	6/11/2014	3/1/2024	750,000.00
2014 General Obligation Bonds	1.75 to 2.50%	6/11/2014	3/1/2023	1,275,000.00
2014 Building Our Future Bonds	2.00 to 2.50%	6/11/2014	3/1/2024	1,845,000.00
2014 County College Bonds– Chapter 12	2.00 to 3.25%	6/11/2014	3/1/2024	750,000.00
2015 County College Bonds-Chapter 12	2.00 to 3.25%	6/25/2015	3/1/2030	1,030,000.00
2015 General Obligation Bonds	2.00 to 3.00%	6/25/2015	3/1/2025	1,850,000.00
2015 County College Bonds-Chapter 12	3.00 to 4.00%	6/25/2015	3/1/2030	1,030,000.00
2016 General Obligation Bonds Refinance	2.00 to 2.38%	5/24/2016	1/15/2022	3,875,000.00
2016 County College Bonds-Chapter 12	2.00 to 2.38%	5/24/2016	3/1/2031	1,067,500.00
2016 General Obligation Bonds	1.00 to 2.00%	5/24/2016	3/1/2027	3,150,000.00
2016 County College Bonds-Chapter 12	1.63%	5/24/2016	3/1/2031	1,067,500.00
2017 General Obligation Bonds	2.00 to 3.13%	5/31/2017	3/1/2028	5,670,000.00
2017 Building Our Future Bonds	2.00 to 3.13%	5/31/2017	3/1/2027	1,570,000.00
2017 County College Bonds-Chapter 12	2.00 to 2.50%	5/31/2017	3/1/2032	1,137,500.00
2017 County College Bonds-Chapter 12	3.00 to 4.00%	5/31/2017	3/1/2032	1,137,500.00
2017 General Obligation Bonds Refinance	3.00 to 5.00%	8/9/2017	10/15/2029	16,470,000.00
2018 General Obligation Bonds	3.00 to 3.25%	5/16/2018	4/1/2033	14,660,000.00
2018 County College Bonds-Chapter 12	3.00 to 3.375%	5/16/2018	4/1/2033	1,347,500.00
2018 County College Bonds-Chapter 12	3.00 to 3.375%	5/16/2018	4/1/2033	1,347,500.00
2019 General Obligation Bonds	2.50 to 2.75%	5/2/2019	3/1/2034	27,290,000.00
2019 County College Bonds-Chapter 12	4.00 to 5.00%	5/2/2019	3/1/2034	2,907,500.00
2019 County College Bonds-Chapter 12	2.00 to 3.00%	5/2/2019	3/1/2034	2,907,500.00
2019 General Obligation Bonds Refinance	2.00 to 3.00%	9/18/2019	9/15/2025	10,340,000.00
2020 General Obligation Bonds	0.05 to 3.00%	6/25/2020	3/1/2029	13,980,000.00
2021 General Obligation Refinance	5.00%	12/2/2021	3/1/2027	9,470,000.00
2021 General Obligation Bonds	2.00%	5/13/2021	3/1/2031	16,495,000.00
2021 County College Bonds	2.00%	5/13/2021	3/1/2036	<u>8,600,000.00</u>
<b>TOTAL</b>				<b><u>\$166,890,000.00</u></b>

### SCHEDULE OF GENERAL OBLIGATION DEBT SERVICE (As of December 31, 2021)

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$24,435,000.00	\$4,551,975.95	\$28,986,975.95
2023-2026	72,840,000.00	11,834,506.13	84,674,506.13
2027-2031	54,055,000.00	5,351,874.86	59,406,874.86
2032-2036	<u>15,560,000.00</u>	<u>647,362.51</u>	<u>16,207,362.51</u>
<b>Total</b>	<b>\$166,890,000.00</b>	<b>\$22,385,719.45</b>	<b>\$189,275,719.45</b>

## CONTINGENT DEBT LIABILITY

### The Gloucester County Improvement Authority

The Gloucester County Improvement Authority ("GCIA") is a public body corporate and politic of the State and was created by a resolution of the County Board adopted on December 16, 1963. The GCIA operates under the supervision of five (5) members who are appointed by the County Board for five-year staggered terms. The following table identifies the GCIA transactions in which the payment of debt service is secured either by payments pursuant to a County lease or loan agreement and/or County guaranty. The GCIA has undertaken other bond issues; however, repayment of the debt in those transactions is secured by sources other than the County.

The GCIA has never failed to make timely payment of the principal and/or interest on any of the bonds, notes, or obligations described below. The County has never failed to make timely payment of any payment obligations due pursuant to an agreement with the GCIA and pledged by the GCIA as security for the GCIA bonds. The County has never been required to make a payment pursuant to its guaranty of GCIA bonds or notes.

### GCIA'S DEBT UNDER A LEASE OR LOAN AGREEMENT WITH THE COUNTY OR GUARANTEED BY THE COUNTY (AS OF DECEMBER 31, 2021)

<u>Issue</u>	<u>Interest Rates</u>	<u>Dated Date</u>	<u>Final Maturity</u>	<u>Amount Outstanding</u>
Included in Gross Debt:				
Lease Revenue Bonds, Series 2003B	5.000%	6/1/03	7/15/23	\$175,000
Lease Revenue Bonds, Series 2004B	4.130% to 4.500%	12/7/04	11/1/24	190,000
Lease Revenue Bonds, Series 2004C	4.000% to 4.500%	12/7/04	11/1/24	90,000
2011 Refunding Bonds	4.000% to 5.000%	9/20/11	7/15/23	2,475,000
2012 Refunding Bonds	2.625% to 4.000%	2/28/12	12/1/29	5,185,000
2012 Solid Waste Revenue Bonds	3.000% to 5.000%	7/10/12	3/1/25	2,075,000
2013 Refunding Bonds	3.130% to 5.000%	4/17/13	9/1/30	16,555,000
2014 Solid Waste Revenue Bonds	2.000% to 5.000%	7/31/14	3/1/31	3,825,000
2015 Refunding Bonds	4.000% to 5.000%	9/24/15	4/1/33	38,820,000
2016 Refunding Bonds	4.000%	7/12/16	4/1/38	2,270,000
2016 Refunding Bonds	1.477%	9/2/16	9/1/26	22,770,000
2016 Refunding Bonds	4.000 to 5.000%	11/15/16	3/1/30	8,345,000
2017 NJIB Trust Share	1.370%	11/21/17	9/1/31	1,115,000
2017 NJIB Fund Share	n/a	11/21/17	9/1/31	3,033,442
2020 NJIB Trust Share	5.000%	5/13/20	8/1/29	990,000
2020 NJIB Fund Share	n/a	5/13/20	8/1/29	3,134,176
2021 NJIB Trust Share	5.000%	6/10/21	8/1/28	3,670,000
2021 NJIB Fund Share	n/a	6/10/21	8/1/28	3,901,591
2019 Rowan University Project	4.000% to 5.000%	5/8/19	7/1/48	<u>56,600,000</u>
<b>TOTAL</b>				<b>\$175,219,209</b>

## The Gloucester County Utilities Authority

The Gloucester County Utilities Authority ("Utilities Authority") is a public body corporate and politic of the State originally created under the name The Gloucester County Sewerage Authority, pursuant to a resolution of the County Board adopted July 21, 1967 and the Sewerage Authorities Law, constituting Chapter 138 of the Laws of 1946 of the State of New Jersey, as amended and supplemented. The Utilities Authority has been renamed, reorganized and is continued as a public body corporate and politic pursuant to a resolution of the County Board adopted August 7, 1978 and the Act.

Pursuant to the terms of a Deficiency Advance Contract, the County is obligated to pay the Utilities Authority any annual charges charged to and payable by the County for any deficit in revenues to pay or provide for: (1) operations and maintenance expenses of the regional sewerage system; (2) the principal and interest on the Utilities Authority's bonds as the same become due; and (3) to maintain required revenues. The obligations of the County pursuant to the provisions of the Deficiency Advance Contract constitute a valid and binding direct and general obligation of the County.

No payment has been required to be made by the County pursuant to the Deficiency Advance Contract.

As of December 31, 2021, the Utilities Authority has the following series of Sewer Revenue Bonds and New Jersey Infrastructure Bank ("NJIB") Bonds outstanding:

<b><u>Issue</u></b>	<b><u>Amount Outstanding</u></b>
NJIB Trust&FundBonds, Series B 2010(Trust)	\$635,000.00
NJIB Trust & Fund Bonds, Series 2018 (Fund)	1,123,385.97
NJIB Trust & Fund Bonds, Series 2008 (Trust)	810,000.00
NJIB Trust & Fund Bonds, Series 2010 (Fund)	402,884.28
NJIB Trust & Fund Bonds, Series 2010 (Trust)	170,000.00
NJIB Trust & Fund Bonds, (ARRA), Series 2010 (Trust)	58,726.40
NJIB Trust & Fund Bonds (ARRA), Series 2010 (Fund)	48,000.00
NJIB Trust&FundBonds, Series B(Fund)	529,342.20
N JIB Trust & Fund Bonds, Series 2015 (Trust)	785,000.00
NJIB Trust&FundBonds, Series2013(Fund)	1,467,675.95
NJIB Trust&FundBonds, Series 2013(Trust)	615,000.00
NJIB Trust & Fund Bonds, Series 2015 (Fund)	1,675,347.40
2017 Refunding Bonds	5,170,000.00
NJIB Trust & Fund Bonds, Series 2018 (Trust)	410,000.00
NJIB Trust & Fund Bonds, Series 2008 (Fund)	345,158.61
NJIB Trust & Fund Bonds, Series 2019 (Trust)	9,970,000.00
NJIB Trust & Fund Bonds, Series 2019 (Fund)	28,118,356.40
NJ I-Bank Project Note	<u>11,500,000.00</u>
<b>TOTAL</b>	<b><u>\$63,833,877.21</u></b>

## SIX YEAR CAPITAL PROGRAM

The Six Year Capital Program of the County is presented in the table below.

### SIX YEAR CAPITAL PROGRAM -2022-2027 Anticipated Project Schedule and Funding Requirements County of Gloucester

<u>Project Title</u>	<u>Project Number</u>	<u>Estimated Total Costs</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>
County Park Improvements	1	\$6,285,000	\$500,000	\$2,685,000	\$610,000	\$1,195,000	\$395,000	\$900,000
Buildings New & Renovated	2	21,762,000	2,450,000	1,590,000	1,040,000	1,480,000	815,000	965,000
Highways	3	76,176,535	24,626,535	10,310,000	10,310,000	10,310,000	10,310,000	10,310,000
Intersections	4	2,425,000	1,925,000	100,000	100,000	100,000	100,000	100,000
Bridges, Dams and Drainage	5	17,526,842	2,225,842	1,275,000	1,275,000	1,275,000	10,201,000	1,275,000
Computer Equipment	6	2,668,500		1,043,000	398,000	411,500	408,000	408,000
Communications Equipment	7	7,580,820	1,197,500	1,211,320	1,393,000	1,308,000	1,208,000	1,263,000
EMS Equipment	8	6,949,000		2,343,000	1,042,000	1,042,000	1,261,000	1,261,000
Other Equipment	9	500,000		100,000	100,000	100,000	100,000	100,000
Miscellaneous (Chapter 12 \$5,172,000) plus \$3M RCSJ & GCIT BOF \$4M		<u>                    </u>	<u>13,422,000</u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Total-All Projects</b>		<b>\$141,873,697</b>	<b>\$46,346,877</b>	<b>\$20,657,320</b>	<b>\$16,268,000</b>	<b>\$17,221,500</b>	<b>\$24,798,000</b>	<b>\$16,582,000</b>

## SOLID WASTE MATTERS

Pursuant to the Solid Waste Management Act, constituting Chapter 39 of the Pamphlet Laws of 1970 of the State of New Jersey (N J S.A. 13:1E-1 et seq.), as amended and supplemented and the regulations promulgated thereunder ("Solid Waste Management Act"), the New Jersey Legislature initiated a comprehensive statutory mechanism for the management of solid waste disposal in the State. The Solid Waste Management Act requires each county to develop a comprehensive plan for the collection, transportation and disposal of all solid waste generated in the County. The New Jersey Department of Environmental Protection ("NJDEP" or "Department") reviews and certifies each county plan to ensure its consistency with Statewide solid waste management objectives, criteria and standards.

Pursuant to the Solid Waste Management Act, the County has lawfully adopted and implemented a County-wide solid waste management plan, as the same has been amended and supplemented to date, through the auspices of the GCIA ("Solid Waste Management Plan"). Pursuant to the Solid Waste Management Plan and the McEnroe Act, N J S.A. 13-IE-136 et seq. ("McEnroe Act"), the County has full legal authority to control the disposal of all processible solid waste generated within the County. The County's Solid Waste Management Plan currently consists of two (2) primary components: (i) a mass burn waste-to-energy facility located in West Deptford, New Jersey ("Resource Recovery Facility"); and (ii) the Gloucester County Landfill which is owned and operated by the GCIA ("Landfill").

Pursuant to and in accordance with the Solid Waste Management Act and the McEnroe Act, and following a non-discriminatory procurement process, the County and the GCIA, on December 31, 2019, entered into a ten (10) year agreement with Wheelabrator Gloucester County L.P., a subsidiary of Granite Acquisition Inc. ("Company"), for the provision of disposal services related to solid waste generated within the County ("Agreement"). The Agreement, among other things, provides that the GCIA direct the disposal of all processible solid waste generated within the County to the Resource Recovery Facility and all bypass waste to the Landfill. In addition, the Agreement contractually obligates the Company to dispose of its residual ash waste at the Landfill, and authorizes the GCIA to accept at the Landfill for a disposal fee, construction and demolition waste and non-processible waste. The Agreement, by its terms, expires on December 31, 2029.

The GCIA has outstanding solid waste revenue bonds which were issued to finance various capital improvements and enlargements to the Landfill ("Solid Waste Bonds").

Information with respect to the Solid Waste Bonds is included in the table entitled "GCIA'S DEBT UNDER A LEASE OR LOAN AGREEMENT WITH THE COUNTY OR GUARANTEED BY THE COUNTY" herein.

**APPENDIX B**

**EXCERPT OF REPORT OF AUDIT OF 2021 FINANCIAL STATEMENTS OF THE  
COUNTY OF GLOUCESTER, NEW JERSEY**

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**FOR THE YEAR ENDED 2022**  
**COMPILED FINANCIAL STATEMENTS**

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**INDEPENDENT ACCOUNTANT'S COMPILATION REPORT**

The Honorable Director and  
Members of the County Board of Commissioners  
County of Gloucester  
Woodbury, New Jersey 08096

Management is responsible for the accompanying financial statements of the County of Gloucester, New Jersey, which comprise the statement of assets, liabilities, reserves and fund balance--regulatory basis of the various funds as of December 31, 2022 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

Voorhees, New Jersey  
February 13, 2023

**COUNTY OF GLOUCESTER**  
**CURRENT FUND**  
Statement of Assets, Liabilities, Reserves and Fund Balance--Regulatory Basis  
As of December 31, 2022

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ASSETS

Regular Fund:

Cash	\$ 95,284,024.42
Cash--Change Funds	1,200.00
Local Grants Receivable	<u>90,000.00</u>

95,375,224.42

Receivables with Full Reserves:

Accounts Receivable	1,448,405.32
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Deferred Charges:

Special Emergency Authorizations	<u>3,000,000.00</u>
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Total Regular Fund	<u>99,823,629.74</u>
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Federal and State Grant Fund:

Cash	45,864,049.87
Grants Receivable	<u>89,337,280.56</u>

Total Federal and State Grant Fund	<u>135,201,330.43</u>
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\$235,024,960.17

(Continued)

**COUNTY OF GLOUCESTER**  
**CURRENT FUND**  
Statement of Assets, Liabilities, Reserves and Fund Balance--Regulatory Basis  
As of December 31, 2022

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LIABILITIES, RESERVES AND FUND BALANCE

Regular Fund:

Appropriation Reserves	\$ 13,423,528.58
Reserve for Encumbrances	2,214,584.76
Payroll Taxes Payable	1,213,485.28
Reserve for Local Grants Appropriated	81,106.07
Reserve for FEMA Emergency	<u>2,298,253.00</u>

Sub-Total	19,230,957.69
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Reserve for Receivables	1,448,405.32
Fund Balance	<u>79,144,266.73</u>

Total Regular Fund	<u>99,823,629.74</u>
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Federal and State Grant Fund:

Reserve for:	
Encumbrances	32,805,605.57
Appropriated Grants	95,278,288.07
Unappropriated Grants	<u>7,117,436.79</u>

Total Federal and State Grant Fund	<u>135,201,330.43</u>
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	<u><u>\$235,024,960.17</u></u>
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See Independent Accountant's Compilation Report and selected notes.

**COUNTY OF GLOUCESTER**  
**CURRENT FUND**  
Statement of Operations and Changes in Fund Balance--Regulatory Basis  
For the Year Ended December 31, 2022

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<b>REVENUE AND OTHER INCOME REALIZED</b>	
Fund Balance Realized	\$ 8,450,270.00
Miscellaneous Revenue Anticipated	133,762,337.12
Receipts from Current Taxes	182,500,000.00
Non-Budget Revenues	5,261,278.31
Other Credits to Income:	
Unexpended Balance of Appropriation Reserves	7,339,140.11
Cancellation of Prior Year Payables	30,426.03
	337,343,451.57
 Total Income	 337,343,451.57
 <b>EXPENDITURES</b>	
Budget Appropriations:	
Operations:	
Salaries and Wages	86,497,388.00
Other Expenses	177,912,139.00
Capital Improvements	859,942.00
Debt Service	38,866,566.00
Deferred Charges and Statutory Expenditures	21,218,753.00
	325,354,788.00
 Total Expenditures	 325,354,788.00
 Excess in Revenue	 11,988,663.57
 Fund Balance January 1	 75,605,873.16
	87,594,536.73
Decreased by:	
Utilized as Anticipated Revenue	8,450,270.00
	8,450,270.00
 Fund Balance December 31	 \$ 79,144,266.73

See Independent Accountant's Compilation Report and selected notes.

**COUNTY OF GLOUCESTER**  
**TRUST FUND**  
Statement of Assets, Liabilities, Reserves and Fund Balance--Regulatory Basis  
As of December 31, 2022

ASSETS

Cash	\$ 39,932,653.22
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LIABILITIES, RESERVES AND FUND BALANCE

Reserve for:

Encumbrances	\$ 2,179,110.58
Miscellaneous Trust Funds:	
County Clerk's Improvement Fund	286,093.49
Road Opening Permits	877,798.63
Storm Recovery - COVID19 Pandemic	142,687.24
Weights and Measures	17,814.53
Environmental Quality and Enforcement	97,095.39
Motor Vehicle Fines	638,655.82
Open Space, Recreation, Farmland & Historical Preservation	34,105,879.90
Sheriff's Improvement Fund	14,868.54
Accumulated Absences	13,323.18
Fair Share/Developers Escrow	82,379.91
Unemployment Insurance	226,003.57
Tax Appeals	57,534.40
Surrogate's Improvement Fund	151,524.37
Solid Waste Fees	33,454.10
Federal Forfeited Funds	67,653.65
Forfeited Funds	32,950.47
Seized Assets	567,287.50
Asset Maintenance Account	4,618.88
Uniform Fire Safety	10,645.01
Project Lifesaver	1.38
Parks & Recreation Donations	32,050.94
Animal Shelter Donations	203,535.82
Health & Senior Services Donations	28,405.20
Human Services Transportation Donations	15,591.23
Veterans Affairs Donations	32,064.87
Disability Services Donations	5,102.59
Emergency Response/EMS Donations	6,851.33
Sheriff's Forfeited Funds	1,170.70
Bequest	500.00
	\$ 39,932,653.22

See Independent Accountant's Compilation Report and selected notes.

**COUNTY OF GLOUCESTER**  
**GENERAL CAPITAL FUND**  
Statement of Assets, Liabilities, Reserves and Fund Balance--Regulatory Basis  
As of December 31, 2022

ASSETS

Cash	\$ 37,047,485.76
Grants Receivable	31,154,975.49
Amount to be Provided by Lease Payments	18,235,000.00
Deferred Charges to Future Taxation:	
Funded	229,353,500.00
Funded - Due from State of New Jersey	13,983,500.00
Unfunded	125.00
	\$ 329,774,586.25

LIABILITIES, RESERVES AND FUND BALANCE

Bonds Payable	\$ 159,307,000.00
Obligations Under Capital Lease	18,235,000.00
GCIA Loans Payable	84,030,000.00
Improvement Authorizations:	
Funded	37,605,879.94
Unfunded	125.00
Reserve for:	
Contracts/Encumbrances Payable	26,067,031.48
Reserve for Debt Service	3,294,255.13
Capital Improvement Fund	47,040.31
Fund Balance	1,188,254.39
	\$ 329,774,586.25

See Independent Accountant's Compilation Report and selected notes.

**COUNTY OF GLOUCESTER**  
 Selected Information – Substantially All Disclosures Required  
 By the Regulatory Basis of Accounting Have Been Omitted  
 For the Year Ended December 31, 2022

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

**Description of Financial Reporting Entity** - The County of Gloucester (hereafter referred to as the "County") is located in South New Jersey. Woodbury, the County seat, is approximately 13 miles from downtown Philadelphia and is approximately 100 miles from New York City. The County has twenty-four political subdivisions, and the population of the County of according to the 2020 census was 302,294.

The County government operates under a seven-member Board of Commissioners, elected at-large by the voters of the County. Each member is elected to a term of three years. A director and deputy director are selected from their membership at the first meeting of each year. The Commissioners have both administrative and policy-making powers.

**Component Units** - The financial statements of the component units of the County are not presented in accordance with Governmental Accounting Standards Board (GASB) Statements No. 14, *The Financial Reporting Entity*, as amended. If the provisions of the aforementioned GASB Statements had been complied with, the financial statements of the following component units would have been either blended or discretely presented with the financial statements of the County, the primary government:

Gloucester County Improvement Authority  
 109 Budd Blvd  
 Woodbury, New Jersey 08096

Gloucester County Utilities Authority  
 2 Paradise Road  
 West Deptford, New Jersey 08066

Rowan College at Gloucester County  
 1400 Tanyard Road  
 Sewell, New Jersey 08080

Gloucester County Institute of Technology  
 1360 Tanyard Road  
 Sewell, New Jersey 08080

Gloucester County Special Services School District  
 1340 Tanyard Road  
 Sewell, New Jersey 08080

Gloucester County Housing Authority  
 100 Pop Moylan Blvd  
 Deptford, New Jersey 08096

Gloucester County Insurance Commission  
 9 Campus Drive, Suite 216  
 Parsippany, New Jersey 07054

Gloucester County Library Commission  
 389 Wolfert Station Road  
 Mullica Hill, New Jersey 08062

Pollution Control Financing Authority of Gloucester County  
 2 South Broad Street, PO Box 337  
 Woodbury, New Jersey 08096

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

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

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

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

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

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

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

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

**Budgets and Budgetary Accounting** - The County must adopt an annual budget for its current, and open space/farmland/parks trust funds in accordance with N.J.S.A. 40A:4 et seq. N.J.S.A. 40A:4-5 requires the governing body to introduce and approve the annual 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 Local Finance Board.

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

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

New Jersey 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.



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

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

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

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

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

**Fund Balance** - Fund Balances included in the current fund represent amounts available for anticipation as revenue in future years' budgets, with certain restrictions.

**Revenues** - Revenues are recorded when received in cash except for certain amounts which are due from other governmental units. Revenue from federal and state grants are realized when anticipated as such in the County's budget. Other amounts that are due to the County which are susceptible to accrual are recorded as receivables with offsetting reserves and recorded as revenue when received.

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

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

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

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

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

**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.

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**FOR THE YEAR ENDED 2021**

**FINANCIAL STATEMENTS**

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## **INDEPENDENT AUDITOR'S REPORT**

The Honorable Director and  
Members of the County Board of Commissioners  
County of Gloucester  
Woodbury, New Jersey 08096

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying statements of assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the County of Gloucester, State of New Jersey, as of December 31, 2021, and the related statements of operations and changes in fund balance - regulatory basis for the year 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.

#### ***Unmodified Opinions on Regulatory Basis of Accounting***

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the County of Gloucester, State of New Jersey, as of December 31, 2021, and the results of its operations and changes in fund balance - regulatory basis of such funds for the year 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.

#### ***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* section of our report, the accompanying financial statements referred to above do not present fairly the financial position of the County of Gloucester, State of New Jersey, as of December 31, 2021, or the results of its operations and changes in fund balance for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions on Regulatory Basis of Accounting***

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, 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. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in note 1 to the financial statements, the financial statements are prepared by the County on the basis of the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the State of New Jersey. The effects on the financial statements of the variances between the regulatory basis of accounting described in note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

### ***Other Matter***

The financial statements of the County of Gloucester as of and for the year ended December 31, 2020 were audited by another auditor whose report dated July 26, 2021, expressed an adverse opinion on those financial statements in accordance with accounting principles generally accepted in the United States of America, and an unmodified opinion under the regulatory basis of accounting.

### ***Responsibilities of Management 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. Management is also responsible for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

***Auditor's Responsibilities for the Audit of the Financial Statements (Continued)***

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Respectfully submitted,

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

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

Woodbury, New Jersey  
October 5, 2022

**COUNTY OF GLOUCESTER**  
**CURRENT FUND**  
 Statements of Assets, Liabilities, Reserves and Fund Balance--Regulatory Basis  
 As of December 31, 2021

ASSETS

Regular Fund:

Cash	\$ 90,708,110.09
Cash--Change Funds	<u>1,200.00</u>

90,709,310.09

Receivables with Full Reserves:

Accounts Receivable	<u>1,507,199.51</u>
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1,507,199.51

Deferred Charges:

Emergency Authorizations	1,100,000.00
Special Emergency Authorizations	<u>4,000,000.00</u>

5,100,000.00

Total Regular Fund

97,316,509.60

Federal and State Grant Fund:

Cash	23,162,154.44
Grants Receivable	<u>59,727,664.14</u>

82,889,818.58

Total Federal and State Grant Fund

\$ 180,206,328.18

**COUNTY OF GLOUCESTER**  
**CURRENT FUND**  
Statements of Assets, Liabilities, Reserves and Fund Balance--Regulatory Basis  
As of December 31, 2021

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LIABILITIES, RESERVES AND FUND BALANCE

Regular Fund:

Appropriation Reserves	\$ 13,900,779.45
Reserve for Encumbrances	3,082,163.81
Payroll Taxes Payable	1,150,498.15
Reserve for COVID19 Gloucester County Megasite	4,986.01
Reserve for Tropical Storm Ida Tornado	<u>2,065,009.51</u>

Sub-Total 20,203,436.93

Reserve for Receivables 1,507,199.51  
Fund Balance 75,605,873.16

Total Regular Fund 97,316,509.60

Federal and State Grant Fund:

Reserve for:	
Encumbrances	14,025,279.62
Appropriated Grants	65,483,506.96
Unappropriated Grants	<u>3,381,032.00</u>

Total Federal and State Grant Fund 82,889,818.58

\$ 180,206,328.18

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



**COUNTY OF GLOUCESTER**  
**CURRENT FUND**  
 Statements of Operations and Changes in Fund Balance--Regulatory Basis  
 For the Years Ended December 31, 2021

<b>REVENUE AND OTHER INCOME REALIZED</b>	
Fund Balance Realized	\$ 7,024,000.00
Miscellaneous Revenue Anticipated	126,124,845.44
Receipts from Current Taxes	182,500,000.00
Non-Budget Revenues	6,197,134.37
Other Credits to Income:	
Unexpended Balance of Appropriation Reserves	13,165,109.07
Total Income	335,011,088.88
<b>EXPENDITURES</b>	
Budget Appropriations:	
Operations:	
Salaries and Wages	84,474,539.00
Other Expenses	173,863,887.00
Capital Improvement Fund	1,007,102.00
Debt Service	39,430,562.06
Deferred Charges and Statutory Expenditures	20,527,903.00
Total Expenditures	319,303,993.06
Excess in Revenue	15,707,095.82
Adjustments to Income before Surplus:	
Expenditures included above which are by Statute	
Deferred Charges to Budget of Succeeding Year	5,100,000.00
Statutory Excess to Fund Balance	20,807,095.82
Fund Balance January 1	61,822,777.34
	82,629,873.16
Decreased by:	
Utilized as Anticipated Revenue	7,024,000.00
Fund Balance December 31	\$ 75,605,873.16

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

**COUNTY OF GLOUCESTER**  
**TRUST FUND**  
 Statements of Assets, Liabilities, Reserves and Fund Balance--Regulatory Basis  
 As of December 31, 2021

ASSETS

Cash	\$ 36,356,196.56
	<u>\$ 36,356,196.56</u>

LIABILITIES, RESERVES AND FUND BALANCE

Reserve for:

Encumbrances	\$ 1,212,156.76
Miscellaneous Trust Funds:	
County Clerk's Improvement Fund	305,245.04
Road Opening Permits	671,448.50
Storm Recovery	54,005.52
Storm Recovery - COVID19 Pandemic	2,162.56
Weights and Measures	27,994.93
Environmental Quality and Enforcement	95,155.50
Motor Vehicle Fines	692,106.42
Open Space, Recreation, Farmland & Historical Preservation	30,675,086.30
Sheriff's Improvement Fund	41,461.48
Accumulated Absences	58,409.93
Fair Share/Developers Escrow	1,210,375.06
Unemployment Insurance	150,101.40
Tax Appeals	60,044.46
Surrogate's Improvement Fund	137,183.29
Solid Waste Fees	40,301.84
Federal Forfeited Funds	32,903.31
Forfeited Funds	19,296.95
Forfeited Funds - Auto Theft	7,934.76
Seized Assets	476,901.56
Asset Maintenance Account	2,733.40
Uniform Fire Safety	8,320.01
Project Lifesaver	2,150.00
Parks & Recreation Donations	23,028.15
Animal Shelter Donations	225,685.74
Health & Senior Services Donations	67,429.17
Human Services Transportation Donations	14,411.23
Veterans Affairs Donations	29,327.14
Disability Services Donations	5,102.59
Emergency Response/EMS Donations	6,582.06
Sheriff's Forfeited Funds	1,081.50
Student Summit Donations	70.00
	<u>\$ 36,356,196.56</u>

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

**COUNTY OF GLOUCESTER**  
**GENERAL CAPITAL FUND**  
 Statements of Assets, Liabilities, Reserves and Fund Balance--Regulatory Basis  
 As of December 31, 2021

ASSETS

Cash	\$ 38,448,301.71
Grants Receivable	17,965,812.43
Amount to be Provided by Lease Payments	21,490,000.00
Deferred Charges to Future Taxation:	
Funded	242,365,000.00
Funded - Due from State of New Jersey	12,940,000.00
	<u>\$ 333,209,114.14</u>

LIABILITIES, RESERVES AND FUND BALANCE

Bonds Payable	\$ 166,890,000.00
Obligations Under Capital Lease	21,490,000.00
GCIA Loans Payable	88,415,000.00
Improvement Authorizations:	
Funded	37,594,030.75
Contracts/Encumbrances Payable	14,646,257.07
Reserve for Debt Service	2,938,532.13
Capital Improvement Fund	47,040.31
Fund Balance	1,188,253.88
	<u>\$ 333,209,114.14</u>

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

**COUNTY OF GLOUCESTER**  
Notes to Financial Statements  
For the Year Ended December 31, 2021

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

**Description of Financial Reporting Entity** - The County of Gloucester (hereafter referred to as the "County") is located in South New Jersey. Woodbury, the County seat, is approximately 13 miles from downtown Philadelphia and is approximately 100 miles from New York City. The County has twenty-four political subdivisions, and the population of the County of according to the 2020 census was 302,294.

The County government operates under a seven-member Board of Commissioners, elected at-large by the voters of the County. Each member is elected to a term of three years. A director and deputy director are selected from their membership at the first meeting of each year. The Commissioners have both administrative and policy-making powers.

**Component Units** - The financial statements of the component units of the County are not presented in accordance with Governmental Accounting Standards Board (GASB) Statements No. 14, *The Financial Reporting Entity*, as amended. If the provisions of the aforementioned GASB Statements had been complied with, the financial statements of the following component units would have been either blended or discretely presented with the financial statements of the County, the primary government:

Gloucester County Improvement Authority  
109 Budd Blvd  
Woodbury, New Jersey 08096

Gloucester County Utilities Authority  
2 Paradise Road  
West Deptford, New Jersey 08066

Rowan College at Gloucester County  
1400 Tanyard Road  
Sewell, New Jersey 08080

Gloucester County Institute of Technology  
1360 Tanyard Road  
Sewell, New Jersey 08080

Gloucester County Special Services School District  
1340 Tanyard Road  
Sewell, New Jersey 08080

Gloucester County Housing Authority  
100 Pop Moylan Blvd  
Deptford, New Jersey 08096

Gloucester County Insurance Commission  
9 Campus Drive, Suite 216  
Parsippany, New Jersey 07054

Gloucester County Library Commission  
389 Wolfert Station Road  
Mullica Hill, New Jersey 08062

Pollution Control Financing Authority of Gloucester County  
2 South Broad Street, PO Box 337  
Woodbury, New Jersey 08096

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

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

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

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

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

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

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

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

**Budgets and Budgetary Accounting** - The County must adopt an annual budget for its current, and open space/farmland/parks trust funds in accordance with N.J.S.A. 40A:4 et seq. N.J.S.A. 40A:4-5 requires the governing body to introduce and approve the annual 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 Local Finance Board.

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

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

New Jersey 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.

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

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

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

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

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

**Fund Balance** - Fund Balances included in the current fund represent amounts available for anticipation as revenue in future years' budgets, with certain restrictions.

**Revenues** - Revenues are recorded when received in cash except for certain amounts which are due from other governmental units. Revenue from federal and state grants are realized when anticipated as such in the County's budget. Other amounts that are due to the County which are susceptible to accrual are recorded as receivables with offsetting reserves and recorded as revenue when received.

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

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

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

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

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

**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, 2021, the County had bank balances of \$161,179,593.30 that were exposed to custodial credit risk as follows:

Insured by FDIC and GUDPA	\$ 160,817,891.13
Uninsured and Uncollateralized	<u>361,702.17</u>
Total	<u>\$ 161,179,593.30</u>

**New Jersey Asset & Rebate Management Program** - During the year, the County participated in the New Jersey Asset & Rebate Management Program. The Program has an Advisory Board that is comprised of up to seven officials representing local governments that are investors in the Program. Deposits with the New Jersey Asset & Rebate Management Program are not subject to custodial credit risk as defined above. At December 31, 2021, the County’s deposits with the New Jersey Asset & Rebate Management Program were \$30,133,272.87.

**Note 3: PROPERTY TAXES**

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

**Comparative Schedule of Tax Rates**

	<u>Year Ended</u>				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
County Tax Rate	<u>\$ 0.646</u>	<u>\$ 0.645</u>	<u>\$ 0.643</u>	<u>\$ 0.641</u>	<u>\$ 0.632</u>
County Open Space, Recreation, Farmland and Historic Preservation Tax Rate	<u>\$ 0.040</u>	<u>\$ 0.040</u>	<u>\$ 0.040</u>	<u>\$ 0.040</u>	<u>\$ 0.040</u>



**Note 3: 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):

**Assessed Valuation**

<u>Year</u>	<u>Amount</u>
2021	\$ 28,247,906,460
2020	27,613,666,461
2019	27,054,614,423
2018	26,537,050,714
2017	26,081,261,902

**Comparison of Tax Levies and Collections**

<u>Year</u>	<b>Open Space, Recreation, Farmland, Historic</b>			<u>Total Collections</u>	<u>Percentage of Collections</u>
	<u>Regular Tax Levy</u>	<u>Preservation Tax Levy</u>			
2021	\$ 182,500,000	\$ 11,155,921	\$	193,655,921	100.00%
2020	178,000,000	10,931,146		188,931,146	100.00%
2019	174,000,000	10,720,964		184,720,964	100.00%
2018	170,000,000	10,629,664		180,629,664	100.00%
2017	164,887,378	10,432,505		175,319,883	100.00%

**Note 4: FUND BALANCES APPROPRIATED**

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

**Current Fund**

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
2021	\$ 75,605,873	\$ 8,450,270	11.18%
2020	61,822,777	7,024,000	11.36%
2019	52,254,183	2,698,000	5.16%
2018	41,508,416	2,376,225	5.72%
2017	32,224,722	2,685,000	8.33%

**Note 5: 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 5: 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 1/55<sup>th</sup> of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> 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 5: 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, 2021 was 15.09% 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, 2021, the County's contractually required contribution to the pension plan for the year ended December 31, 2021 is \$8,255,576.00 and is payable by April 1, 2022. 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, 2020, the County's contractually required contribution to the pension plan for the year ended December 31, 2020 was \$7,758,829.00, which was paid on April 1, 2021.

Employee contributions to the Plan for the year ended December 31, 2021 were \$4,143,661.56.

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, 2021 was 0.92% of the County's covered payroll.

**Note 5: PENSION PLANS (CONT'D)****General Information about the Pension Plans (Cont'd)****Contributions (Cont'd)**

**Public Employees' Retirement System (Cont'd)** - Based on the most recent PERS measurement date of June 30, 2021, the State's contractually required contribution, on-behalf of the County, to the pension plan for the year ended December 31, 2021 was \$500,629.00 and was payable by April 1, 2022. For the prior year 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 \$312,768.00, which was paid on April 1, 2021.

**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, 2021 was 33.52% of the County's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Based on the most recent PFRS measurement date of June 30, 2021, the County's contractually required contribution to the pension plan for the year ended December 31, 2021 is \$4,607,328.00 and is payable by April 1, 2022. 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, 2020, the County's contractually required contribution to the pension plan for the year ended December 31, 2020 was \$4,627,448.00, which was paid on April 1, 2021.

Employee contributions to the Plan for the year ended December 31, 2021 were \$1,391,664.74.

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, 2021 was 5.14% of the County's covered payroll.

Based on the most recent PFRS measurement date of June 30, 2021, the State's contractually required contribution, on-behalf of the County, to the pension plan for the year ended December 31, 2021 was \$705,952.00 and is payable by April 1, 2022. For the prior year 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 \$639,165.00, which was paid on April 1, 2021.

**Note 5: PENSION PLANS (CONT'D)****General Information about the Pension Plans (Cont'd)****Contributions (Cont'd)**

**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, 2021, employee contributions totaled \$124,836.87, and the County's contributions were \$68,469.22. 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, 2021, 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	\$ 83,509,794.00
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the County	4,833,462.00
	<u>\$ 88,343,256.00</u>

The net pension liability was measured as of June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. 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, 2021. 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, 2021 measurement date, the County's proportion was .7049322538, which was a decrease of .0043169897% from its proportion measured as of June 30, 2020. Likewise, at June 30, 2021, the State of New Jersey's proportion, on-behalf of the County, was 3.8274625707%, which was a decrease of .0256380647% from its proportion, on-behalf of the County, measured as of June 30, 2020.

**Pension (Benefit) Expense** - For the year ended December 31, 2021, the County's proportionate share of the PERS pension (benefit) expense, calculated by the Plan as of the June 30, 2021 measurement date was \$(12,590,185.00). 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, 2021, the County's contribution to PERS was \$7,758,829.00, and was paid on April 1, 2021.

For the year ended December 31, 2021, the State's proportionate share of the PERS pension (benefit) expense, associated with the County, calculated by the Plan as of the June 30, 2021 measurement date, was \$426,074.00. This on-behalf (benefit) expense is not recognized by the County because of the regulatory basis of accounting as described in note 1.

**Note 5: 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**

**Pension Liability** - As of December 31, 2021, the County's and State of New Jersey's proportionate share of the PFRS net pension liability were as follows:

County's Proportionate Share of Net Pension Liability	\$ 28,894,631.00
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the County	<u>8,126,609.00</u>
	<u>\$ 37,021,240.00</u>

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. 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, 2021. 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, 2021 measurement date, the County's proportion was .3953212419%, which was a decrease of .0188900655% from its proportion measured as of June 30, 2020. Likewise, at June 30, 2021, the State of New Jersey's proportion, on-behalf of the County, was .3953207860%, which was a decrease of .0188905214% from its proportion, on-behalf of the County, measured as of June 30, 2020.

**Pension (Benefit) Expense** - For the year ended December 31, 2021, the County's proportionate share of the PFRS pension (benefit) expense, calculated by the Plan as of the June 30, 2021 measurement date was \$(4,191,278.00). 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, 2021, the County's contribution to PFRS was \$4,627,448.00, and was paid on April 1, 2021.

For the year ended December 31, 2021, the State's proportionate share of the PFRS pension (benefit) expense, associated with the County, calculated by the Plan as of the June 30, 2021 measurement date, was \$905,067.00. This on-behalf (benefit) expense is not recognized by the County because of the regulatory basis of accounting as described in note 1.

**Note 5: 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** - As of December 31, 2021, the County had deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources			Deferred Inflows of Resources		
	PERS	PFRS	Total	PERS	PFRS	Total
Differences between Expected and Actual Experience	\$ 1,317,057.00	\$ 329,652.00	\$ 1,646,709.00	\$ 597,832.00	\$ 3,461,278.00	\$ 4,059,110.00
Changes of Assumptions	434,918.00	153,751.00	588,669.00	29,730,028.00	8,659,589.00	38,389,617.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	-	-	21,998,674.00	12,312,942.00	34,311,616.00
Changes in Proportion and Differences between County Contributions and Proportionate Share of Contributions	1,058,951.00	1,401,873.00	2,460,824.00	5,775,248.00	3,953,067.00	9,728,315.00
County Contributions Subsequent to the Measurement Date	4,127,788.00	2,303,664.00	6,431,452.00	-	-	-
	<u>\$ 6,938,714.00</u>	<u>\$ 4,188,940.00</u>	<u>\$ 11,127,654.00</u>	<u>\$ 58,101,782.00</u>	<u>\$ 28,386,876.00</u>	<u>\$ 86,488,658.00</u>

Deferred outflows of resources in the amounts of \$4,127,788.00 and \$2,303,664.00 for PERS and PFRS, respectively, will be included as a reduction of the net pension liability during the year ending December 31, 2022. These amounts were based on an estimated April 1, 2023 contractually required contribution, prorated from the pension plans' measurement date of June 30, 2021 to the County's year end of December 31, 2021.



**Note 5: 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)** - 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, 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	-
June 30, 2021	-	5.13	-	6.17
Changes of Assumptions				
Year of Pension Plan Deferral:				
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
June 30, 2021	5.13	-	6.17	-
Difference between Projected and Actual Earnings on Pension Plan Investments				
Year of Pension Plan Deferral:				
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
June 30, 2021	-	5.00	-	5.00
Changes in Proportion				
Year of Pension Plan Deferral:				
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
June 30, 2021	5.13	5.13	6.17	6.17

**Note 5: 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:

<b><u>Year Ending Dec 31,</u></b>	<b><u>PERS</u></b>	<b><u>PFRS</u></b>	<b><u>Total</u></b>
2022	\$(20,782,047.00)	\$ (7,928,322.00)	\$(28,710,369.00)
2023	(15,631,491.00)	(6,130,415.00)	(21,761,906.00)
2024	(11,236,879.00)	(5,529,064.00)	(16,765,943.00)
2025	(7,619,381.00)	(5,639,443.00)	(13,258,824.00)
2026	(21,058.00)	(1,089,195.00)	(1,110,253.00)
Thereafter	-	(185,161.00)	(185,161.00)
	<u>\$(55,290,856.00)</u>	<u>\$(26,501,600.00)</u>	<u>\$(81,792,456.00)</u>

**Actuarial Assumptions**

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. 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, 2021. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	<b><u>PERS</u></b>	<b><u>PFRS</u></b>
Inflation Rate:		
Price	2.75%	2.75%
Wage	3.25%	3.25%
Salary Increases: <sup>(1)</sup>		
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

<sup>(1)</sup> based on years of service

**Note 5: 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-2021.

**Police and Firemen's Retirement System**

Pre-retirement mortality rates were based on the PubS-2010 amount-weighted mortality table with a 105.6% adjustment for males and 102.5% adjustment for females. For healthy annuitants, mortality rates were based on the PubS-2010 amount-weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females. Disability rates were based on the PubS-2010 amount-weighted mortality table with a 152.0% adjustment for males and 109.3% adjustment for females. Mortality improvement is based on Scale MP-2021.

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, 2021) 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, 2021 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%	8.09%
Non-US Developed Markets Equity	13.50%	8.71%
Emerging Market Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Estate	8.00%	9.15%
Real Assets	3.00%	7.40%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk Mitigation Strategies	3.00%	3.35%
	100.00%	

**Note 5: 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, 2021. 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 2.16% as of the June 30, 2021 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 100% 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, 2021. 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 2.16% as of June 30, 2021 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 100% 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 Proportionate Share of Net Pension Liability to Changes in the Discount Rate**

**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, 2021 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:

	1% Decrease <u>(6.00%)</u>	Current Discount Rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
County's Proportionate Share of the Net Pension Liability	\$ 113,723,404.00	\$ 83,509,794.00	\$ 57,869,263.00
State of New Jersey's Proportionate Share of Net Pension Liability associated with the County	<u>6,582,195.00</u>	<u>4,833,462.00</u>	<u>3,349,414.00</u>
	<u>\$ 120,305,599.00</u>	<u>\$ 88,343,256.00</u>	<u>\$ 61,218,677.00</u>

**Note 5: PENSION PLANS (CONT'D)****Sensitivity of County's Proportionate Share of Net Pension Liability to Changes in the Discount Rate (Cont'd)**

**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, 2021 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:

	<b>1% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
County's Proportionate Share of the Net Pension Liability	\$ 43,875,593.00	\$ 28,894,631.00	\$ 16,424,597.00
State of New Jersey's Proportionate Share of Net Pension Liability associated with the County	12,340,002.00	8,126,609.00	4,619,415.00
	<u>\$ 56,215,595.00</u>	<u>\$ 37,021,240.00</u>	<u>\$ 21,044,012.00</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 5: 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 Proportionate Share of the Net Pension Liability - Public Employees' Retirement System (PERS) (Last Nine Plan Years)***

	<u>Measurement Date Ended June 30,</u>				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
County's Proportion of the Net Pension Liability	0.7049322538%	0.7092492435%	0.7414752435%	0.7474496350%	0.7360797761%
County's Proportionate Share of the Net Pension Liability	\$ 83,509,794.00	\$ 115,660,004.00	\$ 133,602,590.00	\$ 147,169,107.00	\$ 171,347,606.00
State's Proportionate Share of the Net Pension Liability associated with the County	4,833,462.00	4,940,892.00	5,017,112.00	-	-
	<u>\$ 88,343,256.00</u>	<u>\$ 120,600,896.00</u>	<u>\$ 138,619,702.00</u>	<u>\$ 147,169,107.00</u>	<u>\$ 171,347,606.00</u>
County's Covered Payroll (Plan Measurement Period)	\$ 49,179,792.00	\$ 49,769,500.00	\$ 51,219,540.00	\$ 50,301,512.00	\$ 48,859,912.00
County's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	179.63%	242.32%	270.64%	292.57%	350.69%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.33%	58.32%	56.27%	53.60%	48.10%
	<u>Measurement Date Ended June 30,</u>				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	
County's Proportion of the Net Pension Liability	0.7195062772%	0.7568953445%	0.7606011283%	0.7384607605%	
County's Proportionate Share of the Net Pension Liability	\$ 213,097,122.00	\$ 169,907,838.00	\$ 142,405,334.00	\$ 141,134,524.00	
State's Proportionate Share of the Net Pension Liability associated with the County	-	-	-	-	
	<u>\$ 213,097,122.00</u>	<u>\$ 169,907,838.00</u>	<u>\$ 142,405,334.00</u>	<u>\$ 141,134,524.00</u>	
County's Covered Payroll (Plan Measurement Period)	\$ 47,685,268.00	\$ 50,057,860.00	\$ 50,600,300.00	\$ 49,003,020.00	
County's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	446.88%	339.42%	281.43%	288.01%	
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	40.14%	47.93%	52.08%	48.72%	

**Note 5: PENSION PLANS (CONT'D)****Supplementary Pension Information (Cont'd)*****Schedule of Contributions - Public Employees' Retirement System (PERS) (Last Nine Years)***

	<u>Year Ended December 31,</u>				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
County's Contractually Required Contribution	\$ 8,255,576.00	\$ 7,758,829.00	\$ 7,212,370.00	\$ 7,434,709.00	\$ 6,818,993.00
County's Contribution in Relation to the Contractually Required Contribution	<u>(8,255,576.00)</u>	<u>(7,758,829.00)</u>	<u>(7,212,370.00)</u>	<u>(7,434,709.00)</u>	<u>(6,818,993.00)</u>
County's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's Covered Payroll (Calendar Year)	\$ 54,706,135.00	\$ 51,247,300.00	\$ 49,489,036.00	\$ 50,993,128.00	\$ 50,301,180.00
County's Contributions as a Percentage of Covered Payroll	15.09%	15.14%	14.57%	14.58%	13.56%
	<u>Year Ended December 31,</u>				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	
County's Contractually Required Contribution	\$ 6,391,991.00	\$ 6,507,270.00	\$ 6,270,286.00	\$ 5,564,151.00	
County's Contribution in Relation to the Contractually Required Contribution	<u>(6,391,991.00)</u>	<u>(6,507,270.00)</u>	<u>(6,270,286.00)</u>	<u>(5,564,151.00)</u>	
County's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
County's Covered Payroll (Calendar Year)	\$ 48,595,668.00	\$ 47,569,851.00	\$ 49,554,213.00	\$ 49,754,210.00	
County's Contributions as a Percentage of Covered Payroll	13.15%	13.68%	12.65%	11.18%	

**Note 5: PENSION PLANS (CONT'D)****Supplementary Pension Information (Cont'd)*****Schedule of Proportionate Share of the Net Pension Liability - Police and Firemen's Retirement System (PFRS) (Last Nine Plan Years)***

	<u>Measurement Date Ended June 30,</u>				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
County's Proportion of the Net Pension Liability	0.3953212419%	0.4142113074%	0.4263411370%	0.4177385712%	0.4079197408%
County's Proportionate Share of the Net Pension Liability	\$ 28,894,631.00	\$ 53,521,564.00	\$ 52,174,856.00	\$ 56,526,915.00	\$ 62,974,922.00
State's Proportionate Share of the Net Pension Liability associated with the County	<u>8,126,609.00</u>	<u>8,306,303.00</u>	<u>8,238,509.00</u>	<u>7,678,247.00</u>	<u>7,053,722.00</u>
Total	<u>\$ 37,021,240.00</u>	<u>\$ 61,827,867.00</u>	<u>\$ 60,413,365.00</u>	<u>\$ 64,205,162.00</u>	<u>\$ 70,028,644.00</u>
County's Covered Payroll (Plan Measurement Period)	\$ 13,790,488.00	\$ 14,196,812.00	\$ 14,131,028.00	\$ 13,667,096.00	\$ 13,249,284.00
County's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	209.53%	377.00%	369.22%	413.60%	475.31%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.26%	63.52%	65.00%	62.48%	58.60%
	<u>Measurement Date Ended June 30,</u>				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	
County's Proportion of the Net Pension Liability	0.4053644609%	0.4132599510%	0.5138781354%	0.5174218952%	
County's Proportionate Share of the Net Pension Liability	\$ 77,434,981.00	\$ 68,834,702.00	\$ 64,641,103.00	\$ 68,786,572.00	
State's Proportionate Share of the Net Pension Liability associated with the County	<u>6,502,618.00</u>	<u>6,036,572.00</u>	<u>6,960,761.00</u>	<u>6,411,744.00</u>	
Total	<u>\$ 83,937,599.00</u>	<u>\$ 74,871,274.00</u>	<u>\$ 71,601,864.00</u>	<u>\$ 75,198,316.00</u>	
County's Covered Payroll (Plan Measurement Period)	\$ 12,745,580.00	\$ 13,217,456.00	\$ 16,486,436.00	\$ 16,106,772.00	
County's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	607.54%	520.79%	392.09%	427.07%	
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.01%	56.31%	62.41%	58.70%	



**Note 5: PENSION PLANS (CONT'D)****Supplementary Pension Information (Cont'd)*****Schedule of Contributions - Police and Firemen's Retirement System (PFRS) (Last Nine Years)***

	<u>Year Ended December 31,</u>				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
County's Contractually Required Contribution	\$ 4,607,328.00	\$ 4,627,448.00	\$ 4,306,517.00	\$ 4,084,010.00	\$ 3,610,165.00
County's Contribution in Relation to the Contractually Required Contribution	(4,607,328.00)	(4,627,448.00)	(4,306,517.00)	(4,084,010.00)	(3,610,165.00)
County's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's Covered Payroll (Calendar Year)	\$ 13,746,322.00	\$ 14,036,370.00	\$ 14,000,022.00	\$ 14,138,530.00	\$ 13,681,569.00
County's Contributions as a Percentage of Covered Payroll	33.52%	32.97%	30.76%	28.89%	26.39%
	<u>Year Ended December 31,</u>				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	
County's Contractually Required Contribution	\$ 3,305,101.00	\$ 3,359,187.00	\$ 3,946,939.00	\$ 3,774,995.00	
County's Contribution in Relation to the Contractually Required Contribution	(3,305,101.00)	(3,359,187.00)	(3,946,939.00)	(3,774,995.00)	
County's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
County's Covered Payroll (Calendar Year)	\$ 13,211,921.00	\$ 12,916,511.00	\$ 13,315,299.00	\$ 14,683,811.00	
County's Contributions as a Percentage of Covered Payroll	25.02%	26.01%	29.64%	25.71%	

**Note 5: 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, 2021 measurement date included one change to the plan provisions. Chapter 140, P.L. 2021 reopened the Worker's Compensation Judges (WCJ) Part of PERS and transferred WCJs from the defined contribution retirement program (DCRP) and regular part of PERS into the WCJ Part of PERS.

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>
2021	7.00%	2017	5.00%
2020	7.00%	2016	3.98%
2019	6.28%	2015	4.90%
2018	5.66%	2014	5.39%

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>
2021	7.00%	2017	7.00%
2020	7.00%	2016	7.65%
2019	7.00%	2015	7.90%
2018	7.00%	2014	7.90%

The mortality assumption was updated upon direction from the Division of Pensions and Benefits.

***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>
2021	7.00%	2017	6.14%
2020	7.00%	2016	5.55%
2019	6.85%	2015	5.79%
2018	6.51%	2014	6.32%

**Note 5: 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>
2021	7.00%	2017	7.00%
2020	7.00%	2016	7.65%
2019	7.00%	2015	7.90%
2018	7.00%	2014	7.90%

The mortality assumption was updated upon direction from the Division of Pensions and Benefits.

**Note 6: COMPENSATED ABSENCES**

Employees of the County are entitled to paid vacation and paid sick days depending on job classification, length of service, and other factors. Employees are represented by a number of labor unions, and each contract contains provisions for such employee compensated absences.

The accumulated cost of unused sick and vacation time has not been recorded in the financial statements as presented, however at December 31, 2021, it is calculated that accrued unused sick and vacation time payable are valued at \$3,687,735.00.

The County has established a Compensated Absences Trust Fund to set aside funds for future payments of compensated absences. At December 31, 2021, the balance of the fund was \$58,409.93.

**Note 7: 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 8: LEASE OBLIGATIONS**

**Capital Leases Payable** - The County is leasing certain equipment and improvements under capital leases. All capital leases are for terms of ten to twenty years and interest rates ranging from 1.48% to 5.00%. The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at December 31, 2021.

<u>General Capital Fund</u>	<u>Amount</u>
Year Ending December 31,	
2022	\$ 4,081,315
2023	4,079,517
2024	2,745,776
2025	2,681,131
2026	2,677,737
2027-2030	<u>8,811,294</u>
Total minimum lease payments	25,076,770
Less amount representing interest	<u>3,586,770</u>
Present value of net minimum lease payments	<u>\$ 21,490,000</u>

**Note 9: CAPITAL DEBT****General Debt – Serial Bonds**

General Obligation Bonds Series 2012 – On June 20, 2012, the County issued \$12,986,000.00 of General Obligation bonds with interest rates ranging from 2.25% to 3.00%. The purpose of the bonds was to fund various capital projects in the County. The final maturity of the bonds is March 1, 2022.

County College Bonds Series 2012 – On June 20, 2012, the County issued \$3,775,500.00 of County College bonds with interest rates ranging from 2.25% to 3.00%. The purpose of the bonds was to fund various capital projects at the College. The final maturity of the bonds is March 1, 2022.

County College Bonds Series 2012 State Share – On June 20, 2012, the County issued \$3,775,500.00 of County College bonds with interest rates ranging from 2.25% to 3.00%. The purpose of the bonds was to fund various capital projects at the College. The final maturity of the bonds is March 1, 2022.

General Obligation Bonds Series 2013 – On June 28, 2013, the County issued \$25,580,000.00 of General Obligation bonds with interest rates ranging from 1.00% to 3.00%. The purpose of the bonds was to fund various capital projects in the County. The final maturity of the bonds is March 1, 2028.

General Obligation Bonds Series 2014 – On June 27, 2014, the County issued \$4,974,000.00 of General Obligation bonds with interest rates ranging from 1.50% to 2.375%. The purpose of the bonds was to fund various capital projects in the County. The final maturity of the bonds is March 1, 2023.

County College Bonds Series 2014 – On June 27, 2014, the County issued \$2,125,000.00 of County College bonds with interest rates ranging from 1.50% to 2.50%. The purpose of the bonds was to fund various capital projects at the College. The final maturity of the bonds is March 1, 2024.

County College Bonds Series 2014 State Share – On June 27, 2014, the County issued \$2,125,000.00 of County College bonds with interest rates ranging from 1.50% to 2.50%. The purpose of the bonds was to fund various capital projects at the College. The final maturity of the bonds is March 1, 2024.

**Note 9: CAPITAL DEBT (CONT'D)****General Debt – Serial Bonds (Cont'd)**

County College Bonds Series 2014 Building our Future – On June 27, 2014, the County issued \$4,997,000.00 of County College bonds with interest rates ranging from 1.50% to 2.50%. The purpose of the bonds was to fund various capital projects at the College. The final maturity of the bonds is March 1, 2024.

General Obligation Bonds Series 2015 – On June 25, 2015, the County issued \$4,301,000.00 of General Obligation bonds with interest rates ranging from 2.00% to 3.00%. The purpose of the bonds was to fund various capital projects in the County. The final maturity of the bonds is March 1, 2025.

County College Bonds Series 2015 – On June 25, 2015, the County issued \$1,600,000.00 of County College bonds with interest rates ranging from 1.00% to 3.25%. The purpose of the bonds was to fund various capital projects at the College. The final maturity of the bonds is March 1, 2030.

County College Bonds Series 2015 State Share – On June 25, 2015, the County issued \$1,600,000.00 of County College bonds with interest rates ranging from 1.00% to 3.25%. The purpose of the bonds was to fund various capital projects at the College. The final maturity of the bonds is March 1, 2030.

General Obligation Refunding Bonds Series 2016 – On February 4, 2016, the County issued \$24,585,000.00 of General Obligation Refunding Bonds with interest rates ranging from 1.50% to 4.00%. The purpose of the bonds was to refund debt issued in a prior period. The final maturity of the bonds is January 15, 2022.

General Obligation Bonds Series 2016 – On May 24, 2016, the County issued \$5,445,000.00 of General Obligation bonds with interest rates ranging from 1.00% to 2.00%. The purpose of the bonds was to fund various capital projects in the County. The final maturity of the bonds is March 1, 2027.

County College Bonds Series 2016 – On May 24, 2016, the County issued \$1,500,000.00 of County College bonds with interest rates ranging from 2.00% to 2.375%. The purpose of the bonds was to fund various capital projects at the College. The final maturity of the bonds is March 1, 2031.

County College Bonds Series 2016 State Share – On May 24, 2016, the County issued \$1,500,000.00 of County College bonds with interest rates ranging from 2.00% to 2.375%. The purpose of the bonds was to fund various capital projects at the College. The final maturity of the bonds is March 1, 2031.

General Obligation Bonds Series 2017 – On May 31, 2017, the County issued \$8,377,000.00 of General Obligation bonds with interest rates ranging from 2.00% to 2.50%. The purpose of the bonds was to fund various capital projects in the County. The final maturity of the bonds is March 1, 2028.

County College Bonds Series 2017 – On May 31, 2017, the County issued \$1,450,000.00 of County College bonds with interest rates ranging from 2.00% to 3.125%. The purpose of the bonds was to fund various capital projects at the College. The final maturity of the bonds is March 1, 2032.

County College Bonds Series 2017 State Share – On May 31, 2017, the County issued \$1,450,000.00 of County College bonds with interest rates ranging from 2.00% to 3.125%. The purpose of the bonds was to fund various capital projects at the College. The final maturity of the bonds is March 1, 2032.

County College Bonds Series 2017 Building our Future – On May 31, 2017, the County issued \$2,500,000.00 of County College bonds with interest rates ranging from 1.00% to 2.50%. The purpose of the bonds was to fund various capital projects at the College. The final maturity of the bonds is March 1, 2027.

**Note 9: CAPITAL DEBT (CONT'D)****General Debt – Serial Bonds (Cont'd)**

General Obligation Refunding Bonds Series 2017B Open Space – On August 9, 2017, the County issued \$19,915,000.00 of General Obligation Refunding Bonds with interest rates ranging from 3.00% to 4.00%. The purpose of the bonds was to refund debt issued in a prior period. The final maturity of the bonds is October 15, 2029.

General Obligation Bonds Series 2018 – On May 16, 2018, the County issued \$17,427,000.00 of General Obligation bonds with interest rates ranging from 3.00% to 3.25%. The purpose of the bonds was to fund various capital projects in the County. The final maturity of the bonds is April 1, 2033.

County College Bonds Series 2018 – On May 16, 2018, the County issued \$1,600,000.00 of County College bonds with interest rates ranging from 3.00% to 3.375%. The purpose of the bonds was to fund various capital projects at the College. The final maturity of the bonds is April 1, 2033.

County College Bonds Series 2018 State Share – On May 16, 2018, the County issued \$1,600,000.00 of County College bonds with interest rates ranging from 3.00% to 3.375%. The purpose of the bonds was to fund various capital projects at the College. The final maturity of the bonds is April 1, 2033.

General Obligation Bonds Series 2019 – On May 2, 2019, the County issued \$30,492,000.00 of General Obligation bonds with interest rates ranging from 2.50% to 2.75%. The purpose of the bonds was to fund various capital projects in the County. The final maturity of the bonds is March 1, 2034.

County College Bonds Series 2019 – On May 2, 2019, the County issued \$3,250,000.00 of County College bonds with interest rates ranging from 2.00% to 3.00%. The purpose of the bonds was to fund various capital projects at the College. The final maturity of the bonds is March 1, 2034.

County College Bonds Series 2019 State Share – On May 2, 2019, the County issued \$3,250,000.00 of County College bonds with interest rates ranging from 2.00% to 3.00%. The purpose of the bonds was to fund various capital projects at the College. The final maturity of the bonds is March 1, 2034.

General Obligation Refunding Bonds Series 2019 – On September 18, 2019, the County issued \$14,880,000.00 of General Obligation Refunding Bonds with interest rates ranging from 4.00% to 5.00%. The purpose of the bonds was to refund debt issued in a prior period. The final maturity of the bonds is September 15, 2025.

General Obligation Bonds Series 2020 – On June 25, 2020, the County issued \$15,507,000.00 of General Obligation bonds with interest rates ranging from 0.25% to 3.00%. The purpose of the bonds was to fund various capital projects in the County. The final maturity of the bonds is March 1, 2029.

General Obligation Bonds Series 2021 – On May 13, 2021, the County issued \$16,495,000.00 of General Obligation bonds with an interest rate of 2.00%. The purpose of the bonds was to fund various capital projects in the County. The final maturity of the bonds is March 1, 2031.

County College Bonds Series 2021 – On May 13, 2021, the County issued \$4,300,000.00 of County College bonds with interest rates ranging from 2.00% to 3.00%. The purpose of the bonds was to fund various capital projects at the College. The final maturity of the bonds is March 1, 2036.

County College Bonds Series 2021 State Share – On May 13, 2021, the County issued \$4,300,000.00 of County College bonds with interest rates ranging from 2.00% to 3.00%. The purpose of the bonds was to fund various capital projects at the College. The final maturity of the bonds is March 1, 2036.

General Obligation Refunding Bonds Series 2021 – On December 2, 2021, the County issued \$9,470,000.00 of General Obligation Refunding Bonds with an interest rate of 5.00%. The purpose of the bonds was to refund debt issued in a prior period. The final maturity of the bonds is March 1, 2027.

**Note 9: CAPITAL DEBT (CONT'D)****General Debt – Serial Bonds (Cont'd)**

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

**General Debt - Serial Bonds**

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 24,435,000	\$ 4,551,976	\$ 28,986,976
2023	20,475,000	3,838,031	24,313,031
2024	20,515,000	3,215,294	23,730,294
2025	17,395,000	2,646,231	20,041,231
2026	14,455,000	2,134,950	16,589,950
2027-2031	54,055,000	5,351,875	59,406,875
2032-2036	15,560,000	647,363	16,207,363
	<u>\$ 166,890,000</u>	<u>\$ 22,385,719</u>	<u>\$ 189,275,719</u>

**General Debt – GCIA Loans Payable**

In 2015, the County entered into a \$46,610,000.00 loan agreement through the Gloucester County Improvement Authority (GCIA) with interest rates ranging from 3.00% to 5.00%. The purpose of the original loan from 2008 was to fund various capital projects in the County. The final maturity of the loan is April 1, 2033.

In 2016, the County entered into a \$22,770,000.00 loan agreement through the Gloucester County Improvement Authority (GCIA) with an interest rate 4.00%. The purpose of the original loan from 2008 was to fund various capital projects in the County. The final maturity of the loan is April 1, 2038.

In 2020, the County entered into a \$27,875,000.00 loan agreement through the Gloucester County Improvement Authority (GCIA) with interest rates ranging from 3.00% to 5.00%. The purpose of the loan was to fund various capital projects at the County's Special Services and Institute of Technology Schools. The final maturity of the loan is May 15, 2035.

The following schedule represents the remaining debt service, through maturity, for the GCIA loans payable:

**General Debt - GCIA Payable**

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 4,385,000	\$ 3,812,075	\$ 8,197,075
2023	4,590,000	3,610,725	8,200,725
2024	4,320,000	3,404,050	7,724,050
2025	4,530,000	3,191,000	7,721,000
2026	4,760,000	2,958,750	7,718,750
2027-2031	26,865,000	11,438,075	38,303,075
2032-2036	29,310,000	4,862,700	34,172,700
2037-2038	9,655,000	390,100	10,045,100
	<u>\$ 88,415,000</u>	<u>\$ 33,667,475</u>	<u>\$ 122,082,475</u>

**Note 9: CAPITAL DEBT (CONT'D)**

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b><u>Issued</u></b>			
General:			
Bonds, Loans and Notes	\$ 255,305,000	\$ 258,858,687	\$ 239,997,881
<b><u>Authorized but not Issued</u></b>			
General:			
Bonds, Loans and Notes	-	7,000,800	-
Total Issued and Authorized but not Issued	<u>255,305,000</u>	<u>265,859,487</u>	<u>239,997,881</u>
<b><u>Deductions</u></b>			
General:			
Accounts Receivable Chapter 12 Funds Temporarily Held to Pay Bonds and Notes	12,940,000	9,847,500	11,012,500
	<u>2,938,532</u>	<u>2,308,320</u>	<u>2,855,946</u>
Total Deductions	<u>15,878,532</u>	<u>12,155,820</u>	<u>13,868,446</u>
<b>Net Debt</b>	<u>\$ 239,426,468</u>	<u>\$ 253,703,667</u>	<u>\$ 226,129,435</u>

**Summary of Statutory Debt Condition - Annual Debt Statement**

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the annual debt statement and indicated a statutory net debt of .847%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Debt Guaranteed by the County	\$ 120,863,086	\$ 120,863,086	
General Debt	255,305,000	15,878,532	\$ 239,426,468
	<u>\$ 376,168,086</u>	<u>\$ 136,741,618</u>	<u>\$ 239,426,468</u>

Net debt \$239,426,468 divided by the equalized valuation basis per N.J.S.A.40A:2-2, as amended, \$28,265,395,595, equals .847%.

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

2% of Equalized Valuation Basis (County)	\$ 565,307,912
Less: Net Debt	<u>239,426,468</u>
Remaining Borrowing Power	<u>\$ 325,881,444</u>



**Note 10: CAPITAL DEBT REFUNDING**

On December 9, 2021, the County issued \$9,470,000 in general obligation bonds with an interest rate of 5.00% to advance refund \$5,120,000 of outstanding 2011 series bonds with an interest rate of 4.00-5.00% and \$5,000,000 of outstanding 2012 series bonds with an interest rate of 2.50-3.00%. The net proceeds of \$10,233,115.83 (after payment of issuance costs) were used to redeem all of the County's outstanding callable general obligation refunding bonds series 2011, maturing on October 1 in each of the years 2022 through 2024, and redeem all of the County's outstanding callable general obligation bonds series 2012, maturing on March 1 in each of the years 2023 through 2027. As a result of the refunding, the County will reduce its total debt service payments over the next six years by \$631,140.28, which results in an economic gain (difference between the present values of the debt service payments of the old and new debt) of \$609,187.11, or 6.02%.

**Note 11: DEBT SERVICE AGREEMENTS**

The County guarantees the Gloucester County Utilities Authority and Gloucester County Improvement Authority Debt. At December 31, 2021, guaranteed debt is as follows:

Gloucester County Utilities Authority		\$ 63,833,877
Gloucester County Improvement Authority:		
County of Gloucester Capital Leases Payable	\$ 21,490,000	
Nurising Home	5,185,000	
Landfill	30,089,208	
Other	265,000	
	<u>57,029,208</u>	
Total		<u>\$ 120,863,086</u>

**Note 12: INSURANCE COMMISSION**

The County is a member of the Gloucester County Insurance Commission. The Commission provides its members with the following coverage:

Workers' Compensation and Employer's Liability  
 General Liability  
 Auto Liability, Auto Physical Damage  
 Property  
 Employee Dishonesty

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

The Commission purchases excess insurance for coverage in excess of the Commission's self-insured retention limits.

The Commission publishes its own financial report which can be obtained from:

Gloucester County Insurance Commission  
 9 Campus Drive, Suite 216  
 Parsippany, NJ 07054

**Note 13: OPEN SPACE, RECREATION, FARMLAND & HISTORIC PRESERVATION TRUST FUND**

In November 2004, pursuant to P.L. 1997, c. 24 (N.J.S.A. 40:12-15.1 et seq.), the voters of Gloucester County authorized the establishment of the Gloucester County Open Space, Recreation, Farmland & Historic Preservation Trust Fund, 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 four 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. All revenue received is accounted for in a Trust Fund dedicated by rider (N.J.S.A. 40A:4-39) for the purpose stated.

**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 6<sup>th</sup> 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 2021, the Abstract of Ratables for Gloucester County indicated 13 of 24 municipalities abated property taxes under this program. The total assessed value abated was \$25,767,342. At a County tax rate of \$.646, \$166,457.03 of taxes would be considered abated.

**Note 15: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS**

In June of 2022, the New Jersey Division of Local Government Services issued Local Finance Notice 2022-12 which allows local units to disclose the most recently available information as it relates to the New Jersey Division of Pension's reporting on GASBS No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. As of the date of this report, the information for the measurement period ended June 30, 2021 was not available; therefore, the information from the measurement period June 30, 2020 is disclosed below.

**General Information about the State Health Benefit Local Government Retired Employees Plan**

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

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

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

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

**Note 15: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)****General Information about the State Health Benefit Local Government Retired Employees Plan (Cont'd)**

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

The County was billed monthly by the Plan and paid \$6,006,772.78, for the year ended December 31, 2020, representing 9.20% of the County's covered payroll. During the year ended December 31, 2020, retirees were required to contribute \$101,197.58 to the Plan.

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

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

Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the Plan, there is no net OPEB liability, deferred outflows of resources or deferred inflows of resources to report in the financial statements of the local participating employers related to this legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net OPEB liability that is associated with the local participating employer. The participating employer is required to disclose in their respective notes to the financial statements, an expense and corresponding revenue, and their proportionate share of the OPEB expense allocated to the State under the special funding situation.

The amount of actual contributions to the OPEB Plan made by the State, on-behalf of the County, is not known; however, under the special funding situation, the State's OPEB expense, on-behalf of the County, is \$(1,656,516.00) for the year ended December 31, 2020, representing -2.54% of the County's covered payroll.

**Note 15: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)****OPEB Liability, OPEB (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources**

**OPEB Liability** - At December 31, 2020, the County's and State's proportionate share of the net OPEB liability were as follows:

County's Proportionate Share of Net OPEB Liability	\$ 246,982,185.00
State of New Jersey's Proportionate Share of Net OPEB Liability Associated with the County	<u>33,276,569.00</u>
	<u>\$ 280,258,754.00</u>

The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020.

The County's proportion of the net OPEB liability was based on the ratio of the Plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2019 through June 30, 2020. For the June 30, 2020 measurement date, the County's proportion was 1.376205%, which was an increase of .124318% from its proportion measured as of the June 30, 2019 measurement date.

The State's proportion of the net OPEB liability, on-behalf of the County was based on the ratio of the Plan members of an individual employer to the total members of the Plan's special funding situation during the measurement period July 1, 2019 through June 30, 2020. For the June 30, 2020 measurement date, the State's proportion on-behalf of the County was .609204%, which was an increase of .109405% from its proportion measured as of the June 30, 2019 measurement date.

**OPEB (Benefit) Expense** - At December 31, 2020, the County's proportionate share of the OPEB (benefit) expense, calculated by the Plan as of the June 30, 2020 measurement date, is \$318,127.00. 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 made contributions to the Plan totaling \$6,006,772.78.

**Note 15: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)****OPEB Liability, OPEB (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd)**

**Deferred Outflows of Resources and Deferred Inflows of Resources** - At December 31, 2020, the County had deferred outflows of resources and deferred inflows of resources from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between Expected and Actual Experience	\$ 6,505,321.00	\$ 45,992,690.00
Changes of Assumptions	36,940,762.00	54,925,023.00
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	156,847.00	-
Changes in Proportion	27,369,549.00	28,805,249.00
County Contributions Subsequent to the Measurement Date	<u>3,023,276.96</u>	<u>-</u>
	<u>\$ 73,995,755.96</u>	<u>\$ 129,722,962.00</u>

Deferred outflows of resources in the amount of \$3,023,276.96 will be included as a reduction of the County's net OPEB liability during the year ending December 31, 2021. The County will amortize the above other deferred outflows of resources and deferred inflows of resources related to the OPEB liability over the following number of years:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between Expected and Actual Experience		
June 30, 2018	-	8.14
June 30, 2019	-	8.05
June 30, 2020	7.87	-
Changes of Assumptions		
Year of OPEB Plan Deferral:		
June 30, 2017	-	8.04
June 30, 2018	-	8.14
June 30, 2019	-	8.05
June 30, 2020	7.87	-
Net Difference between Projected and Actual Investment Earnings on OPEB Plan Investments		
Year of OPEB Plan Deferral:		
June 30, 2017	5.00	-
June 30, 2018	5.00	-
June 30, 2019	5.00	-
June 30, 2020	5.00	-
Changes in Proportion		
Year of OPEB Plan Deferral:		
June 30, 2017	8.04	8.04
June 30, 2018	8.14	8.14
June 30, 2019	8.05	8.05
June 30, 2020	7.87	7.87

**Note 15: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)****OPEB Liability, OPEB (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (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 the OPEB liability will be recognized in future periods as follows:

<b>Year Ending Dec. 31,</b>	
2021	\$ (14,912,458.00)
2022	(14,924,495.00)
2023	(14,943,952.00)
2024	(14,961,731.00)
2025	(7,792,150.00)
Thereafter	<u>8,784,303.00</u>
	<u>\$ (58,750,483.00)</u>

**Actuarial Assumptions**

The actuarial assumptions vary for each plan member depending on the pension plan in which the member is enrolled. The actuarial valuation at June 30, 2019 used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	2.50%
Salary Increases *	
PERS:	
Initial Fiscal Year Applied:	
Rate through 2026	2.00% to 6.00%
Rate Thereafter	3.00% to 7.00%
PFRS:	
Rate for all Future Years	3.25% to 15.25%

\* salary increases are based on years of service within the respective Plan

PERS mortality rates were based on Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2020.

PFRS mortality rates were based on Pub-2010 Safety classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2020.

Actuarial assumptions used in the June 30, 2019 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2013 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively.

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

**Note 15: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)****Actuarial Assumptions (Cont'd)**

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

**Discount Rate** - The discount rate used to measure the OPEB liability at June 30, 2020 was 2.21%. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

**Health Care Trend Assumptions** - For pre-Medicare medical benefits, the trend is initially 5.6% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2021 through 2022 are reflected. The rates used for 2023 and 2024 are 21.83% and 18.53%, respectively, trending to 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.00% and decreases to a 4.5% long-term trend rate after seven years.

**Sensitivity of the Net OPEB Liability to Changes in the Discount Rate**

The net OPEB liability, calculated using a discount rate of 2.21%, as well as using a discount rate that is 1% lower or 1% higher than the current rate used, is as follows:

	1% Decrease <u>(1.21%)</u>	Current Discount Rate <u>(2.21%)</u>	1% Increase <u>(3.21%)</u>
County's Proportionate Share of the Net OPEB Liability	\$ 291,985,125.00	\$ 246,982,185.00	\$ 211,358,266.00
State of New Jersey's Proportionate Share of the Net OPEB Liability Associated with the County	39,339,935.00	33,276,569.00	28,476,863.00
	<u>\$ 331,325,060.00</u>	<u>\$ 280,258,754.00</u>	<u>\$ 239,835,129.00</u>



**Note 15: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)****Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate**

The net OPEB liability, using a healthcare cost trend rate that is 1% lower or 1% higher than the current healthcare cost trend rate used, is as follows:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
County's Proportionate Share of the Net OPEB Liability	\$ 204,378,013.00	\$ 246,982,185.00	\$ 302,772,932.00
State of New Jersey's Proportionate Share of the Net OPEB Liability Associated with the County	<u>27,536,395.00</u>	<u>33,276,569.00</u>	<u>40,793,405.00</u>
	<u>\$ 231,914,408.00</u>	<u>\$ 280,258,754.00</u>	<u>\$ 343,566,337.00</u>

**OPEB Plan Fiduciary Net Position**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB (benefit) expense, information about the respective fiduciary net position of the State Health Benefits Local Government Retired Employees Plan and additions to/deductions from the Plan's respective fiduciary net position have been determined on the same basis as they are reported by the Plan. Accordingly, contributions (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Supplementary OPEB Information**

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

**Schedule of the County's Proportionate Share of the Net OPEB Liability (Last Four Plan Years)**

	<u>Measurement Date Ended June 30,</u>			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
County's Proportion of the Net OPEB Liability	1.376205%	1.251887%	1.347969%	1.325813%
County's Proportionate Share of the Net OPEB Liability	\$ 246,982,185.00	\$ 169,581,503.00	\$ 211,181,156.00	\$ 270,675,181.00
State's Proportionate Share of the Net OPEB Liability Associated with the County	<u>33,276,569.00</u>	<u>27,617,487.00</u>	<u>33,675,806.00</u>	<u>47,171,051.00</u>
Total	<u>\$ 280,258,754.00</u>	<u>\$ 197,198,990.00</u>	<u>\$ 244,856,962.00</u>	<u>\$ 317,846,232.00</u>
County's Covered Payroll (Plan Measurement Period)	\$ 62,919,142.00	\$ 64,389,231.00	\$ 64,880,115.00	\$ 62,841,972.00
County's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	392.54%	263.37%	325.49%	430.72%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.91%	1.98%	1.97%	1.03%

**Note 15: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)****Supplementary OPEB Information (Cont'd)****Schedule of the County's Contributions (Last Four Years)**

	<u>Year Ended December 31,</u>			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
County's Required Contributions	\$ 6,006,772.78	\$ 6,013,097.26	\$ 9,197,921.79	\$ 9,299,877.15
County's Contributions in Relation to the Required Contribution	(6,006,772.78)	(6,013,097.26)	(9,197,921.79)	(9,299,877.15)
County's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's Covered Payroll (Calendar Year)	\$ 65,283,670.00	\$ 63,489,058.00	\$ 65,131,658.00	\$ 63,982,749.00
County's Contributions as a Percentage of Covered Payroll	9.20%	9.47%	14.12%	14.53%

**Other Notes to Supplementary OPEB Information**

**Changes in Benefit Terms** - The actuarial valuation as of June 30, 2019 included updates to the provisions of Chapter 48, along with newly adopted changes in different levels of subsidy for employers.

**Changes in Assumptions** - The discount rate used as of the June 30 measurement date is as follows:

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2020	2.21%	2018	3.87%
2019	3.50%	2017	3.58%

The expected investment rate of return is based on guidance provided by the State. These expected rates of return are the same as the discount rates listed above.

In addition to changes in the discount rate, other factors that affected the valuation of the net OPEB liability included changes in the trend, repealment of the excise tax, and updated mortality improvement assumptions.

The health care trend assumption is used to project the growth of the expected claims over the lifetime of the health care recipients. Medical and prescription drug trend rates are determined by utilizing experience data, industry experience which includes surveys and Aon trend guidance. These rates are adjusted further to be appropriate with respect to the plan provisions. For pre-Medicare medical benefits, the trend is initially 5.6% and decreases to a 4.50% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage rates for Plan Years 2019 through 2022 are reflected. For Plan Year 2023 the Medicare Advantage trend rate includes an assumed increase in the premiums based on recent experience and discussions with the Medicare Advantage vendor. The assumed post-65 medical trend is 4.50% for all future years. For prescription drug benefits, the initial trend rate is 7.00% decreasing to a 4.50% long-term trend rate after seven years.

On October 21, 2020, the Society of Actuaries (SOA) released an updated set of life expectancy mortality improvement assumptions, Scale MP-2020. The MP-2020 scale reflects more recent mortality data for the U.S. population.

**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 be material to the financial statements.

**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: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS**

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2021, the following deferred charges are shown on the statement of assets, liabilities, reserves and fund balance of the following fund(s):

<u>Description</u>	<u>Balance December 31, 2021</u>	<u>2022 Budget Appropriation</u>
Current Fund:		
Emergency Authorizations:		
COVID19 Gloucester County Megasite	\$ 1,100,000.00	\$ 1,100,000.00
Special Emergency Authorizations:		
Tropical Storm Ida Tornado	4,000,000.00	1,000,000.00

The appropriations in the 2022 Budget as adopted are not less than that required by the statutes.

**Note 19: SUBSEQUENT EVENTS**

**Authorization of Debt** – Subsequent to December 31, the County authorized additional bonds or notes as follows:

<u>Purpose</u>	<u>Date</u>	<u>Authorization</u>
Various Capital Improvements/Chapter 12	4/6/2022	\$ 17,647,125

**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 2022.

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**FOR THE YEARS ENDED 2020 AND 2019**

**AUDITED FINANCIAL STATEMENTS**

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# PETRONI & ASSOCIATES LLC

Certified Public Accountants • Registered Municipal Accountants  
P.O. Box 279 • Glassboro, NJ 08028  
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MEMBER: AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

Nick L. Petroni, CPA, RMA

Mary A. Carey, RMA  
Denise R. Nevico, CPA  
Deanna L. Roller, CPA, RMA

## INDEPENDENT AUDITOR'S REPORT

Honorable Director and Members of the  
Board of County Commissioners  
County of Gloucester  
P.O. Box 337  
Woodbury, New Jersey 08096

### ***Report on the Financial Statements***

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the County of Gloucester as of December 31, 2020 and 2019, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the County of Gloucester'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 basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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.

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

As described in Note 1 of the financial statements, the financial statements are prepared by the County of Gloucester on the basis of the financial reporting provisions 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, to meet the requirements 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 U.S. Generally Accepted Accounting Principles***

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

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the regulatory basis balance sheets and account group as of December 31, 2020 and 2019, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2020, in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

***Other Matters***

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Gloucester’s basic financial statements. The supplementary information listed in the table of contents and Schedule of Expenditures of Federal Awards, as required by *Audits of States, Local Governments, and Non-Profit Organizations, and/or Title 2*, U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Uniform Guidance, the Schedule of Expenditures of State Financial Assistance as required by NJ OMB 15-08, and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information listed in the table of contents and the Schedule of Expenditures of Federal Awards, as required by *Audits of States, Local Governments, and Non-Profit Organizations, and/or Title 2*, U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Uniform Guidance, and the Schedule of Expenditures of State Financial Assistance as required by NJ OMB 15-08 are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial

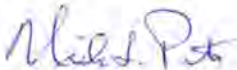
statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information listed in the table of contents, Schedule of Expenditures of Federal Awards, as required by *Audits of States, Local Governments, and Non-Profit Organizations*, and/or Title 2, U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Uniform Guidance and the Schedule of Expenditures of State Financial Assistance as required by NJ OMB 15-08 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 26, 2021, on our consideration of the County of Gloucester's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Gloucester's internal control over financial reporting and compliance.

PETRONI & ASSOCIATES LLC



Nick L. Petroni  
Certified Public Accountant  
Registered Municipal Accountant #252

July 26, 2021



**CURRENT FUND**

## COMPARATIVE BALANCE SHEET - CURRENT FUND - REGULATORY BASIS

	Ref.	Balance Dec. 31, 2020	Balance Dec. 31, 2019
<b>ASSETS</b>			
Regular Fund			
Cash - Chief Financial Officer	A-4	\$ 85,160,989.62	\$ 73,185,936.62
Change Fund	A-5	1,200.00	1,200.00
		85,162,189.62	73,187,136.62
Deferred Charges			
Emergency Authorization	A-19	2,100,000.00	
Local Grants Receivable	A-9	370,479.00	360,000.00
		2,470,479.00	360,000.00
Receivables and Other Assets with Full Reserves:			
Taxes Receivable - Added & Omitted Taxes	A-7	1,250,775.13	923,250.66
Taxes Receivable - Added & Omitted Taxes-Open Space	A-8	76,924.61	57,721.35
		1,327,699.74	980,972.01
		88,960,368.36	74,528,108.63
Federal and State Grant Fund			
Cash	A-4	1,327,234.94	632,380.10
Grants Receivable	A-12:A-13	36,184,897.59	36,568,941.27
		37,512,132.53	37,201,321.37
		\$ 126,472,500.89	\$ 111,729,430.00

The accompanying notes to the financial statements are an integral part of this statement.

COMPARATIVE BALANCE SHEET - CURRENT FUND - REGULATORY BASIS

	Ref.	Balance Dec. 31, 2020	Balance Dec. 31, 2019
<b>LIABILITIES, RESERVES, AND FUND BALANCE</b>			
Regular Fund			
Liabilities:			
Appropriation Reserves	A-3:A-16	\$ 20,215,041.03	\$ 17,092,636.53
Encumbrances Payable	A-17	4,008,557.91	1,954,470.76
Payroll Taxes Payable		1,218,550.21	1,255,055.33
Accounts Payable			538,352.93
Due General Capital		9,317.00	
Reserve for Local Grants	A-10	358,425.13	452,437.89
		<u>25,809,891.28</u>	<u>21,292,953.44</u>
Reserve for Receivables		1,327,699.74	980,972.01
Fund Balance	A-1	61,822,777.34	52,254,183.18
		<u>88,960,368.36</u>	<u>74,528,108.63</u>
Federal and State Grant Fund			
Reserve for Grants Appropriated	A-14:A-15	27,796,913.36	27,442,476.00
Encumbrances Payable	A-18	9,715,219.17	9,758,845.37
		<u>37,512,132.53</u>	<u>37,201,321.37</u>
		<u>\$ 126,472,500.89</u>	<u>\$ 111,729,430.00</u>

The accompanying notes to the financial statements are an integral part of this statement.

COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE  
IN FUND BALANCE - CURRENT FUND - REGULATORY BASIS

	Ref.	Year 2020	Year 2019
<b>Revenue and Other Income Realized</b>			
Fund Balance Utilized	A-2	\$ 2,698,000.00	\$ 2,376,225.00
Miscellaneous Revenue Anticipated	A-2	69,136,785.20	61,998,436.96
Receipts from Current Taxes	A-2	178,000,000.00	174,000,000.00
Non-Budget Revenue	A-2	4,645,834.53	5,528,168.20
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-16	9,882,000.43	6,712,749.67
Grant Reserve - Canceled	A-14:A-15	2,293,824.05	288,043.50
Total Income		<u>266,656,444.21</u>	<u>250,903,623.33</u>
<b>Expenditures</b>			
Budget and Emergency Appropriations:			
Operations:			
Salaries and Wages	A-3	80,674,167.00	82,055,750.00
Other Expenses	A-3	119,509,240.00	100,312,076.00
Capital Improvements	A-3	1,520,982.00	1,763,756.00
Debt Service	A-3	34,988,115.00	35,903,299.00
Deferred Charges and Statutory Expenditures	A-3	17,503,522.00	17,458,707.00
Grant Receivable Canceled	A-12:A-13	2,293,824.05	288,043.50
Total Expenditures		<u>256,489,850.05</u>	<u>237,781,631.50</u>
Excess in Revenue		10,166,594.16	
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year	A-19	<u>2,100,000.00</u>	
Statutory Excess to Fund Balance		12,266,594.16	13,121,991.83
<b>Fund Balance</b>			
Balance January 1	A	<u>52,254,183.18</u>	<u>41,508,416.35</u>
		64,520,777.34	54,630,408.18
Decreased by:			
Utilization as Anticipated Revenue	A-1	<u>2,698,000.00</u>	<u>2,376,225.00</u>
Balance December 31	A	<u><u>\$ 61,822,777.34</u></u>	<u><u>\$ 52,254,183.18</u></u>

The accompanying notes to the financial statements are an integral part of this statement.

## STATEMENT OF REVENUES - CURRENT FUND - REGULATORY BASIS

	Ref.	Anticipated		Realized	Excess or (Deficit)
		Budget 2020	Special NJSA 40A:4-87		
Fund Balance Anticipated	A-1	\$ 2,698,000.00		\$ 2,698,000.00	
Miscellaneous Revenues:					
County Clerk	A-11	3,088,800.00		3,120,804.42	\$ 32,004.42
Surrogate	A-11	144,670.00		149,970.08	5,300.08
Sheriff	A-11	484,000.00		103,792.54	(380,207.46)
Interest on Investments and Deposits	A-11	1,779,995.00		1,039,259.21	(740,735.79)
Gloucester County Insurance Commission Dividend	A-11	500,378.00		500,378.00	
Title IV D Incentive Program	A-11	2,230,790.00		2,076,455.28	(154,334.72)
County Golf Course	A-11	1,358,925.00		1,142,335.91	(216,589.09)
Emergency Medical Services	A-11	5,501,700.00		5,858,425.27	356,725.27
Shared Service Agreement Medical Examiner Services	A-11	1,462,800.00		1,298,535.02	(164,264.98)
Soil Safe Inc. Impact Fee	A-11	264,542.00		224,629.93	(39,912.07)
Added and Omitted Taxes	A-11	962,147.00		923,250.66	(38,896.34)
GCIA 5% Contribution Due County	A-11	1,480,802.00		1,480,802.00	
Vacant Property Register	A-11	325,502.00		246,200.00	(79,302.00)
Reimbursement - Library	A-11	419,686.00		419,686.00	
State Aid					
County College Bonds (NJSA 18A:64A-22.6)	A-11	1,458,018.00		1,458,017.38	(0.62)
Reimbursement of Mandated Election Costs	A-11	219,125.00		471,047.73	251,922.73
State Assumption of Costs					
Supplemental Social Security Income	A-11	508,584.00		342,338.00	(166,246.00)
Public and Private Programs					
New Jersey Department of Health and Senior Services					
Local Core Capacity Infrastructure for Bio-Terrorism	A-12		\$ 611,803.00	611,803.00	
Special Child Health Case Management	A-13		173,000.00	173,000.00	
Area Planning Grant	A-12:A-13	1,569,876.00	992,729.00	2,562,605.00	
Child Health Lead Exposure	A-13		165,744.00	165,744.00	
Right-to-Know	A-13		10,798.00	10,798.00	
Overdose Fatality Review Team	A-13		100,000.00	100,000.00	
Access to Reproductive Care and HIV Services	A-13		125,000.00	125,000.00	
PEER Grouping	A-13		12,226.00	12,226.00	
Covid-19 MOA NJOEM	A-12		3,200,211.00	3,200,211.00	
New Jersey Association of County & City Health Officials					
Hepatitis A Outbreak Response Grant	A-9		47,491.00	47,491.00	
Strengthening Local Public Health Scholar	A-9		5,615.00	5,615.00	
Covid-19 Response Grant - Health	A-9		100,479.00	100,479.00	
New Jersey Historical Society					
Preserve NJ Historical Preservation Fund	A-13		142,500.00	142,500.00	

The accompanying notes to the financial statements are an integral part of this statement.

STATEMENT OF REVENUES - CURRENT FUND - REGULATORY BASIS

	Ref.	Anticipated		Realized	Excess or (Deficit)
		Budget 2020	Special NJSA 40A:4-87		
U.S. Department of Agriculture					
WIC Program	A-12		865,861.00	865,861.00	
Senior Farmer's Market Nutrition Program	A-12		1,500.00	1,500.00	
Housing Preservation Grant	A-12		115,407.00	115,407.00	
New Jersey Department of Labor					
Work First New Jersey	A-13		1,226,239.00	1,226,239.00	
Workforce Learning Link	A-13		13,000.00	13,000.00	
Workforce Innovations Opportunities Act	A-12		1,647,852.00	1,647,852.00	
Covid-19 Relief Fund - Dislocated Worker	A-12		54,699.00	54,699.00	
New Jersey Department of Environmental Protection					
County Environmental Health Act	A-12:A-13		177,889.00	177,889.00	
Pre-Disaster Mitigation Assistance Grant	A-12		125,000.00	125,000.00	
New Jersey Department of Human Services					
Personal Attendant Services Program	A-13	57,078.00		57,078.00	
Mental Health Administration	A-13		12,000.00	12,000.00	
Human Services Planning Grant	A-13	62,770.00		62,770.00	
Abused and Missing Children	A-13	3,234.00		3,234.00	
Youth Incentive Program	A-13	38,442.00		38,442.00	
Title XX Transportation	A-13	30,367.00		30,367.00	
Medication Assisted Treatment	A-13	125,000.00		125,000.00	
Social Services for the Homeless	A-13		28,716.00	28,716.00	
Comprehensive Alcohol and Drug Abuse Program	A-12:A-13	594,625.00		594,625.00	
Prevention of Teen Pregnancy	A-12:A-13	1,000.00		1,000.00	
GC Innovation Opioid Crisis Service Grant	A-13		111,151.00	111,151.00	
Overdose to Action	A-12		62,500.00	62,500.00	
New Jersey Department of Children and Families					
Child Advocacy Development Grant	A-13		30,064.00	30,064.00	
Prevention Planning	A-13		300,000.00	300,000.00	
New Jersey Transit Corporation					
Senior Citizens and Disabled Residents Transportation	A-13	477,489.00	16,988.00	494,477.00	
Section 5310 FTA 15	A-12		100,000.00	100,000.00	
FTA Small Urban and Rural Area Transportation	A-12		175,000.00	175,000.00	
Covid-19 Section 5311	A-12		373,657.00	373,657.00	
Job Access & Reverse Commute	A-13		110,000.00	110,000.00	
New Jersey Department of Law and Public Safety					
Insurance Fraud Reimbursement Program	A-13		245,168.00	245,168.00	
Victims of Crime Act	A-12		421,181.00	421,181.00	
Juvenile Detention Alternative Initiative	A-13	120,000.00		120,000.00	

The accompanying notes to the financial statements are an integral part of this statement.

STATEMENT OF REVENUES - CURRENT FUND - REGULATORY BASIS

	Ref.	Anticipated		Realized	Excess or (Deficit)
		Budget 2020	Special NJSA 40A:4-87		
New Jersey Office of Homeland Security & Preparedness					
Homeland Security	A-12		181,547.00	181,547.00	
Emergency Management Assistance Program	A-12		55,000.00	55,000.00	
National Emergency Food and Shelter Program	A-12		22,180.00	22,180.00	
High Intensity Drug Trafficking Area	A-12		177,000.00	177,000.00	
Governor's Council on Alcoholism and Drug Abuse					
Municipal Alliance	A-13		177,816.00	177,816.00	
New Jersey Juvenile Justice Commission					
Family Court Program	A-13	141,848.00		141,848.00	
State/Community Partnership Program	A-13	279,282.00		279,282.00	
New Jersey Department of Transportation					
Rt 44 Truck Bypass & DuPont Port Rd	A-13		4,000,000.00	4,000,000.00	
Wash Twp. and Monroe Twp. Bikeway	A-12		107,940.00	107,940.00	
Rowan Fossil Park Roadway Design	A-13		400,000.00	400,000.00	
Coronavirus Relief Fund	A-12		264,000.00	264,000.00	
Traffic Signal Upgrades	A-12		1,476,060.00	1,476,060.00	
Clayton Williamstown Road Tuckahoe to Fries Mill	A-12		798,000.00	798,000.00	
Commissioners Bridge	A-13		3,695,000.00	3,695,000.00	
Section 5311 Rural Transportation	A-13	184,468.00		184,468.00	
New Jersey Department of Military and Veterans Affairs					
Veterans Transportation	A-13		15,000.00	15,000.00	
U.S. Department of Housing & Urban Development					
Gloucester County Roadway Safety Improvements	A-12		176,700.00	176,700.00	
Community Development Block Grant	A-12		1,368,184.00	1,368,184.00	
CARES - CDBG	A-12		804,857.00	804,857.00	
Home Investment Partnership	A-12		601,945.00	601,945.00	
New Jersey Division of Highway Traffic Safety					
Comprehensive Traffic Safety Program	A-12		55,100.00	55,100.00	
Child Passenger Safety Seat Program	A-12		24,500.00	24,500.00	
Distracted Driving Crackdown	A-12		66,000.00	66,000.00	
Delaware Valley Regional Planning Commission					
Supportive Regional Highway Planning	A-12		39,100.00	39,100.00	
Transit Support Program	A-12		38,680.00	38,680.00	
Region Wide Transportation System GIS Program	A-12		34,000.00	34,000.00	

The accompanying notes to the financial statements are an integral part of this statement.

STATEMENT OF REVENUES - CURRENT FUND - REGULATORY BASIS

	Ref.	Anticipated		Realized	Excess or (Deficit)
		Budget 2020	Special NJSA 40A:4-87		
U.S. Secret Service					
Electronic Crimes	A-12		15,000.00	15,000.00	
Covid-19 Response Grant - County Clerk	A-9		114,783.00	114,783.00	
Covid-19 Response Grant - Elections	A-9		153,044.00	153,044.00	
Reserve for Debt Service - Capital	A-11	1,900,000.00		1,900,000.00	
Weights and Measures Trust Fund	A-11	45,000.00		45,000.00	
Open Space and Farmland Preservation Trust Fund	A-11	1,475,423.00		1,475,435.78	12.78
Increased Row Officer Fees Under Chapter 370 of the Laws of 2001 - Surrogate	A-11	156,730.00		162,467.59	5,737.59
Increased Row Officer Fees Under Chapter 370 of the Laws of 2001 - County Clerk	A-11	1,746,900.00		1,993,778.09	246,878.09
Increased Row Officer Fees Under Chapter 370 of the Laws of 2001 - Sheriff	A-11	525,975.00		112,328.19	(413,646.81)
Motor Vehicle Fines	A-11	1,100,000.00		1,100,000.00	
Social Services Administrative	A-11	11,809,151.00		11,043,465.12	(765,685.88)
Total Miscellaneous Revenues		<u>44,635,122.00</u>	<u>26,762,904.00</u>	<u>69,136,785.20</u>	<u>(2,261,240.80)</u>
Amount to be Raised by Taxation	A-6	<u>178,000,000.00</u>		<u>178,000,000.00</u>	
Budget Totals		<u>225,333,122.00</u>	<u>26,762,904.00</u>	<u>249,834,785.20</u>	<u>\$ (2,261,240.80)</u>
Non-Budget Revenue	A-2			4,645,834.53	
		<u>\$ 225,333,122.00</u>	<u>\$ 26,762,904.00</u>	<u>\$ 254,480,619.73</u>	
	Ref.	<u>A-3</u>	<u>A-3</u>		

The accompanying notes to the financial statements are an integral part of this statement.



STATEMENT OF REVENUES - CURRENT FUND - REGULATORY BASIS

**Analysis of Non-Budget Revenue**

Miscellaneous Revenue Not Anticipated:	Ref.	
Animal Shelter	A-11	\$ 34,965.30
Bail Forfeitures	A-11	8,300.00
County Assessor	A-11	591,920.09
County Share of Authority Surplus	A-11	1,400,416.00
Emergency Response	A-11	245,453.60
Environmental Fees	A-11	141,043.75
Fire Marshall Fees	A-11	118,909.98
Indirect Cost	A-11	686,770.01
LIHEAP/Universal Service Fund	A-11	14,497.00
Miscellaneous Fees and Permits	A-11	361,410.48
Recycling	A-11	2,626.09
Refund of Prior Years' Expenditures	A-11	713,423.42
Rental & Maintenance Charges	A-11	43,475.00
Sales and Commissions	A-11	3,734.72
Serv-A-Tray	A-11	68,076.09
State Aid - Community Caregiving JACC	A-11	39,040.00
Veterans Interment Allowance	A-11	171,773.00
	A-2	<u>\$ 4,645,834.53</u>

The accompanying notes to the financial statements are an integral part of this statement.

## STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended		
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved
<b>OPERATIONS</b>					
<b>GENERAL GOVERNMENT FUNCTIONS</b>					
Administrator's Office					
Salaries & Wages	\$ 1,258,256.00	\$ 1,258,256.00	\$ 1,111,894.90		\$ 146,361.10
Other Expenses	177,275.00	177,275.00	100,262.46	\$ 1,902.66	75,109.88
Board of Chosen Freeholders					
Salaries & Wages	605,699.00	605,699.00	577,822.53		27,876.47
Other Expenses	36,400.00	36,400.00	26,711.00	1,044.88	8,644.12
Advertising					
Other Expenses	3,000.00	3,000.00	1,385.30	48.92	1,565.78
County Clerk					
Salaries & Wages	1,779,767.00	1,779,767.00	1,700,576.07		79,190.93
Other Expenses	775,657.00	775,657.00	622,166.22	12,079.00	141,411.78
Superintendent of Elections					
Salaries and Wages	819,876.00	819,876.00	565,815.57		254,060.43
Other Expenses	730,150.00	730,150.00	355,367.74	125,533.20	249,249.06
Financial Administration					
Salaries & Wages	1,226,282.00	1,286,282.00	1,213,062.41		73,219.59
Other Expenses	97,500.00	97,500.00	43,538.14	32,091.90	21,869.96
Audit Services					
Other Expenses	120,000.00	120,000.00			120,000.00
Information Technology					
Salaries & Wages	1,359,747.00	1,344,747.00	1,246,936.17		97,810.83
Other Expenses	948,450.00	948,450.00	861,389.28	43,482.11	43,578.61
Board of Taxation					
Salaries and Wages	65,454.00	68,454.00	64,618.31		3,835.69
Other Expenses	1,500.00	1,500.00			1,500.00
County Assessor					
Salaries and Wages	1,535,222.00	1,472,222.00	1,352,830.34		119,391.66
Other Expenses	715,100.00	715,100.00	272,125.18	76,050.78	366,924.04
County Counsel					
Salaries & Wages	1,369,543.00	1,384,543.00	1,280,164.81		104,378.19
Other Expenses	384,600.00	384,600.00	299,652.38	48,822.28	36,125.34
Surrogate					
Salaries and Wages	660,050.00	660,050.00	628,428.50		31,621.50
Other Expenses	38,380.00	38,380.00	32,354.33	6,009.15	16.52
Engineering					
Salaries and Wages	1,156,363.00	1,006,363.00	960,293.27		46,069.73
Other Expenses	48,300.00	648,300.00	373,489.06	8,179.01	266,631.93

The accompanying notes to the financial statements are an integral part of this statement.

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended		
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved
Economic Development					
Salaries & Wages	65,000.00	65,000.00	8,238.67		56,761.33
Other Expenses	252,700.00	252,700.00	101,992.50	33,828.76	116,878.74
Historical Society					
Other Expenses	15,000.00	15,000.00	15,000.00		
<b>LAND USE ADMINISTRATION</b>					
County Planning Board (NJSA 40:55 D-1)					
Salaries and Wages	334,237.00	334,237.00	324,419.41		9,817.59
Other Expenses	72,227.00	72,227.00	55,169.99	3,071.63	13,985.38
Construction Board of Appeals (NJSA 52:27 D-127)					
Salaries and Wages	42,537.00	42,537.00	40,296.36		2,240.64
Other Expenses	625.00	625.00			625.00
<b>CODE ENFORCEMENT &amp; ADMINISTRATION</b>					
Consumer Protection					
Salaries & Wages	259,030.00	259,030.00	225,852.62		33,177.38
Other Expenses	6,840.00	6,840.00	4,779.49	673.71	1,386.80
<b>INSURANCE</b>					
Liability Insurance	2,650,000.00	2,655,150.00	2,654,852.50		297.50
Workmen's Compensation Insurance	1,625,000.00	1,619,850.00	1,451,271.73		168,578.27
Group Insurance Plans for Employees	21,483,500.00	21,483,500.00	17,046,436.55	70,232.20	4,366,831.25
Unemployment Compensation Insurance	275,000.00	275,000.00	274,998.78		1.22
<b>PUBLIC SAFETY FUNCTIONS</b>					
Emergency Response					
Salaries & Wages	21,568,678.00	21,718,678.00	20,808,449.93		910,228.07
Other Expenses	1,790,200.00	1,830,200.00	1,564,887.54	169,662.35	95,650.11
County Medical Examiner					
Salaries and Wages	1,111,560.00	1,111,560.00	1,060,283.27		51,276.73
Other Expenses	217,825.00	217,825.00	158,428.61	32,218.91	27,177.48
Sheriff's Department					
Salaries and Wages	9,949,353.00	9,599,353.00	8,821,981.90		777,371.10
Other Expenses	238,427.00	238,427.00	136,607.39	91,090.57	10,729.04
Prosecutor's Office					
Salaries & Wages	9,427,464.00	10,177,464.00	9,847,413.72		330,050.28
Other Expenses	431,000.00	431,000.00	392,765.67	35,623.54	2,610.79
Department of Corrections					
Salaries & Wages	4,086,147.00	4,086,147.00	3,118,179.56		967,967.44
Other Expenses	8,869,185.00	8,869,185.00	4,709,030.80	126,851.90	4,033,302.30

The accompanying notes to the financial statements are an integral part of this statement.

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended		
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved
<b>PUBLIC WORKS FUNCTIONS</b>					
Roads and Bridges					
Salaries and Wages	2,730,204.00	2,800,204.00	2,674,746.31		125,457.69
Other Expenses	610,375.00	610,375.00	144,557.07	207,656.34	258,161.59
Buildings and Grounds					
Salaries & Wages	3,383,282.00	3,383,282.00	3,237,748.73		145,533.27
Other Expenses	1,057,760.00	1,057,760.00	797,981.95	123,160.80	136,617.25
Fleet Management					
Salaries & Wages	510,441.00	510,441.00	463,402.66		47,038.34
Other Expenses	1,456,550.00	1,456,550.00	665,407.17	745,199.04	45,943.79
<b>HEALTH AND HUMAN SERVICES FUNCTIONS</b>					
County Health Services - Interlocal Agreements (40:8A-1, et seq.)					
Salaries and Wages	2,263,276.00	2,173,276.00	1,279,923.28	20,737.60	872,615.12
Other Expenses	468,570.00	2,048,570.00	815,946.75	689,490.32	543,132.93
Education & Disability Services					
Salaries and Wages	355,371.00	425,371.00	389,401.13		35,969.87
Other Expenses	12,475.00	12,475.00	4,342.43	769.95	7,362.62
Senior Services					
Salaries and Wages	932,428.00	652,428.00	624,881.63		27,546.37
Other Expenses	322,000.00	322,000.00	191,181.94	15,180.81	115,637.25
Human Services					
Salaries and Wages	892,801.00	892,801.00	827,438.14		65,362.86
Other Expenses	202,210.00	202,210.00	43,657.95	15,090.67	143,461.38
Veterans Affairs					
Salaries and Wages	375,851.00	393,851.00	357,988.94		35,862.06
Other Expenses	24,430.00	24,430.00	21,537.42	901.50	1,991.08
Commission on Women					
Other Expenses	2,600.00	2,600.00			2,600.00
Animal Shelter					
Salaries and Wages	2,181,394.00	2,181,394.00	1,918,926.62		262,467.38
Other Expenses	281,584.00	281,584.00	224,048.10	24,015.13	33,520.77
Division of Social Services					
Salaries & Wages	10,403,935.00	10,403,935.00	9,694,024.76		709,910.24
Other Expenses	6,919,996.00	6,919,996.00	6,053,050.15	372,549.36	494,396.49
Temporary Assistance to Needy Families	96,411.00	96,411.00	96,411.00		
Supplemental Social Security Income	508,584.00	508,584.00	508,584.00		
Maintenance of Patients in State Institutions					
Other Expenses	1,574,265.00	1,574,265.00	1,574,265.00		

The accompanying notes to the financial statements are an integral part of this statement.

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended		
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved
Cerebral Palsy Clinic					
Other Expenses	15,000.00	15,000.00	11,250.00	3,750.00	
Family Support Center - Contractual					
Other Expenses	82,460.00	82,460.00	34,358.35	48,101.65	
Mental Health Programs					
Other Expenses	213,500.00	213,500.00	53,375.00	160,125.00	
Gloucester County ARC					
Other Expenses	22,000.00	22,000.00	16,500.00	5,500.00	
Aid to Occupational Center					
Other Expenses	25,000.00	25,000.00	13,000.00	12,000.00	
Juveniles in Need of Supervision					
Other Expenses	167,681.00	167,681.00	122,313.00	45,367.00	1.00
Support of Non-Profit Child Care Centers					
Other Expenses	39,882.00	39,882.00	29,911.50	9,970.50	
Code Blue Emergency Housing					
Other Expenses	25,000.00	25,000.00	5,510.00	19,490.00	
<b>PARKS AND RECREATION FUNCTIONS</b>					
Parks and Recreation					
Salaries and Wages	1,029,784.00	791,784.00	700,922.20		90,861.80
Other Expenses	303,723.00	303,723.00	190,340.76	73,282.65	40,099.59
County Golf Course					
Salaries and Wages	483,485.00	483,485.00	384,940.93		98,544.07
Other Expenses	229,190.00	229,190.00	188,225.01	34,563.04	6,401.95
<b>EDUCATIONAL FUNCTIONS</b>					
Gloucester County College					
Other Expenses	8,100,000.00	8,100,000.00	8,100,000.00		
Reimbursement for Residents Attending Out-of-County Two-Year Colleges	200,000.00	200,000.00	52,879.54		147,120.46
Gloucester County Vocational School	8,300,000.00	8,300,000.00	8,300,000.00		
Reimbursement for Residents Attending Out-of-County Vocational Schools	25,000.00	25,000.00			25,000.00
Special Services School District					
Other Expenses	2,125,000.00	2,125,000.00	2,125,000.00		
Superintendent of Schools					
Salaries and Wages	279,024.00	279,024.00	250,654.37		28,369.63
Other Expenses	8,200.00	8,200.00	4,997.94	1,965.68	1,236.38
Extension Services					
Salaries and Wages	238,773.00	238,773.00	178,388.89		60,384.11
Other Expenses	98,333.00	98,333.00	74,123.99	59.40	24,149.61
4-H Fair Association					
Other Expenses	10,000.00	10,000.00	5,381.00		4,619.00

The accompanying notes to the financial statements are an integral part of this statement.

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended		
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved
<b>UTILITIES EXPENSES AND BULK PURCHASES</b>					
Electricity	1,580,000.00	1,580,000.00	1,220,084.31	85,203.88	274,711.81
Street Lighting	29,000.00	29,000.00	23,724.44	718.19	4,557.37
Water	60,000.00	60,000.00	46,746.93	258.40	12,994.67
Natural Gas	300,000.00	300,000.00	170,784.97	13,227.52	115,987.51
Heating Oil	11,000.00	11,000.00	7,040.36	1,062.81	2,896.83
Telephone	600,000.00	600,000.00	508,296.81	4,084.32	87,618.87
Sewer	57,000.00	57,000.00	50,445.62	1,145.59	5,408.79
Gasoline & Diesel	650,000.00	650,000.00	351,929.19	56,725.00	241,345.81
<b>LANDFILL/SOLID WASTE DISPOSAL</b>					
Contractual Obligations-Logan Township	175,000.00	175,000.00	105,196.11		69,803.89
GCIA Contributions	3,170,808.00	3,170,808.00	3,170,808.00		
<b>UNCLASSIFIED</b>					
Salary and Wage Adjustments	140,000.00	70,000.00	70,000.00		
Total Operations	167,044,742.00	169,144,742.00	145,688,803.31	3,709,849.61	19,746,089.08
<b>PUBLIC AND PRIVATE PROGRAMS</b>					
<b>OFF-SET BY REVENUES</b>					
New Jersey Department of Health and Senior Services					
Local Core Capacity Infrastructure for Bio-Terrorism		611,803.00	611,803.00		
Special Child Health Case Management		173,000.00	173,000.00		
Area Planning Grant	1,569,876.00	2,562,605.00	2,562,605.00		
Child Health Lead Exposure		165,744.00	165,744.00		
Right-to-Know		10,798.00	10,798.00		
Overdose Fatality Review Team		100,000.00	100,000.00		
Access to Reproductive Care and HIV Services		125,000.00	125,000.00		
PEER Grouping		12,226.00	12,226.00		
Covid-19 MOA NJOEM		3,200,211.00	3,200,211.00		
New Jersey Association of County & City Health Officials					
Hepatitis A Outbreak Response Grant		47,491.00	47,491.00		
Strengthening Local Public Health Scholar		5,615.00	5,615.00		
Covid-19 Response Grant - Health		100,479.00	100,479.00		
New Jersey Historical Society					
Preserve NJ Historical Preservation Fund		142,500.00	142,500.00		
U.S. Department of Agriculture					
WIC Program		865,861.00	865,861.00		
Senior Farmer's Market Nutrition Program		1,500.00	1,500.00		
Housing Preservation Grant		115,407.00	115,407.00		
New Jersey Department of Labor					
Work First New Jersey		1,226,239.00	1,226,239.00		
Workforce Learning Link		13,000.00	13,000.00		
Workforce Innovations Opportunities Act		1,647,852.00	1,647,852.00		
Covid-19 Relief Fund - Dislocated Worker		54,699.00	54,699.00		
New Jersey Department of Environmental Protection					
County Environmental Health Act		177,889.00	177,889.00		
Pre-Disaster Mitigation Assistance Grant		125,000.00	125,000.00		

The accompanying notes to the financial statements are an integral part of this statement.

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended		
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved
New Jersey Department of Human Services					
Personal Attendant Services Program	57,078.00	57,078.00	57,078.00		
Mental Health Administration		12,000.00	12,000.00		
Human Services Planning Grant	62,770.00	62,770.00	62,770.00		
Abused and Missing Children	3,234.00	3,234.00	3,234.00		
Youth Incentive Program	38,442.00	38,442.00	38,442.00		
Title XX Transportation	30,367.00	30,367.00	30,367.00		
Medication Assisted Treatment	125,000.00	125,000.00	125,000.00		
Social Services for the Homeless		28,716.00	28,716.00		
Comprehensive Alcohol and Drug Abuse Program	684,907.00	684,907.00	684,907.00		
Prevention of Teen Pregnancy	1,000.00	1,000.00	1,000.00		
GC Innovation Opioid Crisis Service Grant		111,151.00	111,151.00		
Overdose to Action		62,500.00	62,500.00		
New Jersey Department of Children and Families					
Child Advocacy Development Grant		30,064.00	30,064.00		
Prevention Planning		300,000.00	300,000.00		
New Jersey Transit Program					
Senior Citizens and Disabled Residents Transportation	477,489.00	494,477.00	494,477.00		
Section 5310 FTA 15		100,000.00	100,000.00		
FTA Small Urban and Rural Area Transportation		175,000.00	175,000.00		
Covid-19 Section 5311		373,657.00	373,657.00		
Job Access & Reverse Commute		110,000.00	110,000.00		
New Jersey Department of Law and Public Safety					
Insurance Fraud Reimbursement Program		245,168.00	245,168.00		
Victims of Crime Act		421,181.00	421,181.00		
Juvenile Detention Alternative Initiative	120,000.00	120,000.00	120,000.00		
New Jersey Office of Homeland Security & Preparedness					
Emergency Management Agency Assistance		181,547.00	181,547.00		
Homeland Security		55,000.00	55,000.00		
Emergency Food and Shelter Program		22,180.00	22,180.00		
High Intensity Drug Trafficking Area		177,000.00	177,000.00		
Governor's Council on Alcoholism and Drug Abuse					
Municipal Alliance		177,816.00	177,816.00		
New Jersey Juvenile Justice Commission					
Family Court Program	141,848.00	141,848.00	141,848.00		
State/Community Partnership Program	279,282.00	279,282.00	279,282.00		

The accompanying notes to the financial statements are an integral part of this statement.

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended		
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved
New Jersey Department of Transportation					
Rt 44 Truck Bypass & DuPont Port Rd		4,000,000.00	4,000,000.00		
Wash Twp. and Monroe Twp. Bikeway		107,940.00	107,940.00		
Rowan Fossil Park Roadway Design		400,000.00	400,000.00		
Coronavirus Relief Fund		264,000.00	264,000.00		
Traffic Signal Upgrades		1,476,060.00	1,476,060.00		
Clayton Williamstown Road Tuckahoe to Fries Mill		798,000.00	798,000.00		
Commissioners Bridge		3,695,000.00	3,695,000.00		
Section 5311 Rural Transportation	184,468.00	184,468.00	184,468.00		
New Jersey Department of Military and Veterans Affairs					
Veterans Transportation		15,000.00	15,000.00		
U.S. Department of Housing & Urban Development					
Gloucester County Roadway Safety Improvements		176,700.00	176,700.00		
Community Development Block Grant					
CARES - CDBG		804,857.00	804,857.00		
Home Investment Partnership		1,970,129.00	1,970,129.00		
New Jersey Division of Highway Traffic Safety					
Comprehensive Traffic Safety Program		55,100.00	55,100.00		
Child Passenger Safety Seat Program		24,500.00	24,500.00		
Distracted Driving Crackdown		66,000.00	66,000.00		
Delaware Valley Regional Planning Commission					
Supportive Regional Highway Planning		39,100.00	39,100.00		
Transit Support Program		38,680.00	38,680.00		
Region Wide Transportation System GIS Program		34,000.00	34,000.00		
U.S. Secret Service					
Electronic Crimes		15,000.00	15,000.00		
Covid-19 Response Grant - County Clerk		114,783.00	114,783.00		
Covid-19 Response Grant - Elections		153,044.00	153,044.00		
Total Public and Private Programs Offset by Revenue	3,775,761.00	30,538,665.00	30,538,665.00		
Contingent	500,000.00	500,000.00	450,784.72	8,132.38	41,082.90
Total Operations Including Contingent	171,320,503.00	200,183,407.00	176,678,253.03	3,717,981.99	19,787,171.98
Detail:					
Salaries and Wages	80,794,167.00	80,674,167.00	74,892,767.35	20,737.60	5,760,662.05
Other Expenses	90,526,336.00	119,509,240.00	101,785,485.68	3,697,244.39	14,026,509.93
<b>CAPITAL IMPROVEMENTS</b>					
Capital Improvement Fund	845,000.00	845,000.00	845,000.00		
Down Payment on Improvements	675,982.00	675,982.00	386,677.92	193,152.54	96,151.54
Total Capital Improvements	1,520,982.00	1,520,982.00	1,231,677.92	193,152.54	96,151.54

The accompanying notes to the financial statements are an integral part of this statement.



STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended		
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved
<b>COUNTY DEBT SERVICE</b>					
Payment of Bond Principal					
Other Bonds	19,712,000.00	19,712,000.00	19,712,000.00		
Interest on Bonds					
State Aid - County College Bonds	4,575,695.00	4,575,695.00	4,575,695.00		
Loan Repayments for Principal and Interest					
NJ Environmental Infrastructure Trust Loan	650,914.00	650,914.00	650,914.00		
Justice Complex Loan - Principal	2,595,000.00	2,595,000.00	2,595,000.00		
Justice Complex Loan - Interest	2,849,875.00	2,849,875.00	2,849,875.00		
Capital Lease Obligations - Principal and Interest	3,495,000.00	3,495,000.00	3,495,000.00		
Infrastructure Loan - Principal and Interest	1,109,631.00	1,109,631.00	1,109,631.00		
Total County Debt Service	<u>34,988,115.00</u>	<u>34,988,115.00</u>	<u>34,988,115.00</u>		
<b>DEFERRED CHARGES AND STATUTORY EXPENDITURES</b>					
Deferred Charges					
Prior Year Bills	10,873.00	10,873.00	872.50		10,000.50
Statutory Expenditures					
Contributions to:					
Public Employees' Retirement System	7,236,132.00	7,236,132.00	7,236,132.00		
Social Security System	5,850,000.00	5,850,000.00	5,561,818.17		288,181.83
Police & Fire Retirement System	4,306,517.00	4,306,517.00	4,306,517.00		
Defined Contribution Retirement Plan	100,000.00	100,000.00	66,464.82		33,535.18
Total Deferred Charges and Statutory Expenditures	<u>17,503,522.00</u>	<u>17,503,522.00</u>	<u>17,171,804.49</u>		<u>331,717.51</u>
<b>TOTAL GENERAL APPROPRIATIONS</b>	<u>\$ 225,333,122.00</u>	<u>\$ 254,196,026.00</u>	<u>\$ 230,069,850.44</u>	<u>\$ 3,911,134.53</u>	<u>\$ 20,215,041.03</u>
Ref.	A-2			A-17	A
Appropriation by 40A:4-87	Ref.				
Emergency Appropriation	A-2	\$ 26,762,904.00			
Budget	A-3	2,100,000.00			
		<u>225,333,122.00</u>			
		<u>\$ 254,196,026.00</u>			
Reserve for Federal Grants Appropriated	A-14		\$ 16,846,085.00		
Reserve for State Grants Appropriated	A-15		13,271,168.00		
Reserve for Local Grants Appropriated	A-10		421,412.00		
Disbursed	A-4		199,531,185.44		
			<u>\$ 230,069,850.44</u>		

The accompanying notes to the financial statements are an integral part of this statement.

**TRUST FUND**

## EXHIBIT B

## COMPARATIVE BALANCE SHEET - TRUST FUND - REGULATORY BASIS

	Ref.	Balance Dec. 31, 2020	Balance Dec. 31, 2019
<b>ASSETS</b>			
Cash - Chief Financial Officer	B-1	\$ 30,760,741.20	\$ 28,099,196.02
		<u>\$ 30,760,741.20</u>	<u>\$ 28,099,196.02</u>
<b>LIABILITIES, RESERVES, AND FUND BALANCE</b>			
Encumbrances Payable	B-2	\$ 1,158,943.80	\$ 1,614,205.11
Reserves for:			
Environmental Quality and Enforcement	B-3	60,366.70	67,266.08
County Clerk's Improvement Fund	B-4	231,164.37	167,584.71
Road Permit Funds	B-5	627,657.00	658,152.00
Weights and Measures	B-6	27,391.53	47,794.35
Motor Vehicle Fines	B-7	830,529.42	1,226,835.67
Fair Share/Developers Escrow	B-8	1,238,880.79	957,205.20
Unemployment Insurance	B-9	1,598.46	15,633.14
Tax Appeals	B-10	53,511.30	48,998.50
Surrogate's Improvement Fund	B-11	115,062.89	102,360.58
Federal Forfeited Funds	B-12	30,969.95	41,846.79
Forfeited Funds	B-13	61,591.65	18,385.59
Seized Assets	B-14	347,997.07	217,796.52
Asset Maintenance Account	B-15	2,703.34	2,104.26
Farmland Preservation	B-16	25,219,045.10	22,080,172.50
Sheriff's Improvement Fund	B-17	27,859.08	20,285.35
Accumulated Absences	B-18	73,409.93	132,002.37
Solid Waste Fees	B-19	62,581.89	17,182.91
Uniform Fire Safety	B-20	7,820.01	9,320.01
Snow Removal/Salt Regionalization	B-21	205,506.20	337,515.12
Parks & Recreation Donations	B-22	16,935.29	16,106.29
Animal Shelter Donations	B-23	243,830.51	214,518.64
Health & Senior Services Donations	B-24	57,464.90	37,165.30
Human Services Transportation Donations	B-25	13,552.23	13,196.12
Veterans Affairs Donations	B-26	30,563.54	22,640.17
Disability Services Donations	B-27	5,002.59	5,002.59
Emergency Resp/EMS Donations	B-28	5,500.16	4,618.65
Sheriff's Forfeited Funds	B-29	1,081.50	1,081.50
Student Summit	B-30	70.00	70.00
Project Lifesaver	B-31	2,150.00	2,150.00
		<u>\$ 30,760,741.20</u>	<u>\$ 28,099,196.02</u>

The accompanying notes to the financial statements are an integral part of this statement.

**GENERAL CAPITAL FUND**

## EXHIBIT C

## COMPARATIVE BALANCE SHEET - GENERAL CAPITAL FUND - REGULATORY BASIS

	Ref.	Balance Dec. 31, 2020	Balance Dec. 31, 2019
<b>ASSETS</b>			
Cash - Chief Financial Officer	C-2	\$ 32,177,659.11	\$ 52,071,860.27
Grants Receivable	C-4	18,016,964.22	6,887,875.00
Due from Current Fund	A	9,317.00	
Amount to be Provided by Lease Payments	C-16	25,135,000.00	28,630,000.00
Deferred Charges to Future Taxation:			
Funded	C-5	249,011,187.27	228,985,380.89
Unfunded	C-6	7,000,800.00	
Deferred Charges - State of New Jersey	C-7	9,847,500.00	11,012,500.00
		<u>\$ 341,198,427.60</u>	<u>\$ 327,587,616.16</u>
<b>LIABILITIES, RESERVES, AND FUND BALANCE</b>			
General Serial Bonds Payable	C-13	\$ 166,037,000.00	\$ 171,837,000.00
Contracts Payable	C-10	9,571,787.23	10,832,536.81
Obligations Under Capital Lease	C-16	25,135,000.00	28,630,000.00
New Jersey Infrastructure Loans Payable	C-15	631,687.27	1,250,880.89
Gloucester County Improvement Authority Loan Payable	C-17	92,190,000.00	66,910,000.00
Improvement Authorizations:			
Funded	C-9	38,272,036.27	45,257,573.13
Unfunded	C-9	7,000,800.00	
Capital Improvement Fund	C-8	47,040.31	8,923.31
Reserve for Debt Service	C-12	2,308,320.13	2,855,945.63
Fund Balance	C-1	4,756.39	4,756.39
		<u>\$ 341,198,427.60</u>	<u>\$ 327,587,616.16</u>

The accompanying notes to the financial statements are an integral part of this statement.

## SCHEDULE OF FUND BALANCE - GENERAL CAPITAL FUND - REGULATORY BASIS

Balance December 31, 2019	Ref. C	<u>\$ 4,756.39</u>
Balance December 31, 2020	C	<u>\$ 4,756.39</u>

The accompanying notes to the financial statements are an integral part of this statement.

## **GENERAL FIXED ASSETS**

## EXHIBIT D

## COMPARATIVE STATEMENT OF GENERAL FIXED ASSETS - REGULATORY BASIS

	Balance Dec. 31, 2020	Balance Dec. 31, 2019
General Fixed Assets:		
Land	\$ 32,501,005.20	\$ 32,501,005.20
Buildings	59,910,832.18	59,387,584.00
Other Improvements	3,069.79	3,069.79
Equipment	15,930,420.40	15,894,917.53
Motor Vehicles	19,828,242.56	19,054,429.83
	<u>\$ 128,173,570.13</u>	<u>\$ 126,841,006.35</u>
Investment in General Fixed Assets	<u>\$ 128,173,570.13</u>	<u>\$ 126,841,006.35</u>

The accompanying notes to the financial statements are an integral part of this statement.



## **NOTES TO FINANCIAL STATEMENTS**

**COUNTY OF GLOUCESTER  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2020 AND 2019**

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

**A. Reporting Entity**

Except as noted below, the financial statements of the County of Gloucester included every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the County of Gloucester, as required by NJSA 40A:5-5.

Component units are legally separate organization for which the County is financially accountable. The County is financially accountable for an organization if the County appoints a voting majority of the organization's governing board and (1) the County is able to significantly influence the programs or services performed or provided by the organization; or (2) the County is legally entitled to or can otherwise access the organization's resources; the County is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provided financial support to the organization; or the County is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the County in that the County approves the budget, the issuance of debt or the levying of taxes. The County has component units. They are as follows:

- Gloucester County Improvement Authority
- Gloucester County Utilities Authority
- Rowan College at Gloucester County
- Gloucester County Institute of Technology
- Gloucester County Special Services School District
- Gloucester County Housing Authority
- Gloucester County Insurance Commission
- Gloucester County Library Commission
- Pollution Control Financing Authority of Gloucester County

These component units are not included in the County financial statements. These component units have independent audits of their individual financial statements.

**B. Description of Funds and Account Groups**

The accounting policies of the County of Gloucester conform to the accounting principles applicable to counties, which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Such principles and practices 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. Under this method of accounting, the County of Gloucester accounts for its transactions through the following separate funds, which differ from the funds required by GAAP.

**Current Fund** - Resources and expenditures for governmental operations of a general nature, including Federal and State Grant Funds.

**Trust Fund** - Receipts, custodianship, and disbursement of funds in accordance with the purpose for which each reserve was created.

**COUNTY OF GLOUCESTER  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Description of Funds and Account Groups (Continued)**

**General Capital Fund** - Receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund. In addition, the fund is used to track the status of debt authorized for capital projects.

**Payroll/Payroll Agency Account** - Receipt and disbursement of funds to meet obligations to employees and payroll tax liabilities.

**General Fixed Assets** - To account for fixed assets used in governmental operations (General Fixed Assets) are accounted for in the General Fixed Assets Account Group, rather than in Governmental Funds.

**C. Basis of Accounting**

The accounting principles and practices prescribed for counties in the State of New Jersey differ in certain respects from accounting principles generally accepted in the United States of America applicable to local governmental units. The more significant policies in New Jersey follow.

A modified accrual basis of accounting is followed with minor exceptions. The more significant accounting principles are as follows:

**Revenues** - are recorded when received in cash except for certain amounts which are due from other governmental units. Receipts from federal and state grants are realized as revenue when anticipated in the County budget. 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 the County, which are susceptible to accrual, are also recorded as receivables with offsetting reserves and recorded as revenue when received. Fund balance utilized to balance the budget is recorded as revenue and budgeted transfers from other funds are also recorded as revenue when anticipated in the budget. This method of revenue recognition differs from accounting principles generally accepted in the United States of America which recognizes revenue in the accounting period in which it is earned, net of allowances for doubtful accounts.

**Expenditures** - are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods and services through the issuance of a purchase order in conjunction with the encumbrance accounting system. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements and constitute part of the County's statutory appropriation reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31<sup>st</sup> of each year and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves are available until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Grant appropriations are charged upon budget adoption to create separate spending reserves. Budgeted transfers to other funds are recorded as expenditures when the budget is adopted to the extent permitted or required by law. Appropriations for principal payments on outstanding general capital bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the

**COUNTY OF GLOUCESTER  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Basis of Accounting (Continued)**

**Expenditures (Continued)** - cash basis. This method differs from accounting principles generally accepted in the United States of America which requires that expenditures be recorded when services are rendered or goods are received. Under accounting principles generally accepted in the United States of America, appropriation reserves do not exist and encumbrances do not constitute expenditures.

**Interfunds** - 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. Under accounting principles generally accepted in the United States of America, interfunds are not reserved.

**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 balance sheets. Under accounting principles generally accepted in the United States of America, inventory would be recorded as an asset on the balance sheet.

**Insurance** - Cost of insurance for all funds are recorded as expenditures at the time of payment. Insurance costs chargeable to future periods are not carried as prepayments.

**General Fixed Assets** - In accordance with NJAC 5:30-5.6, Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles, the County has developed a fixed assets accounting and reporting.

Fixed assets used in Governmental operations (General Fixed Assets) are accounted for in the General Fixed Assets Account Group. Public domain ("infrastructure") General Fixed Assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks, and drainage systems, are not capitalized.

All fixed assets are recorded at historical cost or estimated historical cost if actual historical cost is not available, in accordance with the State of New Jersey's Administrative Code. However, land and improvements are recorded at its assessed value, which is a departure from the aforementioned directive. The County capitalizes fixed assets with an original cost in excess of \$2,500.00.

No depreciation has been provided for in the financial statements.

Expenditures for construction in progress are recorded in the Capital Fund until such time as the construction is completed and put into operation.

Fixed assets acquired through grants in aid or contributed capital, have not been accounted for separately.

**General Long-Term Debt** - General Long-Term Debt is accounted for in the General Capital Fund. Accounting principles generally accepted in the United States of America require General Long-Term Debt to be accounted for in the General Long-Term Debt Account Group.

**COUNTY OF GLOUCESTER  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Basis of Accounting (Continued)**

**Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America or the regulatory basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**D. Comparative Data**

Comparative total data for the prior year has been presented in the accompanying Balance Sheets and Statement of Operations in order to provide an understanding of changes in the County's financial position. However, comparative (i.e., presentation of prior year totals by fund type) data have not been presented in the Statement of Revenues - Regulatory Basis and the Statement of Expenditures - Regulatory Basis since their inclusion would make the statements unduly complex and difficult to read.

**E. Accounting Pronouncements Adopted**

Statement No. 83, "Certain Asset Retirement Obligations." This Statement addresses accounting and financial reporting for certain asset retirement obligations (ARO's). This Statement, originally effective for period's beginning after June 15, 2018, was postponed until June 15, 2019. This Statement did not have any significant impact on the financial reporting.

In April 2018, the Governmental Accounting Standards Board (GASB) issued Statement No. 88, "Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements." This Statement, originally effective for periods beginning after June 15, 2018, was postponed until June 15, 2019. This Statement did not have any significant impact on the financial reporting.

In August 2018, the Governmental Accounting Standards Board (GASB) issued Statement No. 90, "Majority Equity Interests – an Amendment of GASB Statements No. 14 and No. 61." This Statement, originally effective for periods beginning after December 15, 2018, was postponed until December 15, 2019. This Statement did not have any significant impact on the financial reporting.

**F. Recent Effective Accounting Pronouncements Postponed by Statement No. 95**

In May 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 95, "Postponement of the Effective Dates of Certain Authoritative Guidance." The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. As a result of GASB 95, the effective dates of the following statements are postponed by one year:

In January 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 92, "Omnibus 2020." This Statement, originally effective for periods beginning after December 15, 2020, is postponed until December 15, 2021. Management has not yet determined the impact of this Statement on the financial Statements.

**COUNTY OF GLOUCESTER  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**F. Recent Effective Accounting Pronouncements Postponed by Statement No. 95 (Continued)**

In March 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 93, "Replacement of Interbank Offered Rate." This Statement, except for paragraph 11b originally effective for periods beginning after June 15, 2020, is postponed until June 15, 2021. The requirement in paragraph 11b originally effective for periods beginning after December 31, 2021, is postponed until December 31, 2022. Management has not yet determined the impact of this Statement on the financial statements.

**G. Recent Accounting Pronouncements Not Yet Effective**

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87, "Leases." The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by Governments. This Statement, originally effective for periods beginning after December 15, 2019, is postponed until June 15, 2021, due to the issuance of Statement No. 95. Management does not expect this Statement will have an impact on the financial statements.

In June 2018, the Governmental Accounting Standards Board (GASB) issued Statement No. 89, "Accounting for Interest Costs Incurred Before the End of a Construction Period." The objectives of this Statement are to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. This Statement, originally effective for periods beginning after December 15, 2019, is postponed until December 15, 2020, due to the issuance of Statement No. 95. Management does not expect this Statement will have an impact on the financial statements.

In May 2019, the Governmental Accounting Standards Board (GASB) issued Statement No. 91, "Conduit Debt Obligations." The objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures. This Statement, originally effective for periods beginning after December 15, 2020, is postponed until December 15, 2021, due to the issuance of Statement No. 95. Management does not expect this Statement will have an impact on the financial statements.

In March 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 94, "Public-Private and Public-Public Partnerships and Availability Payment Arrangements." The objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). This Statement is effective for periods beginning after June 15, 2022. Management does not expect this Statement will have an impact on the financial statements.

In May 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 96, "Subscription-Based Information Technology Arrangements." This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement is effective for periods beginning after June 15, 2022. Management does not expect this Statement will have an impact on the financial statements.

**COUNTY OF GLOUCESTER  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**G. Recent Accounting Pronouncements Not Yet Effective (Continued)**

In June 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 97, "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84 and supersession of GASB Statement No. 32." The primary objectives of this Statement are to increase consistency and comparability related to the reporting of fiduciary component. This Statement is effective for periods beginning after June 15, 2021. Management does not expect this Statement will have a significant impact on the financial statements.

**NOTE 2: BUDGETARY INFORMATION**

The County adopts an annual budget in accordance with NJSA 40A:4, et seq. This budget is required to be a balanced cash basis document. Once approved, the County may make emergency appropriations for a purpose which is not foreseen at the time the budget was adopted per NJSA 40A:4-46 and 54. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety or welfare prior to the next succeeding fiscal year. Emergency appropriations, except those classified as a special emergency, must be raised in the budget of the succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. Budget transfers between appropriation accounts are prohibited until the last two months of the year. Budget transfers during the year were not significant. After approval from the Director, the County can also make amendments for any special item of revenue made available by any public or private funding source as per NJSA 40A:4-87.

The County amended the budget during the year by the insertion of Special Items of Revenue in the amount of \$26,762,904.00 for various grants as detailed on Exhibit A-2.

The County also amended the budget during the year by the insertion of Emergency Appropriations in the amount of \$2,100,000.00 for various grants as detailed on Exhibit A-3.

**NOTE 3: CASH AND CASH EQUIVALENTS**

**Custodial Credit Risk – Deposits**

Custodial Credit Risk is the risk that in the event of a bank failure, the government's deposits may not be able to recover the value of its deposits or investments. Deposits are considered to be exposed to custodial credit risk if they are: uncollateralized (securities not pledged to the depositor), collateralized with securities held by the pledging financial institution, or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. The County's policy is based on New Jersey Statutes requiring cash to be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Unit Deposit Protection Act (GUDPA) or in qualified investments established in NJSA 40A:5-15.1(a) that are treated as cash equivalents. At December 31, 2020 and 2019, the carrying amount of the County's deposits was \$149,427,824.87 and \$153,990,573.01, respectively. As of December 31, 2020 and 2019, \$0 of the County's bank balance of \$153,486,603.22 and \$151,917,968.97, respectively, was exposed to Custodial Credit Risk.

**COUNTY OF GLOUCESTER  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE 4: INVESTMENTS**

As of December 31, 2020, the County did not have any investments.

**Interest Rate Risk** - 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. However, NJSA 40A:5-15.1(a) limits the length of time for most investments to 397 days.

**Credit Risk** - NJSA 40A:5-15.1(a) limits county investments to those specified in the statutes. The type of allowable investments are Bonds or other obligations of the United States or obligations guaranteed by the United States, Bonds or other obligations of the County, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of Treasury for investment by local units, government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

**Concentration of Credit Risk** - The County places no limit on the amount the County may invest in any one issuer.

**NOTE 5: FUND BALANCES APPROPRIATED**

Year	Balance December 31	Utilized in Budget of Succeeding Year
2020	\$ 61,822,777.34	\$ 7,024,000.00
2019	52,254,183.18	2,698,000.00
2018	41,508,416.35	2,376,225.00
2017	32,224,722.29	2,685,000.00
2016	25,085,099.80	6,213,072.00

**NOTE 6: ACCUMULATED ABSENCE BENEFITS**

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. The liability for compensated absences that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the County and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the County and its employees, are accounted for in the period in which such services are rendered or in which such events take place. Employees of the County are entitled to paid vacation and paid sick days depending on job classification, length of service, and other factors. Employees are represented by a number of labor unions, and each contract contains different provisions for such employee-compensated absences.

The total value of compensated absences owed to employees as of December 31, 2020, was \$4,882,005.00. There was no appropriation in the 2021 adopted budget to fund a reserve for accumulated absences. The accumulated absence trust has a reserve balance of \$73,409.93.



**COUNTY OF GLOUCESTER  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE 7: PROPERTY, PLANT, AND EQUIPMENT**

The following is a summary of changes in the General Fixed Assets Account Group for the year ended December 31, 2020:

	Balance Dec. 31, 2019	Additions	Deletions	Balance Dec. 31, 2020
Land	\$ 32,501,005.20			\$ 32,501,005.20
Buildings	59,387,584.00	\$ 523,248.18		59,910,832.18
Other Improvements	3,069.79			3,069.79
Equipment	15,894,917.53	791,979.28	\$ 756,476.41	15,930,420.40
Motor Vehicles	19,054,429.83	1,869,816.73	1,096,004.00	19,828,242.56
	<u>\$ 126,841,006.35</u>	<u>\$ 3,185,044.19</u>	<u>\$ 1,852,480.41</u>	<u>\$ 128,173,570.13</u>

**NOTE 8: ECONOMIC DEPENDENCY**

The County of Gloucester is not economically dependent on any one business or industry within the County.

**NOTE 9: PENSION FUNDS**

**Description of Plans** - Substantially all eligible employees of the County are covered by either the Public Employees' Retirement System or Police and Firemen's Retirement System, a cost-sharing, multiple-employer defined benefit pension plan which has been established by state statute and is administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of the Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the retirement systems. The reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295 or can be accessed on the internet at: <http://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

**Public Employees' Retirement System (PERS)** - The Public Employees' Retirement System (PERS) was established as of January 1, 1955, under the provisions of NJSA 43:15A to provide retirement, death, disability, and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing, multiple-employer plan. Membership is generally required for substantially all full-time employees of the State or any county, municipality, school district or public agency provided the employee is not a member of another state-administered retirement system or other state or local jurisdiction.

**Police and Firemen's Retirement System (PFRS)** - The Police and Firemen's Retirement System was established in July 1944 under the provisions of NJSA 43:16A to provide coverage to substantially all full-time county or municipal police and fire-fighters and State fire-fighters appointed after June 30, 1944. Plan members and employer contributions may be amended by State of New Jersey legislation.

**COUNTY OF GLOUCESTER  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE 9: PENSION FUNDS (CONTINUED)**

**Defined Contribution Retirement Program (DCRP)** - The County established Defined Contribution Retirement Program by resolution on June 18, 2008, as required by Chapter 92 of the Laws of 2007 and NJSA 43:15C-1 et seq. DCRP provides for employee contributions of 5.5% of employees' annual base salary. Employers are required to contribute 3% of the employees' base salary.

**Funding Policy** - The contribution policy is set by NJSA 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997, and NJSA 18:66 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The PERS provide for employee contributions of 7.50% of employees' annual compensation. The PFRS provides for employee contributions of 10% of employees' annual compensation. Employers are required to contribute at an actuarially determined rate in the PERS and PFRS. The PERS and PFRS rates in effect for 2020 are 13.69% and 29.80%, respectively, of covered payroll, as reported on June 30, 2019. The actuarially determined contribution includes funding for, cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

The County's contributions to the PERS for the years ending December 31, 2020, 2019, and 2018, were \$7,236,132.00, \$7,459,867.00, and \$6,881,498.00, respectively, equal to the required contributions for each year. The County's contributions to the PFRS for the years ending December 31, 2020, 2019, and 2018, were \$4,306,517.00, \$4,084,010.00, and \$3,610,165.00, respectively, equal to the required contributions for each year. The County's contributions to DCRP for the years ending December 31, 2020, 2019, and 2018, were \$66,464.82, \$57,447.44, and \$57,917.82, respectively, equal to the required contributions for each year.

**Significant Legislation** - Chapter 78, P.L. 2011, effective June 28, 2011, made various changes to the manner in which the Public Employees' Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS) operate and to the benefit provisions of those systems.

Chapter 78's provisions impacting employee pension and health benefits include:

- New members of the PERS hired on or after June 28, 2011, (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of  $\frac{1}{4}$  of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011, (Tier 3 members), will be 60% instead of 65% of the member's final compensation, plus 1% for each year of creditable service over 25 years but not to exceed 30 years.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.

**COUNTY OF GLOUCESTER  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE 9: PENSION FUNDS (CONTINUED)**

**Significant Legislation (Continued)**

- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.
- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

Chapter 1, P.L. 2010, effective May 21, 2010, made a number of changes to the State-administered retirement systems concerning eligibility, the retirement allowance formula, the definition of compensation, the positions eligible for service credit, the non-forfeitable right to a pension, the prosecutor's part of the PERS, special retirement under the PFRS, and employer contributions to the retirement systems.

Also, Chapter 1, P.L. 2010 changed the membership eligibility criteria for new members of the PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of the PERS to 1/60th from 1/55th, and it provided that new members of the PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of the PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. For new members of the PFRS, the law capped the maximum compensation that can be used to calculate a pension from these plans at the annual wage contribution base for Social Security and requires the pension to be calculated using a three year average annual compensation instead of the last year's salary. This law also closed the Prosecutors Part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time 5 years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined at 1/7th of the required amount, beginning in fiscal years 2012.

Chapter 3, P.L. 2010, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of the PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program (DCRP).

Chapter 92, P.L. 2007 implemented certain recommendations contained in the December 1, 2006, report of the Joint Legislative Committee on Public Employee Benefits Reform; established a DCRP for elected and certain appointed officials, effective July 1, 2007; the new pension loan interest rate became 4.69% per year, and an \$8.00 processing fee per loan was charged, effective January 1, 2008. The legislation also removed language from existing law that permits the State Treasurer to reduce employer pension contributions needed to fund the Funds and Systems when excess assets are available.

**COUNTY OF GLOUCESTER  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE 10: POSTEMPLOYMENT HEALTHCARE PLAN**

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

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. In 2012, the County of Gloucester authorized participation in the SHBP's post-retirement benefit program and prescription drug program through resolution adopted January 18, 2012, effective May 1, 2012. The County's policies provide for health insurance and prescription coverage, to eligible retirees and their spouses that participate in the SHBP's post-retirement benefit program with the local unit.

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

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

Contributions to pay for the health premiums of participating retirees in the SHBP are billed to the County of Gloucester on a monthly basis. Plan members receiving benefits are not required to make contributions.

The County of Gloucester's contributions to the SHBP for healthcare of employees and retirees for the years ended December 31, 2020, 2019, and 2018, were \$17,116,668.75, \$21,020,800.64, and \$20,358,011.81. The amounts paid for retirees for the years ended December 31, 2020, 2019, and 2018, were \$7,248,222.13, \$7,094,904.22, and \$10,723,966.99, respectively, which equaled the required contributions for each year.

**NOTE 11: FINANCIAL INFORMATION RELATED TO GASB 68 & GASB 71 FOR PUBLIC RETIREMENT SYSTEMS**

New Jersey municipalities do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the net pension liability as a liability on their balance sheets. However, NJAC 5:30-6.1(c)(2) requires municipalities and counties to disclose GASB 68 & GASB 71 information in the Notes to the Financial Statements. The following disclosures meet the requirements of GASB 68 & GASB 71 for the PERS and PFRS retirement systems.

**COUNTY OF GLOUCESTER  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE 11: FINANCIAL INFORMATION RELATED TO GASB 68 & GASB 71 FOR PUBLIC RETIREMENT SYSTEMS (CONTINUED)**

**Public Employee's Retirement System** - At December 31, 2020, the County's proportionate share of net pension liability was \$115,660,004. 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 that date. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2020 and 2019, the County's allocation percentage was 0.7092492435% and 0.7414752435%, respectively.

For the year ended December 31, 2020, the County's pension expense would have been \$(9,169,059) if New Jersey municipalities followed GAAP accounting principles. The County's deferred outflows of resources and deferred inflows of resources (which are not recorded) related to the PERS are from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions		\$ 43,778,323
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	\$ 2,502,620	
Changes in Proportion and Differences Between the County's Contributions and Proportionate Share of Contributions		4,951,107
Difference Between Expected and Actual Experience		1,410,009
	\$ 2,502,620	\$ 50,139,439

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions are not recognized in pension expense since New Jersey municipalities do not follow GAAP accounting principles.

If GAAP accounting principles were followed, the other amounts reported as deferred outflows of resources and deferred inflows of resources would have been recognized in pension expense as follows:

Year Ended December 31,	Amount
2021	\$ (19,502,709)
2022	(15,490,403)
2023	(8,736,069)
2024	(3,241,300)
2025	(666,339)
	\$ (47,636,820)

**COUNTY OF GLOUCESTER  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE 11: FINANCIAL INFORMATION RELATED TO GASB 68 & GASB 71 FOR PUBLIC RETIREMENT SYSTEMS (CONTINUED)**

**Public Employee's Retirement System (Continued)**

Additional information – Collective balances at June 30, 2020 and 2019, are as follows:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Collective Deferred Outflows of Resources	\$ 2,347,583,337	\$ 3,149,522,616
Collective Deferred Inflows of Resources	7,849,949,467	7,645,087,574
Collective Net Pension Liability	<u>16,307,384,832</u>	<u>18,018,482,972</u>
 County's Proportion	 0.7092492435%	 0.7414752435%

**Contributions** - The contribution policy for the PERS is set by NJSA 15A and requires contributions by active members and contributing employers. The County's contribution amount was based on an actuarially determined rate which includes the normal cost and unfunded accrued liability.

**Actuarial Assumptions**

The total pension liability for the June 30, 2020, measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00 – 6.00% Based on Age
Thereafter	3.00 – 7.00% Based on Age
Investment Rate of Return	7.00%

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.

The actuarial assumptions used in the July 1, 2019, valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

**COUNTY OF GLOUCESTER  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE 11: FINANCIAL INFORMATION RELATED TO GASB 68 & GASB 71 FOR PUBLIC RETIREMENT SYSTEMS (CONTINUED)**

**Actuarial Assumptions (Continued)**

Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Division of Pension and Benefits financial report at: <http://www.state.nj.us/treasury/pensions/gasb-notice.shtml>.

**Police and Firemen's Retirement System** - The County has two separate retirement systems one for sheriffs and one for prosecutors.

At December 31, 2020, the County's proportionate share of net pension liability for Sheriff (number 70800) was \$39,371,136. 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 that date. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2020 and 2019, the County's proportion was 0.3046990519% and 0.3178719254%, respectively.

For the year ended December 31, 2020, the County's pension expense would have been \$(2,192,419) if New Jersey municipalities followed GAAP accounting principles. The County's deferred outflows of resources and deferred inflows of resources (which are not recorded) related to the PFRS are from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions		\$ 9,207,911
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	\$ 1,219,423	
Changes in Proportion and Differences Between the County's Contributions and Proportionate Share of Contributions	5,193,057	
Difference Between Expected and Actual Experience	320,248	
	\$ 6,732,728	\$ 9,207,911

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions are not recognized in pension expense since New Jersey municipalities do not follow GAAP accounting principles.

If GAAP accounting principles were followed, the other amounts reported as deferred outflows of resources and deferred inflows of resources would have been recognized in pension expense as follows:

**COUNTY OF GLOUCESTER  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 11: FINANCIAL INFORMATION RELATED TO GASB 68 & GASB 71 FOR PUBLIC RETIREMENT SYSTEMS (CONTINUED)**

**Police and Firemen’s Retirement System (Continued)**

Year Ended December 31,	Amount
2021	\$ (2,470,940)
2022	(1,115,484)
2023	282,529
2024	737,044
2025	91,668
	<u>\$ (2,475,183)</u>

Additional information – Collective balances at June 30, 2020 and 2019, are as follows:

	June 30, 2020	June 30, 2019
Collective Deferred Outflows of Resources	\$ 1,601,195,680	\$ 1,198,936,924
Collective Deferred Inflows of Resources	4,191,274,402	4,874,748,912
Collective Net Pension Liability	<u>12,921,318,904</u>	<u>12,231,818,793</u>
County's Proportion	0.3046990519%	0.3178719254%

At December 31, 2020, the County’s proportionate share of net pension liability for Prosecutors (number 70803) was \$14,150,428. 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 that date. The County’s proportion of the net pension liability was based on a projection of the County’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2020 and 2019, the County’s proportion was 0.1095122555% and 0.1084692116%, respectively.

For the year ended December 31, 2020, the County’s pension expense would have been \$197,606 if New Jersey municipalities followed GAAP accounting principles. The County’s deferred outflows of resources and deferred inflows of resources (which are not recorded) related to the PFRS are from the following sources:



**COUNTY OF GLOUCESTER  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE 11: FINANCIAL INFORMATION RELATED TO GASB 68 & GASB 71 FOR PUBLIC RETIREMENT SYSTEMS (CONTINUED)**

**Police and Firemen's Retirement System (Continued)**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions		\$ 3,205,158
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	\$ 515,995	
Changes in Proportion and Differences Between the County's Contributions and Proportionate Share of Contributions	793,149	
Difference Between Expected and Actual Experience	107,725	
	\$ 1,416,869	\$ 3,205,158

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions are not recognized in pension expense since New Jersey municipalities do not follow GAAP accounting principles.

If GAAP accounting principles were followed, the other amounts reported as deferred outflows of resources and deferred inflows of resources would have been recognized in pension expense as follows:

Year Ended December 31	Amount
2021	\$ (1,209,639)
2022	(605,958)
2023	(216,319)
2024	(93,839)
2025	(13,130)
	\$ (2,138,885)

Additional information – Collective balances at June 30, 2020 and 2019, are as follows:

	June 30, 2020	June 30, 2019
Collective Deferred Outflows of Resources	\$ 1,601,195,680	\$ 1,198,936,924
Collective Deferred Inflows of Resources	4,191,274,402	4,874,748,912
Collective Net Pension Liability	12,921,318,904	12,231,818,793
County's Proportion	0.1095122555%	0.1084692116%

**COUNTY OF GLOUCESTER  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 11: FINANCIAL INFORMATION RELATED TO GASB 68 & GASB 71 FOR PUBLIC RETIREMENT SYSTEMS (CONTINUED)**

**Contributions**

The contribution policy for the PFRS is set by NJSA 43:16A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The County's contribution amount was based on an actuarially determined rate which includes the normal cost and unfunded accrued liability.

**Actuarial Assumptions**

The total pension liability for the June 30, 2020, measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through all Future Years	3.25 – 15.25% Based on Years of Service
Investment Rate of Return	7.00%

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.

The actuarial assumptions used in the July 1, 2019, valuation were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2018.

Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Division of Pension and Benefits financial report at: <http://www.state.nj.us/treasury/pensions/gasb-notices.shtml>.

**COUNTY OF GLOUCESTER  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE 11: FINANCIAL INFORMATION RELATED TO GASB 68 & GASB 71 FOR PUBLIC RETIREMENT SYSTEMS (CONTINUED)**

**Actuarial Assumptions (Continued)**

A special funding situation exists for the Local employers of the Police and Fire Retirement System of New Jersey. The State of New Jersey, as a non-employer, is required to pay the additional costs incurred by Local employers under Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993, and Chapter 201, P.L. 2001. The June 30, 2020 and June 30, 2019, special funding situation net pension liability amounts of \$6,110,221 and \$6,142,477 for Sheriff and \$2,196,082 and \$2,096,032 for Prosecutors are the accumulated differences between the annual actuarially determined State obligation under the special funding situation and the actual State contribution through the valuation date.

**NOTE 12: FINANCIAL INFORMATION RELATED TO GASB 75 FOR PUBLIC RETIREMENT SYSTEMS**

New Jersey municipalities do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the net other postemployment benefit (OPEB) liability as a liability on their balance sheets. However, NJAC 5:30-6.1(c)(2) requires municipalities and counties to disclose GASB 75 information in the Notes to the Financial Statements. The following OPEB liability note information is reported at the State's level and is not specific to the municipality. The following disclosures meet the requirements of GASB 75 for the PERS and PFRS retirement systems.

**Actuarial Assumptions**

The total OPEB liability as of June 30, 2019, was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	2.50%
Salary Increases (PERS):	
Through 2026	2.00 – 6.00% Based on Age
Thereafter	3.00 – 7.00% Based on Age
Salary Increases (PFRS):	
All Future Years	3.25 – 15.25% Based on Age
Discount Rate	3.50%

Pre-retirement mortality rates were based on the (PERS): PUB-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using the Scale MP-2019 and (PFRS): PUB-2010 "Safety" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using the Scale MP-2019.

Post-retirement health mortality rates were based on (Chapter 330 Retirees): PUB-2010 "Safety" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using the Scale MP-2019. Other Retirees: PUB-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using the Scale MP-2019.

**COUNTY OF GLOUCESTER  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE 12: FINANCIAL INFORMATION RELATED TO GASB 75 FOR PUBLIC RETIREMENT SYSTEMS (CONTINUED)**

**Actuarial Assumptions (Continued)**

Disability mortality was based on the PUB-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using the Scale MP-2019 for PERS Future Disabled Retirees and Other Current Retirees. PFRS Future Disabled Retirees and Chapter 330 Current Retirees was based on PUB-2010 “Safety” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using the Scale MP-2019.

Certain actuarial assumptions used in the June 30, 2018, valuation were based on the results of the pension plans’ experience studies for which the members are eligible for coverage under this Plan – The Police and Firemen Retirement System (PFRS) and the Public Employees Retirement System (PERS). The PFRS and PERS experience studies were prepared for the periods July 1, 2013 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively.

The discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Bond index.

Detailed information about the pension plan’s fiduciary net position is available in the separately issued State of New Jersey Division of Pensions and Benefits financial report at: <http://www.state.nj.us/treasury/pensions/gasb-notices-opeb.shtml>.

**COUNTY OF GLOUCESTER  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE 12: FINANCIAL INFORMATION RELATED TO GASB 75 FOR PUBLIC RETIREMENT SYSTEMS (CONTINUED)**

**Actuarial Assumptions (Continued)**

Changes in the Total Net OPEB Liability reported by the State of New Jersey:

**Total OPEB Liability**

Service Cost	\$ 666,574,660
Interest	636,082,461
Changes of Benefit Terms	(1903958)
Differences Between Expected and Actual Experience	(1,399,921,930)
Changes in Assumptions or Other Inputs	(1,635,760,217)
Benefit Payments	(470,179,613)
Contributions - Members	43,249,952
Net Change in OPEB Liability	<u>(2,161,858,645)</u>
Total OPEB Liability Beginning	<u>15,981,103,227</u>
Total OPEB Liability Ending	<u><u>\$ 13,819,244,582</u></u>

**Plan Fiduciary Net Position**

Contributions - Employer	\$ 346,415,056
Contributions - Non-Employer Contributing Entities	43,854,500
Contributions - Members	43,249,952
Net Investment Income	4,826,936
Benefit Payments	(470,179,613)
Administrative Expense	(9,478,435)
Net Change in Plan Fiduciary Net Position	<u>(41,311,604)</u>
Plan Fiduciary Net Position Beginning	<u>314,485,086</u>
Plan Fiduciary Net Position Ending	<u><u>\$ 273,173,482</u></u>

Net OPEB Liability Ending	<u><u>\$ 13,546,071,100</u></u>
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There were no changes in benefit terms during the year.

Differences Between Expected and Actual Experiences: The decrease in the liability from June 30, 2018 to June 30, 2019, is due to changes in the census, claims, and premiums experience.

Changes in Assumptions: The decrease in the liability from June 30, 2018 to June 30, 2019, is due to the combined effect of the decrease in the assumed discount rate from 3.87% as of June 30, 2018, to 3.50% as of June 30, 2019, and changes in the trend, excise tax, updated decrements, PPO/HMO future retiree elections, salary scale, and mortality assumptions.

Sensitivity of Net OPEB Liability to Changes in the Discount Rate: The following represents the collective net OPEB liability of the participating employers as of June 30, 2019, calculated using the discount rate as disclosed above as well as what the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percent-point lower or 1-percent-point higher than the current rate.

**COUNTY OF GLOUCESTER  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE 12: FINANCIAL INFORMATION RELATED TO GASB 75 FOR PUBLIC RETIREMENT SYSTEMS (CONTINUED)**

**Actuarial Assumptions (Continued)**

	1% Decrease 2.50%	Current Rate 3.50%	1% Increase 4.50%
Net OPEB Liability	<u>\$ 15,662,704,137</u>	<u>\$ 13,546,071,100</u>	<u>\$ 11,826,026,995</u>

Sensitivity of Net OPEB Liability to Changes in the Healthcare Trend Rate: The following presents the net OPEB liability as of June 30, 2019, as well as what the net OPEB liability would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

	1% Decrease	Health Care Costs Trend Rate	1% Increase
Net OPEB Liability	<u>\$ 11,431,214,644</u>	<u>\$ 13,546,071,100</u>	<u>\$ 16,243,926,531</u>

**OPEB Liability, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

At December 31, 2019, the County would have reported a liability of \$169,581,503 for its proportionate share of the net OPEB liability if New Jersey municipalities followed GAAP accounting principles. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The County's proportion of the net OPEB liability was based on a projection of the County's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating members, actuarially determined. At December 31, 2019 and 2018, the County's proportion was 1.251887% and 1.347969%, respectively.

For the year ended December 31, 2019, the County would have recognized net OPEB expense of \$6,738,609 if New Jersey municipalities followed GAAP accounting principles. The County's deferred outflows of resources and deferred inflows of resources (which are not recorded) are from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience		\$ 49,592,241
Differences Between Projected and Actual Investment Earnings	\$ 139,688	
Changes in Assumptions		60,095,913
Changes in Proportions		30,790,492
	<u>\$ 139,688</u>	<u>\$ 140,478,646</u>

**COUNTY OF GLOUCESTER  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE 12: FINANCIAL INFORMATION RELATED TO GASB 75 FOR PUBLIC RETIREMENT SYSTEMS (CONTINUED)**

**OPEB Liability, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending</u>		
2020	\$	(23,165,375)
2021		(23,165,377)
2022		(23,176,971)
2023		(23,196,177)
2024		(23,210,897)
Thereafter		(24,424,161)
	<u>\$</u>	<u>(140,338,958)</u>

**Special Funding Situation**

A special funding situation exists for some local employers of the Police and Firefighters Retirement System who do not pay for health benefits coverage for their retired employees. Under Chapter 330, P.L. 1997, certain retired local police officers and firefighters are eligible for enrollment in the State Health Benefits Program with part of the cost paid by the State. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L. 1989. The State is treated as a nonemployer contributing entity. Since the local participating employer does not contribute under this legislation directly to the plan, there is no net OPEB liability, deferred outflows of resources or deferred inflows of resources to report. At December 31, 2019 and 2018, the County's proportion was .499799% and .541948%, respectively. The County's proportionate share of the State's collective net OPEB liability at December 31, 2019 and 2018, was \$366,077 and \$1,019,406, respectively.

**NOTE 13: DEFERRED COMPENSATION PLAN**

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all County employees, permits them to defer a portion of their salary and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation is not available to the employees until termination, retirement, death, or unforeseeable emergency. The administrators of the plans are Lincoln Financial Group, Brighthouse Life Insurance Company, Mass Mutual, Valic, and MetLife.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights have been removed from the books and accounts of the County as they are no longer the property or rights of the County.

**COUNTY OF GLOUCESTER  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE 14: CONTINGENCIES**

The County participates in federal and state assisted grant programs. The County is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs.

Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

In the normal course of business, the County may be periodically named as a defendant in litigation. There are several actions that have been instituted against the County which are either in the discovery stage or whose financial outcome cannot be determined at this time. In the opinion of the County Administration, supported by legal counsel, the amount of ultimate liability with respect to these actions is unknown, but could be material.

**NOTE 15: RISK MANAGEMENT**

The County is exposed to various risks or loss related to torts, thefts of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The County of Gloucester and its departments, boards, agencies, and commissions presently purchase insurance or self-insures against risks of damage to persons or property of third parties, workers' compensation claims, and for dental coverage for employees through the Gloucester County Insurance Fund Commission ("The Commission") established on October 7, 2009, by resolution of the Board of Chosen Freeholders pursuant to NJSA 40A:10-6. The Commission is governed by three County officials who serve as commissioners and are appointed by the Board. Excess insurance is managed by the New Jersey Counties Excess Joint Insurance Fund.

The Gloucester County Insurance Fund Commissioners retain the services of an actuary to establish the amount of reserves deemed necessary to pay claims. The estimated liability is established by the third party administrator, for claims incurred and reported for the Self-Insurance Fund. The County of Gloucester's 2020 assessment for property and casualty insurance and workmen's compensation insurance was \$3,369,644.69.

**NOTE 16: LONG-TERM DEBT**

**Summary of County Debt Service**

Long-Term Debt as of December 31, 2020, consisted of the following:

	Year 2020	Year 2019	Year 2018
Bonds, Notes, and Loans Issued	\$ 258,858,687.27	\$ 239,997,880.89	\$ 229,089,538.89



**COUNTY OF GLOUCESTER  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE 16: LONG-TERM DEBT (CONTINUED)**

**Summary of County Debt Service (Continued)**

	Balance 12/31/2019	Increased	Retired/ Reduction	Balance 12/31/2020	Due Within One Year
Issued					
General:					
Serial Bonds Payable	\$ 171,837,000.00	\$ 15,507,000.00	\$ 21,307,000.00	\$ 166,037,000.00	\$ 23,592,000.00
NJ Infrastructure Loans Payable	1,250,880.89		619,193.62	631,687.27	631,687.27
Gloucester County Improvement Authority Loan Payable	66,910,000.00	27,875,000.00	2,595,000.00	92,190,000.00	3,775,000.00
	<u>\$ 239,997,880.89</u>	<u>\$ 43,382,000.00</u>	<u>\$ 24,521,193.62</u>	<u>\$ 258,858,687.27</u>	<u>\$ 27,998,687.27</u>
		Increased	Retired/ Reduction	Balance 12/31/2020	
Authorized But Not Issued					
General:					
Bonds		<u>\$ 22,507,800.00</u>	<u>\$ 15,507,000.00</u>	<u>\$ 7,000,800.00</u>	

\$16,495,000.00 General Obligation Refunding Bonds dated October 1, 2011, payable in annual installments through October 2024. Interest is paid semiannually at a rate of 4.00% - 5.00% per annum. The balance remaining at December 31, 2020, was \$6,680,000.00.

\$12,986,000.00 General Obligation Bonds dated June 28, 2012, payable in annual installments through March 2027. Interest is paid semiannually at a rate of 2.50% - 3.00% per annum. The balance remaining at December 31, 2020, was \$6,800,000.00.

\$3,775,500.00 County College Bonds County share dated June 28, 2012, payable in annual installments through March 2022. Interest is paid semiannually at a rate of 2.25% - 2.50% per annum. The balance remaining at December 31, 2020, was \$800,000.00.

\$3,775,500.00 County College Bonds State share dated June 28, 2012, payable in annual installments through March 2022. Interest is paid semiannually at a rate of 2.25% - 2.50% per annum. The balance remaining at December 31, 2020, was \$800,000.00.

\$25,580,000.00 General Obligation Refunding Bonds dated June 28, 2013, payable in annual installments through March 2028. Interest is paid semiannually at a rate of 3.00% per annum. The balance remaining at December 31, 2020, was \$14,120,000.00.

\$4,974,000.00 General Obligation Bonds dated June 11, 2014, payable in annual installments through March 2023. Interest is paid semiannually at a rate of 2.00% - 2.375% per annum. The balance remaining at December 31, 2020, was \$1,875,000.00.

\$2,125,000.00 County College Bonds - County share dated June 11, 2014, payable in annual installments through March 2024. Interest is paid semiannually at a rate of 2.00% - 2.50% per annum. The balance remaining at December 31, 2020, was \$1,000,000.00.

**COUNTY OF GLOUCESTER  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE 16: LONG-TERM DEBT (CONTINUED)**

**Summary of County Debt Service (Continued)**

\$2,125,000.00 County College Bonds - State share dated June 11, 2014, payable in annual installments through March 2024. Interest is paid semiannually at a rate of 2.00% - 2.50% per annum. The balance remaining at December 31, 2020, was \$1,000,000.00.

\$4,997,000.00 2014 County College Bonds - Building our Future dated June 11, 2014, payable in annual installments through March 2024. Interest is paid semiannually at a rate of 2.13% - 2.50% per annum. The balance remaining at December 31, 2020, was \$2,400,000.00.

\$4,301,000.00 General Obligation Bonds dated June 25, 2015, payable in annual installments through March 2025. Interest is paid semiannually at a rate of 2.00% - 3.00% per annum. The balance remaining at December 31, 2020, was \$2,285,000.00.

\$1,600,000.00 County College Bonds - State share dated June 25, 2015, payable in annual installments through March 2030. Interest is paid semiannually at a rate of 3.00% - 3.25% per annum. The balance remaining at December 31, 2020, was \$1,130,000.00.

\$1,600,000.00 County College Bonds - State share dated June 25, 2015, payable in annual installments through March 2030. Interest is paid semiannually at a rate of 3.00% - 3.25% per annum. The balance remaining at December 31, 2020, was \$1,130,000.00.

\$24,585,000.00 General Obligation Refunding Bonds dated May 24, 2016, payable in annual installments through January 2023. Interest is paid semiannually at a rate of 1.330% - 1.410% per annum. The balance remaining at December 31, 2020, was \$7,560,000.00.

\$5,445,000.00 General Obligation Bonds dated May 24, 2016, payable in annual installments through March 2027. Interest is paid semiannually at a rate of 1.50% - 2.00% per annum. The balance remaining at December 31, 2020, was \$3,635,000.00.

\$1,500,000.00 County College Bonds - dated May 24, 2016, payable in annual installments through March 2031. Interest is paid semiannually at a rate of 2.00% - 2.375% per annum. The balance remaining at December 31, 2020, was \$1,160,000.00.

\$1,500,000.00 County College Bonds – State share dated May 24, 2016, payable in annual installments through March 2031. Interest is paid semiannually at a rate of 2.00% - 2.375% per annum. The balance remaining at December 31, 2020, was \$1,160,000.00.

\$8,377,000.00 General Obligation Refunding Bonds dated May 31, 2017, payable in annual installments through March 2028. Interest is paid semiannually at a rate of 2.00% - 2.50% per annum. The balance remaining at December 31, 2020, was \$6,385,000.00.

\$1,450,000.00 County College Bonds - dated May 31, 2017, payable in annual installments through March 2032. Interest is paid semiannually at a rate of 2.00% - 3.125% per annum. The balance remaining at December 31, 2020, was \$1,222,500.00.

\$1,450,000.00 County College Bonds – State share dated May 31, 2017, payable in annual installments through March 2032. Interest is paid semiannually at a rate of 2.00% - 3.125% per annum. The balance remaining at December 31, 2020, was \$1,222,500.00.

**COUNTY OF GLOUCESTER  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE 16: LONG-TERM DEBT (CONTINUED)**

**Summary of County Debt Service (Continued)**

\$2,500,000.00 County College Bonds - dated May 31, 2017, payable in annual installments through March 2032. Interest is paid semiannually at a rate of 2.00% - 2.50% per annum. The balance remaining at December 31, 2020, was \$1,810,000.00.

\$7,380,000.00 General Obligation Refunding Bonds dated April 11, 2017, payable in annual installments through July 2021. Interest is paid semiannually at a rate of 1.63% per annum. The balance remaining at December 31, 2020, was \$1,845,000.00.

\$19,915,000.00 General Obligation Refunding Bonds dated August 9, 2017, payable in annual installments through October 2029. Interest is paid semiannually at a rate of 3.00% - 4.00% per annum. The balance remaining at December 31, 2020, was \$18,135,000.00.

\$17,427,000.00 General Obligation Bonds dated May 16, 2018, payable in annual installments through April 2033. Interest is paid semiannually at a rate of 3.00% - 3.25% per annum. The balance remaining at December 31, 2020, was \$15,670,000.00.

\$1,600,000.00 County College Bonds - dated May 16, 2018, payable in annual installments through April 2033. Interest is paid semiannually at a rate of 3.00% - 3.375% per annum. The balance remaining at December 31, 2020, was \$1,440,000.00.

\$1,600,000.00 County College Bonds - State share dated May 16, 2018, payable in annual installments through April 2033. Interest is paid semiannually at a rate of 3.00% - 3.375% per annum. The balance remaining at December 31, 2020, was \$1,440,000.00.

\$30,492,000.00 General Obligation Bonds dated May 2, 2019, payable in annual installments through March 2034. Interest is paid semiannually at a rate of 2.50% - 2.75% per annum. The balance remaining at December 31, 2020, was \$29,045,000.00.

\$3,250,000.00 County College Bonds - dated May 2, 2019, payable in annual installments through March 2034. Interest is paid semiannually at a rate of 2.00% - 3.00% per annum. The balance remaining at December 31, 2020, was \$3,095,000.00.

\$3,250,000.00 County College Bonds - State share dated May 2, 2019, payable in annual installments through March 2034. Interest is paid semiannually at a rate of 2.00% - 3.00% per annum. The balance remaining at December 31, 2020, was \$3,095,000.00.

\$14,880,000.00 General Obligation Refunding Bonds dated September 18, 2019, payable in annual installments through September 2025. Interest is paid semiannually at a rate of 5.00% per annum. The balance remaining at December 31, 2020, was \$12,590,000.00.

\$15,507,000.00 General Obligation Bonds dated June 25, 2020, payable in annual installments through March 2029. Interest is paid semiannually at a rate of .05% - 3.00% per annum. The balance remaining at December 31, 2020, was \$15,507,000.00.

**COUNTY OF GLOUCESTER  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE 16: LONG-TERM DEBT (CONTINUED)**

**Summary of County Debt Service (Continued)**

\$4,105,000.00 New Jersey Environmental Infrastructure Trust Loan dated November 10, 2005, payable in semiannual installments through March 2021. Interest is paid semiannually at rates of 4.00% to 5.00% per annum. The balance remaining at December 31, 2020, was \$365,000.00.

\$4,125,895.00 New Jersey Environmental Infrastructure Fund Loan dated November 10, 2005, payable in semiannual installments through March 2021. There is no interest charged on this loan. The balance remaining at December 31, 2019, was \$266,686.60.

\$86,650,000.00 County Guaranteed Loan Revenue Bonds dated April 1, 2009, payable in annual installments through April 2038. Interest is paid semiannually at a rate of 4.00% - 5.00% per annum. The balance remaining at December 31, 2020, was \$64,315,000.00.

\$27,875,000.00 County Guaranteed Loan Revenue Bonds dated June 17, 2020, payable in annual installments through May 2035. Interest is paid semiannually at a rate of 3.00% - 5.00% per annum. The balance remaining at December 31, 2020, was \$27,875,000.00.

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

Year Ended	Principal	Interest	Total
2021	\$ 27,998,687.27	\$ 9,211,946.80	\$ 37,210,634.07
2022	26,920,000.00	7,787,006.25	34,707,006.25
2023	23,110,000.00	6,972,606.24	30,082,606.24
2024	22,840,000.00	6,203,843.73	29,043,843.73
2025	19,930,000.00	5,433,131.24	25,363,131.24
2026-2030	76,135,000.00	18,412,681.20	94,547,681.20
2031-2035	47,720,000.00	7,065,206.27	54,785,206.27
2036-2038	14,205,000.00	867,300.00	15,072,300.00
	<u>\$ 258,858,687.27</u>	<u>\$ 61,953,721.73</u>	<u>\$ 320,812,409.00</u>

**Summary of Statutory Debt Condition – Annual Debt Statement**

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of .902%.

	Gross Debt	Deductions	Net Debt
General Debt	<u>\$ 447,477,793.00</u>	<u>\$ 201,406,614.00</u>	<u>\$ 246,071,179.00</u>

Net Debt \$246,071,179.00/Equalized Valuation Basis per NJSA 40A:2-2 as amended  
\$27,281,367,058 = .902%.

**COUNTY OF GLOUCESTER  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE 16: LONG-TERM DEBT (CONTINUED)**

**Borrowing Power Under NJSA 40A:2-6 as Amended**

2% of Equalized Valuation Basis	\$ 545,627,341.16
Net Debt	246,071,179.00
Remaining Borrowing Power	<u>\$ 299,556,162.16</u>

**NOTE 17: CAPITAL LEASE OBLIGATIONS**

The County had lease agreements in effect at December 31, 2020, for various capital improvements.

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

	<u>Total</u>	<u>Principal</u>	<u>Fees/Interest</u>
2021	\$ 4,618,364.64	\$ 3,645,000.00	\$ 973,364.64
2022	4,083,815.42	3,255,000.00	828,815.42
2023	4,082,016.62	3,400,000.00	682,016.62
2024	2,747,776.36	2,220,000.00	527,776.36
2025	2,683,131.02	2,250,000.00	433,131.02
2025-2029	11,491,030.58	10,365,000.00	1,126,030.58
	<u>\$ 29,706,134.64</u>	<u>\$ 25,135,000.00</u>	<u>\$ 4,571,134.64</u>

**NOTE 18: UNDERLYING DEBT AND OTHER OBLIGATIONS**

The County has adopted an ordinance which authorized the guaranty by the County of the payment of the principal of premium, if any, and interest on certain obligations, including the Landfill Bonds, issued by the Gloucester County Improvement Authority. The obligation of the County pursuant to the provisions of the guaranty constitutes a valid and binding direct and general obligation of the County. The balance of County Guaranteed Bonds at December 31, 2020, is \$122,851,607.16, of which \$87,376,687.27 is included in the County's obligations, leaving a net amount of debt guaranteed by the County in the amount of \$35,474,919.89.

Pursuant to the items of the Deficiency Advance Contract between the County and the Gloucester County Utilities Authority, the County is obligated to pay to the Gloucester County Utilities Authority any annual charges charged to and payable by the County for any deficits in revenues to pay or provide for (a) operation and maintenance expenses of the regional sewage system; (b) the principal and interest on the Gloucester County Utilities Authority's Bonds as the same become due; and (c) to maintain required reserves. The obligations of the County pursuant to the provisions of the Deficiency Advance Contract constitute a valid and binding direct and general obligation of the County. The balance of County Guaranteed Bonds, at December 31, 2020, is \$60,030,073.10.

**COUNTY OF GLOUCESTER  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE 19: OPERATING LEASE**

The County entered into a several lease agreements:

Macerich Deptford LLC DBA Deptford Mall for use of facilities for the County Store. The lease term is for 5 years from August 1, 2018, through July 31, 2023. Payments are \$4,010.42 per month, plus utilities. Lease payments increase annually starting January 1, 2019.

47 Cooper Street Associates – Facility for the Child Advocacy Center June 1, 2019, through December 31, 2023, \$167,000.00 total.

Rowan College of South Jersey – Office space for the Gloucester County Workforce, September 23, 2020, through September 22, 2030. \$62,572.92 for years 1 through 5, \$68,837.76 for years 6 through 10.

Rowan College of South Jersey – Office space for the Gloucester County Workforce, September 23, 2020, through September 22, 2030. \$64,562.52 for years 1 through 5, \$71,026.56 for years 6 through 10.

Vehicle leasing, December 5, 2019, through December 4, 2021. Total amount of \$76,200.00.

The County entered into several lease agreement for copiers. The lease term is for 48 months with various commencement dates and payments.

The following is a schedule of the projected lease payments:

Year Ending December 31,	Amount
2021	\$ 455,671.23
2022	372,746.05
2023	295,215.49
2024	166,940.21
2025-2029	700,871.97
	<u>\$ 1,991,444.95</u>

**NOTE 20: SUBSEQUENT EVENTS**

On May 13, 2021, the Board of Commissioners issued General Obligation Bonds in the amount of \$16,495,000.00 and County College Bonds in the amount of \$8,600,000.00.

Management has reviewed and evaluated all events and transactions that occurred between December 31, 2020 and July 26, 2021, the date that the financial statements were issued. As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which are likely to negatively impact the collection of certain anticipated revenues, such as fees and permits. Other financial impact could occur though such potential impact is unknown at this time.

**APPENDIX C**

**DEFINITIONS OF CERTAIN TERMS AND SUMMARY OF  
CERTAIN PROVISIONS OF THE BOND RESOLUTION**

## **DEFINITIONS OF CERTAIN TERMS AND SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION**

The General Bond Resolution, duly adopted by the Authority on July 8, 1992 as amended and supplemented from time to time, including by Supplemental Resolutions of the Authority duly adopted on September 9, 1992 ("1992 Supplemental Bond Resolution"), January 16, 2003 ("2003 Supplemental Bond Resolution"), April 17, 2008 ("2008 Supplemental Bond Resolution"), September 17, 2009 ("2009 Supplemental Bond Resolution"), February 16, 2012 ("2012 Supplemental Bond Resolution"), March 20, 2014 ("2014 Supplemental Bond Resolution"), May 19, 2016 ("2016 Supplemental Bond Resolution"), February 16, 2017 ("2017 Supplemental Bond Resolution"), February 20, 2020 ("2020 Supplemental Bond Resolution") and March 18, 2021 ("2021 Supplemental Bond Resolution"), and December 15, 2022 ("2022 Supplemental Bond Resolution"), and as shall be further amended and supplemented by a Certificate of Authority Officer on the date of the sale of the 2023 Bonds (the General Bond Resolution as so amended and supplemented, collectively, the "Resolution"), contains various covenants and security provisions, certain of which are summarized below. The following summary does not purport to be a full and complete statement of the provisions of the Resolution, and the Resolution should be read in full for a complete understanding of all of the provisions thereof.

For convenience of reference, the number of the relevant section of the Resolution appears following the respective caption in the summary. Whenever particular provisions of the Resolution are referred to, such provisions are incorporated by reference as part of the statements made, and the statements made are qualified in their entirety by reference to the Resolution. Capitalized terms which are used in the Resolution and which are not defined in the Resolution will have the same meanings which are assigned to such terms in the Resolution. "Bonds" will mean all "Bonds", as such term is defined in the Resolution, and will include the 2023 Bonds.

### **Definitions (Section 101)**

"Accountant" means any registered municipal accountant who is also a certified public accountant of the State of New Jersey (who may be the accountant or a member of the firm of accountants who regularly audit the books and accounts of the Authority) selected by the Authority from time to time.

"Act" means the County Improvement Authorities Law, constituting Chapter 183 of the Pamphlet Laws of 1960, of the State of New Jersey, and the acts amendatory thereof and supplemental thereto.

"Additional Bond" means any of the bonds of the Authority which are authorized and issued under and pursuant to the terms of Sections 317 and 318 of the Resolution in order to provide funds for, among other things, payment of the Costs of any Additional Project and payment of the Costs of completing the Initial Project.

"Additional Project" means the acquisition, construction or improvement of part or parts of the Initial Project, including without limitation, extensions, renewals, replacements, equipment, alterations or improvements thereof or thereto, including the 2003 Project, the 2012 Project, the 2014 Project, the 2017 Project, the 2020 Project, the 2021 Project, the 2023 Project, and of all or



any property, rights, easements, and franchises which are deemed by the Authority to be necessary or useful and convenient therefor provided, however, that "Additional Project" shall not include any facilities which constitute part of the Resource Recovery Facility (as defined herein).

"Annual Budget" means the budget or the amended budget for a Fiscal Year, as adopted by the Authority in accordance with the provisions of Section 611 of the Resolution and the provisions of the Local Authorities Law, and as may be in effect from time to time.

"Authority" means The Gloucester County Improvement Authority, a public body corporate and politic of the State of New Jersey organized and existing under the Act and created by virtue of a resolution of the Board of County Commissioners of the County, duly adopted December 19, 1963.

"Authority Officer" means the Chairman, the Vice Chairman, the Treasurer, the Secretary, Assistant Secretary or the Executive Director of the Authority and, when used with reference to an act or a document, also means any other person who shall be authorized by resolution of the Authority to perform such act or to execute such document.

"Authorized County Representative" means the Commissioner Director of the County and any person or persons who shall be authorized to act on behalf of the County by virtue of a written certificate, duly executed on behalf of the County by the Commissioner Director, which sets forth such authorization and which contains the specimen signature of each such person.

"Available Moneys" means any moneys which are continuously on deposit with the Trustee for the benefit of the Bondholders which are (a) proceeds of the sale of Bonds, including any refunding bonds, (b) moneys which have been on deposit with the Trustee for at least 123 consecutive days during which no petition in bankruptcy under the United States Bankruptcy Code has been filed by or against the Authority; provided however, the Trustee may request that a Certificate of Authority Officer be delivered evidencing the matters set forth in this clause (b), (c) any moneys with respect to which the Trustee receives an unqualified Counsel's Opinion which is acceptable to the Trustee that payments of such amounts to the Bondholders would not constitute voidable preferences under Section 547 of the United States Bankruptcy Code or similar state or federal laws (including federal and state laws governing the insolvency of banks, insurance companies, savings and loan associations or other specific types of institutions) with voidable preference provisions in the event of the filing of a petition for relief under the United States Bankruptcy Code or such similar state or federal laws with voidable preference provisions, by or against the Authority and (d) any investment of moneys referred to in clause (a), (b) or (c) above and the proceeds from the investment of such moneys.

"Average Annual Debt Service" means an amount equal to the total of interest on Outstanding Bonds and Principal Installments on Outstanding Bonds for the current and all future Fiscal Years during which Bonds will be Outstanding divided by the number of such Fiscal Years.

"Bond" or "Bonds" means any of the bonds (whether Variable Rate Bonds or Fixed Rate Bonds) of the Authority which shall be authenticated and delineated in one or more Series under and pursuant to the terms of the Resolution, including the 1992 Bonds, the 2003 Bonds, the 2008 Bonds, the 2012 Bonds, the 2014 Bonds, the 2016 Bonds, the 2017 Bonds, the 2020 Bonds, the

2021 Bonds, the 2023 Bonds and any other Series of Additional Bonds or any Bonds issued in lieu of or in substitution for such Bonds pursuant to the terms of the Resolution.

"Bond Counsel" means an attorney or firm of attorneys with experience and nationally recognized expertise in the area of municipal finance as may be appointed by the Authority from time to time.

"Bondholder" or the term "Holder" or any similar term when used with reference to a Bond or Bonds, means the Registered Owner.

"Bond Reserve Fund" means the fund so designated, established and created pursuant to Section 501 of the Resolution.

"Bond Reserve Credit Facility" means any letter of credit, surety bond, loan agreement or other credit agreement, facility, insurance or guarantee arrangement issued by a financial institution, insurance company or association which is obtained by the Authority, in satisfaction of all or any portion of the Bond Reserve Requirement.

"Bond Reserve Requirement" means, as of any date of calculation, an amount equal to the aggregate of the amounts specified in each and every Supplemental Resolution authorizing the issuance of a Series of Bonds (or in a Certificate of Authority Officer duly executed in connection with the sale of such Series of Bonds) as the amount required, if any, to be deposited in the Bond Reserve Fund with respect to such Series of Bonds, determined in accordance with the limitations imposed pursuant to the Code. Pursuant to the Certificate of Authority Officer executed in connection with: (i) the sale of the 2008 Bonds, the Bond Reserve Requirement for the 2008 Bonds is \$-0-; (ii) the sale of the 2012 Bonds, the Bond Reserve Requirement for the 2012 Bonds is \$-0-; (iii) the sale of the 2014 Bonds, the Bond Reserve Requirement for the 2014 Bonds is \$-0-; (iv) the sale of the 2016 Bonds, the Bond Reserve Requirement for the 2016 Bonds is \$-0-; (v) the sale of the 2017 Bonds, the Bond Reserve Requirement for the 2017 Bonds is \$-0-; (vi) the sale of the 2020 Bonds, the Bond Reserve Requirement for the 2020 Bonds is \$-0-; (vii) the sale of the 2021 Bonds, the Bond Reserve Requirement for the 2021 Bonds is \$-0-; and (viii) the sale of the 2023 Bonds, the Bond Reserve Requirement for the 2023 Bonds is \$-0-.

"Bond Service" for any period means, as of any date of calculation, and with respect to any Series of Bonds, an amount equal to the sum of (i) the amount of interest accruing during such period on Outstanding Bonds of such Series except to the extent that such interest is to be paid from deposits into the Bond Service Fund out of Bond proceeds or by payment of investment income which is permitted to be transferred into the Revenue Fund or the Bond Service Fund, and (ii) that portion of each Principal Installment for such Series of Bonds that would accrue during such period if such Principal Installment were deemed to accrue daily in equal amounts from the next preceding Principal Installment due date for such Series of Bonds or, if there shall be no preceding Principal Installment due date, from a date one year (or such lesser period as shall be appropriate if Principal Installments shall become due more frequently than annually) preceding the due date of such Principal Installment or from the date of issuance of the Bonds of such Series, whichever is later; provided however, that in the case of Variable Rate Bonds, with respect to a particular period and date of calculation, the interest rate thereon shall equal the Maximum Interest Rate, except that, if on such date of calculation, the interest rate on such Variable Rate Bonds shall then be fixed for a specified period, the interest rate on

such Variable Rate Bonds (for the purpose of the foregoing calculation) shall be the actual interest rate on the Variable Rate Bonds during such period.

"Bond Service Account" means the account so designated which is established and created by the Authority pursuant to Section 501 of the Resolution.

"Bond Service Fund" means the fund so designated, established and created pursuant to Section 501 of the Resolution.

"Bond Service Requirement" means, as of any particular date of computation in a particular Fiscal Year and with respect to the Bonds Outstanding on such date, an amount which is equal to any unpaid interest or principal then due, plus, all interest which is payable on the interest payment dates during such Fiscal Year and all principal which is payable on the date established for the payment of such principal during such Fiscal Year; less any amounts which are held by the Trustee and which are available for such purpose; provided however, that interest for Variable Rate Bonds shall be computed in accordance with the requirements which are set forth therefor in the definition of "Bond Service" above.

"Book-Entry Bonds" means any Bonds which are issued in book-entry form as evidenced by a single certificate for each stated principal maturity of the Bonds, which Bonds are in registered form and delivered to a Securities Depository.

"Business Day" means any Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which either State or federally chartered banking institutions in the City of New York or the State of New Jersey are authorized or obligated by law or executive order to close.

"Certificate of Authority Officer" means any certificate which is executed (a) prior to the authentication and delivery of any Series of Bonds by an Authority Officer who has been authorized by the Authority in order to determine the time and manner (public or private) of sale of the Bonds, the maturities and rate or rates of interest (which may be fixed or which may change at such time or times in accordance with a specified formula or method of determination), and in order to determine such other terms and conditions of the Bonds, including without limitation, the appointment of any Fiduciary, as are appropriate and which are not otherwise inconsistent with the terms of the Resolution or the terms of any Supplemental Resolution of the Authority, or (b) by an Authority Officer for any purpose which is provided in the Resolution or in any Supplemental Resolution of the Authority, other than as provided in (a) above.

"Code" means the Internal Revenue Code of 1986, as the same may be amended from time to time, and the regulations promulgated thereunder and any regulations promulgated under the Internal Revenue Code of 1954, as amended, to the extent applicable to the Bonds.

"Complex" means the Gloucester County Solid Waste Complex located in the Township of South Harrison, in the County, owned and operated by the Authority.

"Construction Fund" means the fund so designated, established and created pursuant to Section 401 of the Resolution.

"Consulting Engineer" means an independent engineer or engineering firm or corporation, with a reputation for skill and experience with respect to the construction and operation of sanitary landfills similar or related facilities as may be retained by the Authority from time to time.

"Cost" or "Costs of the Project" means and shall be deemed to include, together with any other proper item of cost which is not specifically mentioned in the Resolution but which is provided under the definition of "cost" or "costs", as set forth in the Act, whether incurred prior to or after the date of adoption of the Resolution (a) costs and expenses of the Authority which are incurred for labor and materials and payments to any contractors, builders and materialmen in connection with the acquisition, construction and installation of all or any portion of the Project; (b) the cost of any letter of credit or any surety or similar bonds issued in lieu of or in addition to such surety bond and the cost of insurance of any kind that may be required or that may be necessary during the course of construction of the Project which is not paid by any contractor or contractors or which is otherwise provided for; (c) the costs and expenses of the Authority for test borings, surveys, estimates, plans and specifications and preliminary investigations therefor, and for supervising construction, as well as for the performance of all other duties which are required by or which are consequent to the proper construction of the Project; (d) compensation and expenses of the Trustee, Tender Agent, Paying Agent, Registrar, Remarketing Agent, and/or other fiduciaries, any financial advisory, legal accounting, financial and printing expenses, and any fees and all other expenses incurred in connection with the (i) issuance of the Bonds, and (ii) obtaining and maintaining a Liquidity Facility for any Variable Rate Bonds or a Credit Facility or Bond Reserve Credit Facility for any Bonds; (e) all other costs which the Authority shall be required to pay for the development, acquisition, construction or installation of the Project; (f) any sums which are required to reimburse the County or the Authority for advances made by either or both of them for any of the above items, or for any other costs which are properly incurred and for work done by either or both of them, which are properly chargeable to the Project; (g) deposits into the Bond Service Fund for payment of the principal or redemption price of or interest on the Bonds and deposits in the Bond Reserve Fund or any other fund or account established and created under the Resolution, all as shall be provided in the Resolution; (h) the payment of the principal or redemption price of and interest on any Project Notes or similar evidences of indebtedness of the Authority which have been issued to temporarily finance the payment of any item or items of Cost of the Project; (i) the administrative expenses of the Authority incurred in connection with any financing of the Project; (j) County Guaranty Costs; (k) such other expenses which are not specified in the Resolution as may be necessary or incidental to the construction, acquisition and installation of the Project, the financing thereof and the placing of the same in use and operation.

"Counsel's Opinion" means an opinion which shall be signed by an attorney or firm of attorneys of recognized standing (who may be counsel to or of counsel to the Authority) which shall be selected by the Authority, which opinion shall be satisfactory in form and content to the Authority, and, if such opinion is required to be delivered to the Trustee, which opinion shall be satisfactory in form and content to the Trustee.

"County" means the County of Gloucester, a municipal corporation of the State of New Jersey.

"County Guaranty" means, the guaranty of the County adopted pursuant to *N.J.S.A. 40:37A-80*, securing the timely payment of the principal of and interest on Bonds or Project Notes

of a particular Series issued by the Authority for or with respect to all or a portion of the Project, as approved by ordinance of the Board finally adopted April 24, 1985 with respect to the 1987 Bonds, as amended and supplemented from time to time including by the guaranty ordinance duly adopted by the Board on June 1, 1988 with respect to the 1988 Bonds, the guaranty ordinance duly adopted by the Board on January 23, 1991 with respect to the 1991 Bonds, the guaranty ordinance duly adopted by the Board on July 22, 1992 with respect to the 1992 Bonds, the guaranty ordinance duly adopted by the Board on January 29, 2003 with respect to the 2003 Bonds, the guaranty ordinance duly adopted by the Board on April 16, 2008 with respect to the 2008 Bonds, the guaranty ordinance duly adopted by the Board on February 1, 2012 with respect to the 2012 Bonds, the guaranty ordinance duly adopted by the Board on February 19, 2014 with respect to the 2014 Bonds, the guaranty ordinance duly adopted by the Board on May 25, 2016 with respect to the 2016 Bonds, the guaranty ordinance duly adopted by the Board on May 25, 2016 with respect to the 2017 Bonds, the guaranty ordinance duly adopted by the Board on March 28, 2018 with respect to the 2020 Bonds, the guaranty ordinance duly adopted by the Board on July 8, 2020 with respect to the 2021 Bonds, the guaranty ordinance duly adopted by the Board on November 9, 2022 with respect to the 2023 Bonds and any further amendment, supplement or restatement thereof, duly adopted by the Board with respect to any other additional Series of Bonds.

"County Guaranty Agreement" means the Guaranty Agreement dated the date of issuance of the 2023 Bonds, between the Authority and the County wherein the County has irrevocably and unconditionally guaranteed the punctual payment of the principal of and interest on the 2023 Bonds and setting forth the terms and conditions of the County Guaranty with respect to the 2023 Bonds, as amended and supplemented.

"County Guaranty Costs" means all direct and indirect costs and expenses of the County incurred or paid pursuant to the provisions of the County Guaranty or the County Guaranty Agreement, including all amounts paid by the County pursuant to the Resolution and the initial County Guaranty fee, as set forth in a certificate of an Authorized County Representative to the Authority and the Trustee together with interest on such amounts at an interest rate equal to the County's cost of obtaining funds required to make such payments (including, but not limited to, lost earnings on the investment of available funds used to make such payment) or the net interest cost of the Bonds, whichever is higher, as shall be determined by the County, reasonable attorneys' fees and other costs arising out of the required payment or expenses for the collection, enforcement and repayment pursuant to the County Guaranty, together with interest accrued on such sum until the time of repayment to the County.

"Credit Facility" means any letter of credit, surety bond, loan agreement or other credit agreement, facility, insurance or guarantee arrangement issued by a financial institution, insurance company or association pursuant to which the Authority is entitled to obtain funds to pay the principal of and accrued interest on Bonds.

"Fiduciary" means the Trustee, the Registrar, the Paying Agent, the Tender Agent, the Remarketing Agent, or any or all of them, as the case may be; provided however, that such defined term shall be used for ease of reference and is not intended to define the duties or responsibilities of any Fiduciary.

"Fiscal Year" means the period of twelve consecutive months, as shall be determined from time to time by a resolution duly adopted by the Authority.

"General Bond Resolution" means the resolution of the Authority adopted July 8, 1992 entitled, "RESOLUTION AUTHORIZING THE ISSUANCE OF SOLID WASTE REVENUE BONDS (LANDFILL PROJECT) OF THE GLOUCESTER COUNTY IMPROVEMENT AUTHORITY".

"General Fund" means the fund so designated, established and created pursuant to Section 501 of the Resolution.

"Initial Project" means the project which was financed by the Prior Bonds, including the planning, design, construction, acquisition and improvement of the sanitary landfill, together with all necessary and incidental equipment, apparatus, structures and appurtenances and including all real property and rights-of-way, easements and other interest and all personal property which is necessary or which is desirable for the efficient operation of such facilities, including, without limitation, all real and personal property and rights therein and any appurtenances which are necessary or useful and convenient therefor provided however, that "Initial Project" shall not include any facilities which constitute part of the Resource Recovery Facility.

"Investment Obligations" means, to the extent permitted by law, (a) any direct and general obligation of, or any obligation fully and unconditionally guaranteed by the United States of America; (b) any bond, debenture, note or participation certificate or other evidence of indebtedness issued by any of the following: Bank for Cooperatives, Federal Intermediate Credit Banks, Federal Home Loan Bank Systems, Federal Land Banks, Export-Import Bank, Tennessee Valley Authority, Federal National Mortgage Association, Government National Mortgage Association, Farmers Home Administration, Federal Financing Bank, Student Loan Marketing Association and the U.S. Postal Service; (c) negotiable or non-negotiable certificates of deposit which are issued by any bank, savings and loan association, trust company, national banking association or other banking institution (which may include any Fiduciary), which certificates of deposit, except in the case of certificates of deposit issued by a bank, savings and loan association, trust company, national banking association or any other banking institution that is located in the State of New Jersey or that has a capital stock and surplus of more than \$50,000,000, shall be continuously secured by obligations described in subparagraphs (a), (b) or (d) of this definition, which shall have a market value (exclusive of accrued interest) which is at all times at least equal to the principal amount of such certificates of deposit and such collateral shall be lodged with the Trustee, as custodian, by the bank, savings and loan association, trust company, national banking association or other banking institution issuing such certificates of deposit; (d) full faith and credit obligations of any State, provided that at the time of purchase such obligations are rated in either of the two highest rating categories by a nationally recognized bond rating agency; (e) deposits in interest bearing accounts in any bank, savings and loan association, trust company, national banking association or other banking institution (which may include any Fiduciary) that is located in the State of New Jersey or that has a capital stock and surplus of more than \$50,000,000; (f) shares or beneficial interests in an investment fund or trust whose assets consist of obligations which are described in subparagraphs (a) or (b) of this definition (as to which fund or trust any fiduciary or any affiliate thereof may provide and be compensated for managerial, custodial and/or investment services); (g) interests in the State of New Jersey Cash Management Fund or other similar common trust fund for which the New Jersey State Treasurer is the custodian; (h) investment agreements with any bank, trust company

or national banking association having a capital stock or surplus of more than \$200,000,000 or investment agreements with any government bond dealer which reports to, trades with and is recognized as a primary dealer by the Federal Reserve Bank of New York or Philadelphia for the purchase of securities described in subparagraphs (a) or (b) above; provided however, that such investment agreements shall be continuously secured by obligations described in subparagraphs (a) or (b) of this definition which have a market value (exclusive of accrued interest) at all times which is at least equal to the principal amount invested in such investment agreement; and provided further, that such security or collateral is transferred to the Trustee, or is held in trust for its account, as titleholder, and is held in a segregated account by a bank, trust company or national banking association having a capital stock and surplus of more than \$200,000,000; or (i) certificates that evidence ownership of the right to receive payments of principal or interest on obligations described in a subparagraph (a), provided however, that such obligations shall be transferred to the Trustee, or held in trust for its account, as titleholder, and held in a segregated account by a bank, trust company or national banking association having a capital stock and surplus of more than \$200,000,000. However, only the obligations described in subparagraph (a) shall be considered to be an Investment Obligation for purposes of Section 1201 of the Resolution.

As of the date of adoption of the 2022 Supplemental Bond Resolution, the following investments are currently permitted investments under the laws of the State of New Jersey for investment of the Authority's funds when authorized by a cash management plan approved pursuant to *N.J.S.A. 40A:5-14*:

- a. (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) 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;
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the State Department of the Treasury for investment by local units;
- (6) Local government investment pools;
- (7) Deposits with the State Cash Management Fund established pursuant to Section 1 of P.L. 1977, c. 281 (*N.J.S.A. 52:18A-90.4*); or
- (8) Agreements for the repurchase of fully collateralized securities, if:

(a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of subsection a.;

(b) the custody of collateral is transferred to a third party;

(c) the maturity of the agreement is not more than thirty (30) days;

(d) the underlying securities are purchased through a public depository as defined in Section 1 of P.L. 1970, c. 236 (*N.J.S.A.* 17:9-41); and

(e) a master repurchase agreement providing for the custody and security of collateral is executed.

b. Any investment instruments in which the security is not physically held by the local unit shall be covered by a third party custodial agreement which shall provide for the designation of such investments in the name of the local unit and prevent unauthorized use of such investments.

c. Purchase of investment securities shall be executed by the "delivery versus payment" method to ensure that securities are either received by the local unit or a third party custodian prior to or upon the release of the local unit's funds.

d. Any investments not purchased and redeemed from the issuer, government money market mutual fund, local government investment pool or the State Cash Management Fund, shall be purchased and redeemed through the use of a national or State bank located within the State or through a broker-dealer which, at the time of purchase or redemption, has been registered continuously for a period of at least two years pursuant to Section 9 of P.L. 1967, c.93 (*N.J.S.A.* 49:3-56) and has at least \$25 million in capital stock (or equivalent capitalization if not a corporation), surplus reserves for contingencies and undivided profits, or through a securities dealer who makes primary markets in U.S. Government securities and reports daily to the Federal Reserve Bank of New York its position in and borrowing on such U.S. Government securities.

e. For the purposes of this definition:

(1) a "government money market mutual fund" means an investment company or investment trust:

(a) which is registered with the Securities and Exchange Commission under the "Investment Company Act of 1940", 15 *U.S.C.* §80a-1 *et seq.*, and operated in accordance with 17 *C.F.R.* §270.2a-7;

(b) the portfolio of which is limited to U.S. Government securities that meet the definition of an eligible security pursuant to 17 *C.F.R.* §270.2a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of subsection a.; and



(c) which is rated by a nationally recognized statistical rating organization.

(2) a "local government investment pool" means an investment pool:

(a) which is managed in accordance with 17 *C.F.R.* §270.2a-7;

(b) which is rated in the highest category by a nationally recognized statistical rating organization;

(c) which is limited to U.S. Government securities that meet the definition of an eligible security pursuant to 17 *C.F.R.* §270.2a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of subsection a.;

(d) which is in compliance with rules adopted pursuant to the "Administrative Procedure Act", P.L. 1968, c. 410 (*N.J.S.A.* 52:14B-1 *et seq.*) by the Local Finance Board, which rules shall provide for disclosure and reporting requirements, and other provisions deemed necessary by the board to provide for the safety, liquidity and yield of the investments;

(e) which does not permit investments that: are subject to high price volatility with changing market conditions; cannot reasonably be expected, at the time of interest rate adjustment, to have a market value that approximates their par value; or utilize an index that does not support a stable net asset value; and

(f) which purchases and redeems investments directly from the issuer, government money market mutual fund, or the State Cash Management Fund, or through the use of a national or State bank located within the State, or through a broker-dealer which, at the time of purchase or redemption, has been registered continuously for a period of at least two years pursuant to Section 9 of P.L. 1967, c. 93 (*N.J.S.A.* 49:3-56) and has at least \$25 million in capital stock (or equivalent capitalization if not a corporation), surplus reserves for contingencies and undivided profits, or through a securities dealer who makes primary markets in U.S. Government securities and reports daily to the Federal Reserve Bank of New York its position in and borrowing on such U.S. Government securities.

f. Investments in, or deposits or purchases of financial instruments made pursuant to the Resolution shall not be subject to the requirements of the "Local Public Contracts Law", P.L. 1971, c. 198 (*N.J.S.A.* 40A:11-1 *et seq.*).

"Liquidity Facility" means an insurance policy, letter of credit or agreement or facility issued by a financial institution, insurance company or association pursuant to which the Authority may obtain funds for payment of the principal of and accrued interest on Bonds upon the tender of such Bonds for purchase by the Holder thereof or upon the redemption of such Bonds by the Authority.

"Local Authorities Law" means the Local Authorities Fiscal Control Law, constituting Chapter 313 of the Pamphlet Laws of 1983, of the State of New Jersey, and the acts amendatory thereof and supplemental thereto.

"Maximum Annual Debt Service" means an amount equal to the greatest interest on Outstanding Bonds and Principal Installments on Outstanding Bonds, in any single current or future Fiscal Year for Outstanding Bonds.

"Net Revenues" when used with respect to a period of time, means the excess (if any) of the Revenues for such period of time over the Operating Expenses for such period of time.

"Operating Expenses" means the Authority's reasonable and necessary current expense of maintaining, repairing and operating the Project, including without limitation, (a) all administrative, general commercial expenses, (b) insurance and surety bond premiums, (c) payments to others for the collection or disposal of solid waste, (d) engineering expenses, (e) legal expenses, (f) auditing expenses, (g) payments to pension, retirement, health and hospitalization funds, (h) any taxes that may be lawfully imposed on the Authority or its income or operations or the property under its control, (i) ordinary and current rentals of equipment or other costs which are not paid from the Construction Fund, (l) refunds or moneys which are lawfully due to others, (m) any other current expenses which are required or which are permitted to be paid by the Authority under the provisions of the Resolution or by law, all to the extent that such expenses are properly and directly attributable to the Project, (n) expenses which are incurred in connection with the authorization or issuance of the Bonds, and (o) the expenses, liabilities and compensation of any Fiduciary or other agent or consultant of the Authority which are required or which are permitted to be paid under the Resolution; provided however, that "Operating Expenses" shall not include any reserves for operation, maintenance or repair or any allowance for depreciation, amortization, interest on obligations of the Authority, including the Bonds, or other similar charges.

"Outstanding", when used with reference to a particular Series of Bonds and as of any particular date, describes all Bonds of such Series theretofore and thereupon being authenticated and delivered except (a) any Bond of such Series which has been cancelled by the Authority or by the Registrar on or prior to said date, (b) any Bond of such Series for the payment or redemption of which either (i) cash, in an amount which is equal to the principal amount and redemption premium, if any, thereof, as the case may be, together with interest accrued and unpaid and interest to accrue to the date of maturity or the redemption date, as the case may be, or (ii) moneys and/or Investment Obligations in the amounts, of the maturities and otherwise conforming with the provisions of Section 1201 of the Resolution, shall have theretofore been deposited with the Trustee in trust whether upon or prior to the maturity date or the redemption date of such Bonds and, except in the case of a Bond of such Series to be paid at maturity, of which notice of redemption shall have been given or provided for in accordance with the terms

of Article VII, (c) any Bond of such Series in lieu of or in substitution for which another Bond of such Series shall have been authenticated and delivered pursuant to the provisions of the Resolution, and (d) any Variable Rate Bond which shall be deemed to have been purchased by the Tender Agent in connection with (i) an event which requires that a Bondholder tender its Variable Rate Bond for purchase, or (ii) the presentation by a Bondholder of a Notice of Election to tender whether or not the Variable Rate Bonds which are the subject of such notice are delivered on the date required by the Resolution.

"Paying Agent" means any paying agent for the Bonds which shall be appointed by the Authority pursuant to the terms of Section 1102(a) of the Resolution, and its successor or successors, and any other corporation or association that may at any time be substituted in its place pursuant to the terms of the Resolution.

"Principal Installment" means, as of any particular date of calculation, an amount of money which is equal to the sum of (a) the principal amount of Outstanding Bonds that mature on a single future date, reduced by the aggregate principal amount of such Outstanding Bonds that would, on or prior to such future date, cease to be Outstanding by reason (but only by reason) of the payment when due and the application of Sinking Fund Installments which are payable on or prior to such future date toward the retirement of such Outstanding Bonds, and (b) the amount of any Sinking Fund Installment which is payable on such future date toward the retirement of any Outstanding Bonds, and such future date is deemed to be the date when such Principal Installment is payable. In the case of Capital Appreciation Bonds, the unsatisfied balance thereof shall be computed on the basis of the portion of the accredit value which is deemed to accrete for any period of time on the basis of the accredit values provided for such Capital Appreciation Bonds in the Supplemental Resolution of the Authority authorizing same or in the Certificate of Authority Officer providing for the issuance and sale of such Capital Appreciation Bonds.

"Prior General Bond Resolution" means the general bond resolution of the Authority adopted on March 19, 1987, as amended and supplemented pursuant to which the Prior Bonds were issued.

"Project" means the Initial Project, all Additional Projects, including, but not limited to, the 2003 Project, 2012 Project, the 2014 Project, the 2016 Refunding Project, the 2017 Project, the 2018 Project, the 2020 Project, the 2021 Project, the 2023 Project and all additions, extensions and improvements thereto or any part of the foregoing and any renewals or replacements thereof.

"Project Reserve Requirement" means, as of any particular date of computation, the amount which is reasonably necessary as a reserve for expenses with respect to the Project for major repairs, renewals, replacements or maintenance items of a type not recurring annually or at shorter intervals, as stated in a certificate executed by the Consulting Engineer or an Authorized Officer and filed with the Trustee by the Authority (a) prior to or simultaneously with the authentication and delivery of any Series of Bonds, and (b) at least annually beginning on a date which is not more than twelve months subsequent to the date such first certificate has been executed by the Consulting Engineer. Pursuant to the Certificate of Authority Officer executed in connection with the sale of: (i) the 2008 Bonds, the Project Reserve Requirement for the 2008 Bonds is \$250,000.00, to be funded from existing funds currently on deposit in the Renewal and Replacement Fund; (ii) the 2012 Bonds, the Project Reserve Requirement for the 2012 Bonds is

\$250,000.00, to be funded from existing funds currently on deposit in the Renewal and Replacement Fund; (iii) the 2014 Bonds, the Project Reserve Requirement for the 2014 Bonds is \$250,000.00, to be funded from existing funds currently on deposit in the Renewal and Replacement Fund; (iv) the 2017 Bonds, the Project Reserve Requirement for the 2017 Bonds is \$250,000.00; (v) the 2020 Bonds, the Project Reserve Requirement for the 2020 Bonds is \$250,000.00; (vi) the 2021 Bonds, the Project Reserve Requirement for the 2021 Bonds is \$250,000, to be funded from existing funds currently on deposit in the Renewal and Replacement Fund; and (vii) the 2023 Bonds, the Project Reserve Requirement for the 2023 Bonds is \$250,000, to be funded from existing funds currently on deposit in the Renewal and Replacement Fund.

"Rate Stabilization Requirement" means the amount, if any, established at least annually in accordance with Section 511 of the Resolution. Pursuant to the Certificate of Authority Officer executed in connection with: (i) the sale of the 2008 Bonds, the Rate Stabilization Requirement for the 2008 Bonds is \$-0-; (ii) the sale of the 2012 Bonds, the Rate Stabilization Requirement for the 2012 Bonds is \$-0-; (iii) the sale of the 2014 Bonds, the Rate Stabilization Requirement for the 2014 Bonds is \$-0-; (iv) the sale of the 2016 Bonds, the Rate Stabilization Requirement for the 2016 Bonds is \$-0-; (v) the sale of the 2017 Bonds, the Rate Stabilization Requirement for the 2017 Bonds is \$-0-; (vi) the sale of the 2020 Bonds, the Rate Stabilization Requirement for the 2020 Bonds is \$-0-; (vii) the sale of the 2021 Bonds, the Rate Stabilization Requirement for the 2021 Bonds is \$-0-; and the sale of the 2023 Bonds, the Rate Stabilization Requirement for the 2023 Bonds is \$-0-.

"Rebate Fund" means the fund so designated, established and created pursuant to Section 501 of the Resolution.

"Record Date" means, with respect to a particular Series of Bonds, (a) the fifteenth (15<sup>th</sup>) day (whether or not a Business Day) of the calendar month next preceding each interest payment date, in the event that the interest payment date is the first (1<sup>st</sup>) day of a month, (b) the first (1<sup>st</sup>) day (whether or not a Business Day) of the calendar month next preceding each interest payment date in the event that the interest payment date is the fifteenth (15<sup>th</sup>) day of the month or, (c) as otherwise provided for a Series of Bonds in a Supplemental Resolution of the Authority duly adopted prior to the authentication and delivery of such Series of Bonds, or, as determined in a Certificate of Authority Officer which is duly executed in connection with the issuance of the Bonds.

"Redemption Price" means, when used with respect to any Bond or a portion thereof, the principal amount (or, if applicable, the accredit value of a Capital Appreciation Bond) of such Bond (or portion thereof) plus the applicable redemption premium, if any, which is payable upon redemption thereof in the manner contemplated in accordance with its terms and in accordance with the terms of the Resolution, together with interest accrued thereon to the date fixed for redemption.

"Registered Owner" means the owner of any Bond which is issued in fully registered form, as determined on the Record Date, and as reflected on the registration books of the Authority which shall be kept and maintained on behalf of the Authority by the Registrar.

"Registrar" means the registrar or bond registrar for the Bonds which shall be appointed by the Authority pursuant to the terms of Section 1102(b) of the Resolution, and its successor or successors, and any other corporation or association which may at any time be substituted in its place pursuant to the terms of the Resolution.

"Renewal and Replacement Fund" means the fund so designated, established and created pursuant to Section 501 of the Resolution.

"Resolution" means the General Bond Resolution, as amended and supplemented by the 1992 Supplemental Bond Resolution, the 2003 Supplemental Bond Resolution, the 2008 Supplemental Bond Resolution, the 2009 Supplemental Bond Resolution, the 2012 Supplemental Resolution, the 2014 Supplemental Bond Resolution, the 2016 Supplemental Bond Resolution, the 2017 Supplemental Bond Resolution, the 2020 Supplemental Bond Resolution, the 2021 Supplemental Bond Resolution, and the 2022 Supplemental Bond Resolution and as the same may be further amended and supplemented from time to time.

"Resource Recovery Facility" means the mass-burn resource recovery facility consisting of a 575 ton-per-day solid waste disposal facility owned and operated by Wheelabrator Gloucester Company LP and located in West Deptford Township, New Jersey.

"Revenue Fund" means the fund so designated, established and created pursuant to Section 501 of the Resolution.

"Revenues" means (i) all revenues, income and receipts derived or to be derived by the Authority, from or attributable to the ownership or use of the Project, (ii) the proceeds of any insurance covering a loss due to an interruption in the operation of the Project, and (iii) any investment income which is derived from the investment of any funds which are held by the Trustee and which are deposited in the Revenue Fund pursuant to the terms of the Resolution.

"Securities Depository" means the depository for any Book-Entry Bonds which are issued under the Resolution and which shall be appointed by the Authority pursuant to the terms of Section 1102 of the Resolution, and its successor or successors and any corporation or financial or banking institution which may be substituted in its place pursuant to the terms of the Resolution.

"Series" when used with respect to less than all of the Bonds, means all of the Bonds which are authenticated and delivered on original issuance in a simultaneous transaction and which are so designated by the Supplemental Resolution of the Authority authorizing such Series of Bonds, regardless of variations in maturity, interest rate or other provisions, and any Bonds which are thereafter authenticated and delivered in lieu of or in substitution for any of such Bonds under and pursuant to the terms of Resolution; provided however, that notwithstanding the foregoing to the contrary, any Bonds which are issued as Tax-Exempt Obligations shall in no event be treated as being part of the same Series as Bonds which are not Tax-Exempt Obligations.

"Sinking Fund" means the fund so designated, established and created by the Authority pursuant to the terms of Section 501 of the Resolution.

"Supplemental Resolution" means any resolution of the Authority amending or supplementing the Resolution which is duly adopted and which becomes effective in accordance with the terms of Article VIII of the Resolution, including the 1992 Supplemental Bond Resolution, the 2003 Supplemental Bond Resolution, the 2008 Supplemental Bond Resolution, the 2009 Supplemental Bond Resolution, the 2012 Supplemental Resolution, the 2014 Supplemental Bond Resolution, the 2016 Supplemental Bond Resolution, the 2017 Supplemental Resolution, the 2020 Supplemental Resolution, the 2021 Supplemental Resolution, and the 2022 Supplemental Bond Resolution.

"Tax-Exempt Obligations" means any Series of Bonds which are issued pursuant to the terms of the Resolution together with an opinion of Bond Counsel to the effect that the interest on such Bonds is excludable from gross income pursuant to the provisions of the Code (notwithstanding the application of the provisions of the Code relating to alternative minimum taxation).

"Township" means the Township of South Harrison, in the County.

"Trustee" means the trustee for the Bonds which shall be appointed by the Authority pursuant to the terms of Section 1101 of the Resolution, and its successor or successors, and any other corporation or association which may at any time be substituted in its place pursuant to the terms of the Resolution.

"2003 Bonds" means the \$9,645,000 aggregate principal amount of County Guaranteed Solid Waste Revenue Bonds (Landfill Project, 2003 Refunding Series A) issued by the Authority on May 14, 2003 pursuant to the 2003 Supplemental Bond Resolution.

"2008 Bonds" means the \$15,905,000 aggregate principal amount of County Guaranteed Solid Waste Revenue Bonds (Landfill Project, Series 2008) issued by the Authority on September 18, 2008 pursuant to the 2008 Supplemental Bond Resolution.

"2012 Bonds" means the \$5,300,000 aggregate principal amount of County Guaranteed Solid Waste Revenue Bonds (Landfill Project, Series 2012) issued by the Authority on July 10, 2012 pursuant to the 2012 Supplemental Bond Resolution.

"2014 Bonds" means the \$5,460,000 aggregate principal amount of County Guaranteed Solid Waste Revenue Bonds (Landfill Project, Series 2014) issued by the Authority on July 31, 2014 pursuant to the 2014 Supplemental Bond Resolution.

"2016 Bonds" means the \$10,585,000 aggregate principal amount of County Guaranteed Solid Waste Revenue Bonds (Landfill Project, 2016 Refunding Series A) issued pursuant to the 2016 Supplemental Bond Resolution.

"2017 Bonds" means the \$5,682,251 aggregate principal amount of County Guaranteed Solid Waste Revenue Bonds (Landfill Project, Series 2017) issued by the Authority on November 21, 2017 pursuant to the 2017 Supplemental Bond Resolution.

"2020 Bonds" means the \$4,877,129 aggregate principal amount of County Guaranteed Solid Waste Revenue Bonds (Landfill Project, Series 2020) issued by the Authority on May 12, 2020 pursuant to the 2020 Supplemental Bond Resolution.

"2021 Bonds" means the \$7,943,171 aggregate principal amount of County Guaranteed Solid Waste Revenue Bonds (Landfill Project, Series 2021) issued by the Authority on June 10, 2021 pursuant to the 2021 Supplemental Bond Resolution.

"2023 Bonds" means the not-to-exceed \$9,225,000 aggregate principal amount of County Guaranteed Solid Waste Revenue Bonds (Landfill Expansion Project – Cell 16), Series 2023 issued pursuant to the 2022 Supplemental Bond Resolution.

"2009 Land Acquisition Project" means the acquisition by the Authority of an approximately 36.9 acre portion of Block 9, Lot 4 on the Township Tax Maps (574 Harrisonville Road), from Sebastian and Jacqueline Marino, for the purpose of future expansion of the Complex.

"2003 Project" means the current refunding of all of the Outstanding 1992 Bonds and the payment of the costs of issuing the 2003 Bonds.

"2008 Project" means the (i) the acquisition, design, construction and equipping of an approximately fifty-two (52) acre lateral expansion of the Complex located in the Township, in the County to increase the waste disposal capacity of the Complex, consisting of, among other things, the acquisition of Lot 9, Block 9 located in the Township; preparation and submission of the New Jersey Department of Environmental Protection permit application for the lateral expansion; and design, construction and equipping of access roads, storm water management swales and basins, leachate collection and conveyance systems and new cell construction to accommodate the lateral expansion, payment of capitalized interest on the 2008 Bonds for a period of eighteen (18) months, and payment of the costs of issuing the 2008 Bonds; (ii) the Leachate Lift Station Rehabilitation Project; and (iii) the 2009 Land Acquisition Project financed with the proceeds of the 2008 Bonds. For purposes of the Resolution, the 2008 Project shall constitute an Additional Project.

"2012 Project" means the acquisition, design, construction and equipping of a new Cell 11B at the Complex to increase the waste disposal capacity of the Complex, consisting of, among other things, submission of the New Jersey Department of Environmental Protection permit application for new Cell 11B, and acquisition, design, and construction of other related capital improvements at the Complex consisting of, among other things, groundwater well installation, pump house maintenance, lockout on tanker loading pump station, leachate storage tank repairs, and gas collection system improvements, payment of capitalized interest on the 2012 Bonds for a period of approximately twelve (12) months, and payment of costs of issuing the 2012 Bonds financed with the proceeds of the 2012 Bonds. For purposes of the Resolution, the 2012 Project shall constitute an Additional Project.

"2014 Project" means the acquisition, design, construction and equipping of a new Cell 12 at the Complex to increase the waste disposal capacity of the Complex, payment of capitalized interest on the 2014 Bonds for a period of approximately twelve (12) months, and payment of costs of issuing the 2014 Bonds financed with the proceeds of the 2014 Bonds. For purposes of the Resolution, the 2014 Project shall constitute an Additional Project.

"2016 Refunding Project" means: (i) the advance refunding of all of the Authority's Outstanding callable 2008 Bonds, maturing serially on March 1 in the years 2019 through 2023, both dates inclusive, and the term 2008 Bond maturing on March 1, 2030; and (ii) paying the costs of issuance with respect to the sale and delivery of the 2016 Bonds.

"2017 Project" means the acquisition, design, construction and equipping of a new Cell 13 at the Complex to increase the waste disposal capacity of the Complex, payment of capitalized interest on the 2017 Bonds for a period of approximately twelve (12) months, and payment of costs of issuing the 2017 Bonds financed with the proceeds of the 2017 Bonds. For purposes of the Resolution, the 2017 Project shall constitute an Additional Project.

"2020 Project" means the acquisition, design, construction and equipping of a new Cell 14 at the Complex to increase the waste disposal capacity of the Complex, payment of capitalized interest on the 2020 Bonds for a period of approximately twelve (12) months, and payment of costs of issuing the 2020 Bonds financed with the proceeds of the 2020 Bonds. For purposes of the Resolution, the 2020 Project shall constitute an Additional Project.

"2021 Project" means the acquisition, design, construction and equipping of a new Cell 15 at the Complex to increase the waste disposal capacity of the Complex, payment of capitalized interest on the 2021 Bonds for a period of approximately twelve (12) months, and payment of costs of issuing the 2021 Bonds financed with the proceeds of the 2021 Bonds. For purposes of the Resolution, the 2021 Project shall constitute an Additional Project.

"2023 Project" means the acquisition, design, construction and equipping of a new landfill cell (Cell 16) at the Complex to increase the waste disposal capacity of the Complex, the costs of acquisition, design, and construction of other related capital improvements at the Complex, and payment of costs of issuing the 2023 Bonds financed with the proceeds of the 2023 Bonds. For purposes of the Resolution, the 2023 Project shall constitute an Additional Project.

"2003 Supplemental Bond Resolution" means the Supplemental Resolution, entitled "Supplemental Bond Resolution of The Gloucester County Improvement Authority: (I) Authorizing and Approving the Issuance of up to \$15,000,000 of the Authority's County Guaranteed Solid Waste Revenue Bonds (Landfill Project, 2003 Refunding Series A); (II) Amending, Supplementing and Clarifying Certain Provisions of the Existing General Bond Resolution; (III) Authorizing and Approving the Preparation of Disclosure and Related Financing Documents; (IV) Authorizing and Delegating to the Executive Director the Power to Award and Sell Said Bonds; and (V) Determining Certain Other Matters in Connection Therewith", adopted January 16, 2003.

"2008 Supplemental Bond Resolution" means the Supplemental Resolution, entitled "Supplemental Bond Resolution to a General Bond Resolution of The Gloucester County Improvement Authority Adopted on July 8, 1992, as Amended and Supplemented on September 9, 1992 and January 16, 2003: (I) Authorizing and Approving the Issuance of up to \$16,000,000 of the Authority's County Guaranteed Solid Waste Revenue Bonds (Landfill Project, Series 2008); (II) Amending, Supplementing and Clarifying Certain Provisions of the Existing General Bond Resolution; (III) Authorizing and Approving the Preparation of Disclosure and Related Financing Documents; (IV) Authorizing and Delegating to the Executive Director the Power to



Award and Sell Said Bonds; and (V) Determining Certain Other Matters in Connection Therewith", adopted April 17, 2008.

"2009 Supplemental Bond Resolution" means the Supplemental Resolution, entitled "Supplemental Bond Resolution to a General Bond Resolution of The Gloucester County Improvement Authority Adopted on July 8, 1992, as Amended and Supplemented on September 9, 1992, January 16, 2003 and April 17, 2008 Amending, Supplementing and Clarifying Certain Provisions of the Existing General Bond Resolution in Connection With the 2008 Project", adopted September 17, 2009.

"2012 Supplemental Bond Resolution" means the Supplemental Resolution, entitled "Supplemental Bond Resolution to a General Bond Resolution of The Gloucester County Improvement Authority Adopted on July 8, 1992, as Amended and Supplemented on September 9, 1992, January 16, 2003, April 17, 2008, and September 17, 2009: (I) Authorizing and Approving the Issuance of up to \$5,750,000 of the Authority's County Guaranteed Solid Waste Revenue Bonds (Landfill Project, Series 2012); (II) Amending, Supplementing and Clarifying Certain Provisions of the Existing General Bond Resolution; (III) Authorizing and Approving the Preparation of Disclosure and Related Financing Documents; (IV) Authorizing and Delegating to the Executive Director or Acting Executive Director the Power to Award and Sell Said Bonds; and (V) Determining Certain Other Matters in Connection Therewith", adopted February 16, 2012.

"2014 Supplemental Bond Resolution" means the Supplemental Resolution, entitled "Supplemental Bond Resolution to a General Bond Resolution of The Gloucester County Improvement Authority Adopted on July 8, 1992, as Amended and Supplemented on September 9, 1992, January 16, 2003, April 17, 2008, September 17, 2009 and February 16, 2012: (I) Authorizing and Approving the Issuance of up to \$6,500,000 of the Authority's County Guaranteed Solid Waste Revenue Bonds (Landfill Project, Series 2014); (II) Amending, Supplementing and Clarifying Certain Provisions of the Existing General Bond Resolution; (III) Authorizing and Approving the Preparation of Disclosure and Related Financing Documents; (IV) Authorizing and Delegating to the Executive Director or Acting Executive Director the Power to Award and Sell Said Bonds; and (V) Determining Certain Other Matters in Connection Therewith", adopted March 20, 2014.

"2016 Supplemental Bond Resolution" means the Supplemental Resolution, entitled "Supplemental Bond Resolution to a General Bond Resolution of The Gloucester County Improvement Authority Adopted on July 8, 1992, as Amended and Supplemented on September 9, 1992, January 16, 2003, April 17, 2008, September 17, 2009, February 16, 2012 and March 20, 2014: (I) Authorizing and Approving the Issuance of up to \$12,250,000 of the Authority's County Guaranteed Solid Waste Revenue Bonds (Landfill Project, 2016 Refunding Series A); (II) Amending, Supplementing and Clarifying Certain Provisions of the Existing General Bond Resolution; (III) Authorizing and Approving the Preparation of Disclosure and Related Financing Documents; (IV) Authorizing and Delegating to the Executive Director or Acting Executive Director the Power to Award and Sell Said Bonds; and (V) Determining Certain Other Matters in Connection Therewith", adopted May 19, 2016.

"2017 Supplemental Bond Resolution" means the Supplemental Resolution, entitled "Supplemental Bond Resolution To A General Bond Resolution Of The Gloucester County

Improvement Authority Adopted On July 8, 1992, As Amended And Supplemented On September 9, 1992, January 16, 2003, April 17, 2008, September 17, 2009, February 16, 2012, March 20, 2014 And May 19, 2016: (I) Authorizing And Approving The Issuance Of Up To \$6,500,000 Of The Authority's County Guaranteed Solid Waste Revenue Bonds (Landfill Project, Series 2017); (II) Amending, Supplementing And Clarifying Certain Provisions Of The Existing General Bond Resolution; (III) Authorizing And Approving The Preparation Of Related Financing Documents; (IV) Authorizing And Delegating To The Executive Director Or Acting Executive Director The Power To Award And Sell Said Bonds; And (V) Determining Certain Other Matters In Connection Therewith", adopted February 16, 2017.

"2020 Supplemental Bond Resolution" means the Supplemental Resolution, entitled "Supplemental Bond Resolution To A General Bond Resolution Of The Gloucester County Improvement Authority Adopted On July 8, 1992, As Amended And Supplemented On September 9, 1992, January 16, 2003, April 17, 2008, September 17, 2009, February 16, 2012, March 20, 2014, May 19, 2016 And February 16, 2017: (I) Authorizing And Approving The Issuance Of Up To \$5,250,000 Of The Authority's County Guaranteed Solid Waste Revenue Bonds (Landfill Project, Series 2020); (II) Amending, Supplementing And Clarifying Certain Provisions Of The Existing General Bond Resolution; (III) Authorizing And Approving The Preparation Of Related Financing Documents; (IV) Authorizing And Delegating To The Executive Director Or Acting Executive Director The Power To Award And Sell Said Bonds; And (V) Determining Certain Other Matters In Connection Therewith", adopted February 20, 2020.

"2021 Supplemental Bond Resolution" means the Supplemental Resolution, entitled "Supplemental Bond Resolution To A General Bond Resolution Of The Gloucester County Improvement Authority Adopted On July 8, 1992, As Amended And Supplemented On September 9, 1992, January 16, 2003, April 17, 2008, September 17, 2009, February 16, 2012, March 20, 2014, May 19, 2016, February 16, 2017 And February 20, 2020: (I) Authorizing And Approving The Issuance Of Up To \$10,000,000 Of The Authority's County Guaranteed Solid Waste Revenue Bonds (Landfill Project, Series 2021); (II) Amending, Supplementing And Clarifying Certain Provisions Of The Existing General Bond Resolution; (III) Authorizing And Approving The Preparation Of Related Financing Documents; (IV) Authorizing And Delegating To The Executive Director Or Acting Executive Director The Power To Award And Sell Said Bonds; And (V) Determining Certain Other Matters In Connection Therewith", adopted March 18, 2021.

"2022 Supplemental Bond Resolution" means the Supplemental Resolution, entitled "Supplemental Bond Resolution To A General Bond Resolution Of The Gloucester County Improvement Authority Adopted On July 8, 1992, As Amended And Supplemented On September 9, 1992, January 16, 2003, April 17, 2008, September 17, 2009, February 16, 2012, March 20, 2014, May 19, 2016, February 16, 2017, February 20, 2020 And March 18, 2021: (I) Authorizing And Approving The Issuance Of Up To \$13,500,000 Of The Authority's County Guaranteed Solid Waste Revenue Bonds (Landfill Expansion Project – Cell 16), Series 2023; (II) Amending, Supplementing And Clarifying Certain Provisions Of The Existing General Bond Resolution; (III) Authorizing And Approving The Preparation Of Disclosure And Related Financing Documents; (IV) Authorizing And Delegating To The Executive Director Or Acting Executive Director The Power To Award And Sell Said Bonds; And (V) Determining Certain Other Matters In Connection Therewith", adopted December 15, 2022.

### **Resolution to Constitute Contract (Section 202)**

In consideration of the purchase and acceptance of the Bonds by those who will hold the same from time to time, the provisions of the Resolution will be deemed to be and will constitute contracts between the Authority, the Trustee, the issuer of any Credit Facility or Liquidity Facility and the Holders from time to time of the Bonds. Any pledge which is made in the Resolution and the covenants and agreements which are set forth in the Resolution and which are to be performed on behalf of the Authority will be for the equal benefit, protection and security of the issuer of any Credit Facility or Liquidity Facility (for as long as such Credit Facility or Liquidity Facility remains outstanding) and the Holders of any and all of the Bonds, all of which, regardless of the time or times of their issuance or maturity, will be of equal rank without preference, priority or distinction of any of the Bonds over any other thereof except as expressly provided in or pursuant to the terms of the Resolution.

### **Obligation of Bonds (Section 203)**

The Bonds will be direct and special obligations of the Authority and the principal or Redemption Price of and interest on the Bonds will be payable from the moneys and accounts which are pledged, as and to the extent provided in Section 502 of the Resolution. All Bonds and Bondholders and the issuer of any Credit Facility or Liquidity Facility (for as long as the Authority has a reimbursement obligation to the issuer of such Credit Facility or Liquidity Facility) will be entitled to the benefit of the continuing pledge and lien created by the Resolution to secure the full and final payment of the principal or Redemption Price of and interest on the Bonds and any fees and expenses which are payable by the Authority to the issuer of any Credit Facility or Liquidity Facility. However, the power and the obligation of the Authority to cause application of the Revenues or other funds to the payment of the principal or Redemption Price of and interest on the Bonds are subject to the prior obligation of the Authority to provide from such Revenues or other funds amounts for the payment of Operating Expenses.

### **Authorization for Guaranty of Bonds by County and Provision for Endorsement of County Guaranty on Bonds (Section 204)**

The Authority may issue one or more Series of Bonds which are entitled to the benefits of the County Guaranty. Prior to the authentication and delivery of Bonds of any Series which purport to be entitled to the benefits of the County Guaranty upon original issuance, provision will have been made for the guaranty of the timely payment of the principal of and interest on the Bonds by the County. The County Guaranty will be printed on each of the Bonds of such Series (in order to differentiate the Bonds of such Series from Bonds which are not entitled to the benefits of the County Guaranty) and will be in substantially the form set forth in Section 1207 of the Resolution and will be duly executed by the manual or facsimile signature of the County Commissioner Director of the County, who, pursuant to the terms of an ordinance finally adopted by the Board of County Commissioners of the County, is authorized to execute same. Any payments which are made by the County pursuant to the terms of the Commissioner Director will be made to the Trustee and will thereafter be deposited by the Trustee in the Bond Service Fund and will be applied in accordance with the terms of Section 503 of the Resolution.

### **Conditions Precedent to Issuance of Each Series of Bonds (Section 316)**

The Trustee will not deliver any Bonds of a particular Series pursuant to the terms of the Resolution unless theretofore or simultaneously therewith there will have been delivered or paid to the Trustee, among other things, the following:

An opinion of Bond Counsel stating, in the opinion of the signer, that (a) the General Bond Resolution, each Supplemental Resolution and each amending resolution have been duly and lawfully adopted by the Authority, and such Supplemental Resolution, and if applicable, any Certificate of Authority Officer, are duly executed in connection with the sale of such Series of Bonds are each in full force and effect and are valid and binding on the Authority, the Trustee and the Holders of the Series of Bonds in accordance with their respective terms, and that all conditions precedent to the authentication of such Series of Bonds by the Trustee upon original issuance have been satisfied and that the Trustee may lawfully authenticate such Series of Bonds; (b) the Resolution creates the valid pledge which it purports to create of the Revenues, moneys, securities and funds which are held or set aside under the terms of the Resolution, subject to the application thereof to the purposes and on the conditions permitted by the terms of the Resolution; and (c) the Bonds of such Series are valid and binding obligations of the Authority, as provided in the Resolution, and are entitled to the benefits of the Resolution and of the Act, and that such Bonds have been duly and validly authorized and issued in accordance with law, including the Act, and in accordance with the terms of the Resolution; provided however, that such opinion may take exception for limitations imposed by or resulting from bankruptcy, insolvency, moratorium, reorganization, or other laws affecting creditors' rights generally;

If such Series of Bonds are entitled to the benefits of the County Guaranty, a copy of the County Guaranty, certified by the Clerk of the Board of County Commissioners of the County, together with any consents which are required to be obtained from the County with respect to the assignment of the County Guaranty, as provided in Section 515 of the Resolution. In addition, in connection with the delivery of each such Series of Bonds, a certificate of an Authorized County Representative to the effect that the County Guaranty has been amended, if necessary, to insure that timely payment of the principal of and interest on such Series of Bonds is secured under the provisions of the County Guaranty. If no amendment is required, a counsel's opinion stating same will be delivered to the Trustee;

If such Series of Bonds are entitled to the benefits of the County Guaranty, an opinion of counsel to the County, stating, in the opinion of the signer, that (a) the County has the right and power to adopt the County Guaranty; (b) the County Guaranty has been duly and lawfully authorized by the County; and (c) the County Guaranty has been duly and lawfully executed by the County, is in full force and effect, is valid and binding upon the County and is enforceable in accordance with its terms; provided however, that such opinion may take exception for limitations imposed by or resulting from bankruptcy, insolvency, moratorium, reorganization, or other laws affecting creditors' rights generally; and

In the event that such Series of Bonds are issued as Tax-Exempt Obligations, an opinion of Bond Counsel to the effect that the interest on such Series of Bonds is not includable as gross income under the provisions of the Code and that the issuance of such Additional Bonds will not cause the interest on any Outstanding Bonds which were issued as Tax-Exempt Obligations to be includable as gross income under the provisions of the Code.

### **Purposes, Authorization and Description of Additional Bonds (Section 317)**

After the execution, authentication and delivery of the 1992 Bonds, Additional Bonds of the Authority may be authorized to be issued pursuant to and in accordance with the terms of the Act either (a) for the purpose of raising funds to pay the Cost of acquisition or construction of part or parts of an Additional Project, including any deposit or increase into any fund or account which has been established by the Resolution and which is incidental thereto or which is deemed by the Authority to be necessary in connection therewith, and including payment on or prior to maturity of Project Notes previously issued to pay the Costs of such acquisition or construction, (b) for the purpose of refunding any Bonds of the Authority, (c) to raise funds to complete any work for which Additional Bonds were issued pursuant to clause (a) above or for which the 1992 Bonds were issued.

Any Series of Additional Bonds of the Authority will be issued only after authorization thereof by a Supplemental Resolution of the Authority duly adopted prior to their authentication and delivery upon original issuance. Such Supplemental Resolution will state the purpose or purposes for which such Additional Bonds are being issued, will direct the application of the proceeds which are to be derived from the sale thereof to such purpose or purposes, and will direct the execution and authentication thereof.

### **Conditions Precedent to Issuance of Additional Bonds (Section 318)**

The Trustee will not authenticate or deliver upon original issuance any Additional Bonds to or upon the order of the Authority, unless an Event of Default has not occurred and is continuing and unless theretofore or simultaneously therewith there has been delivered to the Trustee, among other things, in addition to the documents or amounts required to be delivered pursuant to the provisions of Section 316 of the Resolution, the following:

A copy of the Supplemental Resolution describing in brief and general terms the Project to be financed by the issuance of such Additional Bonds, each certified by the Secretary or Assistant Secretary of the Authority;

If such Additional Bonds are authorized for a purpose which is described in clause (a) of paragraph (1) of Section 317 of the Resolution, a certificate of the Consulting Engineer stating (a) the opinion that the improvement which is described in the Supplemental Resolution authorizing such Additional Bonds constitutes an Additional Project and is a part of the Project, (b) the opinion that the remainder of such proceeds after deducting the amounts referred to in clauses (a), (b), (c), (d), (e) and (f) of Section 315 of the Resolution will, together with any other funds of the Authority which are then available or which are expected to be available therefor, be sufficient to pay the Cost of the acquisition or construction of such improvement, and (c) the opinion as to the period of time which will be required for completion of the acquisition or construction of the improvement;

The amount of such proceeds which will remain after deducting the amount, if any, paid to the Trustee in accordance with the terms of subparagraphs (a), (b), (c), (d), (e) and (f) of Section 315 of the Resolution, which amount shall be paid to the Trustee and applied in accordance with the provisions of paragraph (2) or paragraph (3) of Section 318 of the Resolution;

If such Additional Bonds are authorized for the purpose described in clause (c) of paragraph (1) of Section 317 of the Resolution, a certificate of the Consulting Engineer stating (a) that the improvement for which the Additional Bonds are to be issued is one for which Bonds had theretofore been issued, (b) the amount of proceeds which are to be deposited in the Construction Fund, and that such proceeds, together with any other funds of the Authority which are then available or which are expected to be available therefor, will be sufficient, in his opinion, to pay the Cost of the completion of the acquisition or construction of said improvement;

An opinion of Bond Counsel approving the form of the Supplemental Resolution authorizing the issuance of the Additional Bonds and stating (a) that such Bonds are authorized to be issued for a purpose referred to in Section 317(1) of the Resolution, (b) that its terms and provisions conform to the requirements of the Act and the Resolution, (c) that the written order, certificates and amounts of money which are delivered or paid to the Trustee in accordance with the provisions of this Section 318 of the Resolution constitute compliance with the conditions stated in Section 318 of the Resolution for the authentication and delivery of such Additional Bonds, (d) that all of the conditions precedent to the authentication and delivery of the Additional Bonds have been satisfied and that the Trustee may lawfully authenticate the Additional Bonds upon original issuance, (e) that upon the execution, authentication and delivery of the Additional Bonds, all Revenues thereafter to be derived for or with respect to the operation of the Project, including any Additional Project to be financed with such Additional Bonds, will be pledged under and subject to the lien and the pledge created by the Resolution free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to or of equal rank with the pledge created by the Resolution and (f) Additional Bonds will be tax-exempt and the issuance of Additional Bonds will not cause Outstanding Tax-Exempt Obligations to become taxable;

If such Additional Bonds are authorized for a purpose which is described in clause (a) or (c) of paragraph (1) of Section 317 of the Resolution, the Trustee shall deposit the proceeds which are derived from the sale thereof which are referred to in subparagraph (1) of paragraph (1) of Section 318 of the Resolution in the Construction Fund, and the moneys so deposited shall be applied by the Authority and by the Trustee to pay the Cost of the improvement which is described in the Supplemental Resolution of the Authority authorizing the issuance of such Additional Bonds; and

If such Additional Bonds are authorized for the purpose which is described in clause (b) of paragraph (1) of Section 317 of the Resolution, the Trustee will apply the remaining proceeds which are derived from the sale thereof and which are referred to in subparagraph (1) of paragraph (1) of Section 318 of the Resolution as follows: (a) an amount which is sufficient to pay the costs of issuance approved by an opinion of Bond Counsel, of such Additional Bonds will be deposited in the Construction Fund, and (b) the remaining amounts will be applied to the refunding of such Bonds in accordance with the terms of the Supplemental Resolution of the Authority authorizing the issuance of such Additional Bonds.

#### **Establishment of Construction Fund (Section 401)**

The Authority established and created pursuant to the Resolution a special fund, designated the "Construction Fund" which will be held by the Trustee and in which may be

deposited any moneys which are received by the Authority from any source for payment of Costs related to the construction, acquisition or restoration of any part of the Project, including any Government Grants, any Government Loans (in each case, if related to the planning, design, acquisition or construction of all or any portion of the Project), the proceeds (or any portion thereof) derived from the issuance of any Bonds, the proceeds of any insurance or any condemnation award. Amounts which are deposited in the Construction Fund will be held by the Trustee in trust and will be applied (in accordance with and subject to the limitations of Article IV of the Resolution) to pay the Cost of the Project, and such moneys are pledged pursuant to the Resolution, pending application to the payment of such Cost, to secure the payment of the principal or Redemption Price of and interest on the Bonds and such moneys will at all times be subject to the lien of such pledge.

### **Disposition of Balance in Construction Fund (Section 406)**

The Trustee, when directed in writing by an Authority Officer, will apply the balance which is on deposit in the Construction Fund as provided in, and upon the terms and conditions set forth in Section 406 of the Resolution. Before any such application will be made, the Authority will file a Certificate of Authority Officer with the Trustee and such certificate will state that the portion of the Project for which the funds were deposited in the Construction Fund has been completed and that the sum stated in the certificate is sufficient to pay, and is required to be reserved in the Construction Fund to pay, all items of Cost of such portion of the Project which, as of the date of such certificate, remain unpaid, including an estimate of the amount of any such items which is not finally determined and all claims against the Authority arising out of the construction thereof.

Upon receipt of such Certificate of Authority Officer, the Trustee will apply the balance in the Construction Fund, in excess of the amount stated in the certificate referred to above, to either (a) payment of the Cost of any portion of the Project (other than the portion referred to in such certificate), (b) payment of the principal of or interest on the Bonds, (c) payment of any Sinking Fund Installment of any Series of Bonds issued for or with respect to such Project, or (d) payment of the Redemption Price of any Bonds, all in accordance with the Certificate of Authority Officer.

### **Establishment of Funds (Section 501)**

In addition to the Construction Fund, the Authority established and created pursuant to the Resolution the following special funds and accounts: Revenue Fund; Bond Service Fund; Sinking Fund; Bond Reserve Fund; Renewal and Replacement Fund; General Fund; Rate Stabilization Fund; and Rebate Fund.

### **Pledge Securing Bonds (Section 502)**

Subject only to (a) the rights of the Authority to apply amounts for the payment of Operating Expenses of the Project and/or (b) the right to use any moneys, securities or funds which are held under the terms of the Resolution for purposes which are authorized therein, the Revenues and all moneys, securities and funds which are held or set aside or which are to be held or set aside pursuant to the terms of the Resolution or which are held in any funds which are established and created under Section 501 of the Resolution (other than amounts which are on

deposit in the Rebate Fund) are pledged pursuant to the Resolution to secure the payment of the principal or Redemption Price of and interest on the Bonds.

In the event that any Series of Bonds are entitled to the benefits of the County Guaranty, any payments which are required to be made to the Trustee by the County pursuant to the terms of the County Guaranty are pledged pursuant to the Resolution to secure the payment of the principal of and interest on the Bonds of such Series.

This pledge will be valid and binding from and after the date of the first delivery by the Trustee of the first Bond which is authenticated and delivered under the terms of the Resolution. The Revenues and other moneys, securities and funds which are so pledged and which are thereafter received by the Authority, and any other moneys pledged pursuant to the Resolution, will immediately be subject to the lien of this pledge without any physical delivery thereof or further act. The lien of this pledge and the obligation to perform the contractual provisions made pursuant to the Resolution will have priority over any or all other obligations issued by the Authority and all other liabilities of the Authority. The lien of such pledge will be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Authority irrespective of whether such parties have notice thereof.

#### **Deposit of Revenues, Payments Under County Guaranty and Other Payments (Section 503)**

From and after the authentication and delivery of the first Bond to be so authenticated and delivered under the terms of the Resolution, the Authority will cause to be delivered all Revenues to the Trustee in accordance with the terms of the Revenue Agreement or if not provided for therein as promptly as practical and such Revenues will upon receipt be deposited by the Trustee into the Revenue Fund. The Trustee will be accountable only for moneys which are actually so received. Unless otherwise directed by any provision of the Resolution, including specifically, Section 515 of the Resolution, any moneys, other than the foregoing, which are received by the Authority from any other source for operating, maintaining and repairing the Project will also be deposited in the Revenue Fund.

Any moneys which are held in the Revenue Fund will be invested, at the oral direction of an Authority Office (promptly confirmed in writing), by the Trustee in Investment Obligations; provided however, that the maturity of every such Investment Obligation will not be later than the first day of the month next following the date of such investment.

Any payments which are made by the County pursuant to the terms of the County Guaranty will be made to the Trustee and will thereafter be deposited by the Trustee in the Bond Service Fund or the Bond Reserve Fund (to the extent such payment represents a reimbursement of moneys which have been withdrawn from the Bond Reserve Fund pursuant to the provisions of Section 509 of the Resolution). In the event that such payments have been deposited in the Bond Service Fund, pending application of such payments to the payment of the principal of or interest on the Series of Bonds entitled to such payment, such moneys will be held solely for the benefit of the Holders of the Series of Bonds for which such payment was made.

Any payments which are received by the Authority pursuant to any insurance relating to the Project or pursuant to a condemnation award which are not applied to the repair or replacement of the Project, or any portion thereof, as provided in Section 401 of the Resolution,



will be paid by the Authority to the Trustee. Thereafter such payments will be deposited by the Trustee in the Bond Service Fund and applied in accordance with the terms of Section 507 of the Resolution.

### **Revolving Fund for Operating Expenses (Section 504)**

The Trustee will pay to the Authority from the Revenue Fund, upon its requisitions therefor, at one time or from time to time, a sum or sums aggregating not more than 10% of the current Annual Budget (exclusive of and in addition to the reimbursements which are authorized in Section 504 of the Resolution) which sums and/or reimbursements are to be used by the Authority as a revolving fund for the payment, in accordance with the applicable Annual Budget, of Operating Expenses with respect to the Project. Such revolving fund will be reimbursed by the Trustee from time to time, for such Operating Expenses which have been paid, by payments from the Revenue Fund upon receipt by the Trustee of requisitions of the Authority each of which will be accompanied by a Certificate of Authority Officer specifying (a) the payee and the amount for which such reimbursement is requested, (b) that each such payment was necessary for the operation, maintenance or repair of the Project, and (c) that such payment was for an item of Operating Expenses which was provided for within the current Annual Budget and which could not conveniently be paid except from such revolving fund. In making such reimbursements, the Trustee will conclusively rely upon such requisitions and accompanying certificates. The Authority will report the balance held by it pursuant to Section 504 of the Resolution to the Trustee on the first day of each month.

### **Periodic Withdrawals From Revenue Fund (Section 506)**

As of the Withdrawal Date in any Fiscal Year (except as otherwise provided in the Resolution), the Trustee will make payments out of any moneys which are on deposit in the Revenue Fund into the following several funds, but as to each such fund only within the limitation indicated below with respect thereto and only after maximum payment within such limitation into every such fund previously mentioned in the following tabulation:

First: Into the Bond Service Account for each Series of Bonds, to the extent, if any, needed to increase the amount which is on deposit in such Bond Service Account until the amount on deposit therein equals the Bond Service Requirement for the applicable Series of Bonds;

Second: Into the Sinking Fund Account for each Series of Bonds, to the extent, if any, needed to increase the amount which is on deposit in such Sinking Fund Account until the amount on deposit therein equals the Sinking Fund Requirement for the applicable Series of Bonds;

Third: Into the Bond Reserve Fund, to the extent, if any, needed to increase the amount which is on deposit in the Bond Reserve Fund until the amount on deposit therein equals the Bond Reserve Requirement;

Fourth: Into the Renewal and Replacement Fund, to the extent, if any, needed to increase the amount which is on deposit in the Renewal and Replacement Fund until the amount on deposit therein equals the Project Reserve Requirement;

Fifth: Into the Rate Stabilization Fund, to the extent, if any, needed to increase the amount which is on deposit in the Rate Stabilization Fund until the deposit equals the Rate Stabilization Requirement; and

Sixth: Into the General Fund, to the extent any funds are available.

### **Application, Investment and Restoration of Bond Service Fund (Section 507)**

Unless otherwise provided in a Supplemental Resolution authorizing the issuance of such Bonds or the terms of the Certificate of Authority Officer authorized to be delivered pursuant to Section 302 or Section 303 of the Resolution, one (1) Business Day prior to each interest payment date of the Bonds, the Trustee will withdraw from the Bond Service Fund an amount which is equal to the interest which is due and payable on the Bonds on such interest payment date, and will cause the same to be deposited with the Paying Agent who will apply the same to the payment of said interest when due.

Unless otherwise provided in a Supplemental Resolution authorizing the issuance of such Bonds or the terms of the Certificate of Authority Officer authorized to be delivered pursuant to Section 302 or Section 303 of the Resolution, if the withdrawals which are required to be made under the previous paragraph with respect to the same and every prior date have been made, the Trustee will withdraw from the Bond Service Fund, prior to each principal maturity date of the Bonds, an amount which is equal to the principal amount of Bonds, if any, maturing on said day, and will cause the same to be deposited with the Paying Agent who will apply such amounts to the payment of the principal of said Bonds when due.

If the withdrawals which are required to be made under the provisions of the previous two paragraphs with respect to the same and every prior date have been made, the Trustee will withdraw from time to time from the Bond Service Fund and pay into any account which is maintained in the Sinking Fund the amount which is sufficient to reimburse said account for any amounts which have been theretofore paid from said account for or on account of accrued interest on Bonds which have been purchased in accordance with the provisions of Section 507 of the Resolution.

If at any time there will not be a sufficient amount on deposit in the Bond Service Account of the Bond Service Fund to provide for any withdrawal therefrom which is required to be made under the provisions of the previous three paragraphs, the Trustee will, on or prior to the date on which payment from the Bond Service Account of the Bond Service Fund is required to be made, withdraw an amount which is sufficient to make up such deficiency from the Bond Reserve Fund and will deposit same into the Bond Service Account of the Bond Service Fund.

In the event that the amount in the Bond Service Account of the Bond Service Fund, together with any funds available from any reserve funds, are insufficient to pay principal of and interest on all Bonds, all amounts on deposit in the Bond Service Fund will be reallocated ratably according to the amount of Bond Service due; provided that such reallocation will occur prior to

any transfer from the Bond Reserve Fund to the Bond Service Account pursuant to Section 507(5) of the Resolution.

In the event that moneys which represent capitalized interest on Bonds (and which were deposited in the Bond Service Fund from the proceeds derived from the sale of any Bonds) remain on deposit in the Bond Service Fund subsequent to the Initial Project or any Additional Project (or portion thereof) for which such interest was capitalized, being "placed in service" within the meaning of the Code, such moneys will, upon the written direction of an Authority Officer, be withdrawn from the Bond Service Fund and deposited in the Construction Fund.

Any moneys which are on deposit in the Bond Service Fund will be invested in accordance with the Resolution. Any investment income which is derived from the investment of moneys which are on deposit in the Bond Service Fund shall be deposited in the Revenue Fund; provided however, that, prior to completion of the Initial Project or Additional Project, at the written direction of an Authority Officer, investment income which is derived from the investment of moneys which represent capitalized interest on Bonds and which were deposited in the Bond Service Fund from the proceeds derived from the sale of any Bonds shall be deposited in the Construction Fund. Subsequent to completion of the Initial Project or Additional Project for which such interest was capitalized, such investment income may be retained in the Bond Service Fund and applied in accordance with the provisions of Section 505 of the Resolution or deposited in either the Revenue Fund or the Bond Reserve Fund (so that the amount which is on deposit in the Bond Reserve Fund equals the Bond Reserve Requirement), in each case, at the written direction of Authority Officer.

#### **Application, Investment and Restoration of Sinking Fund (Section 508)**

The Trustee will establish and will maintain in the Sinking Fund a separate account for each Series of Term Bonds for which Sinking Fund Installments are established in accordance with the terms of the Resolution. Moneys which are paid into the Sinking Fund in any Fiscal Year pursuant to the terms of Section 506 of the Resolution will, upon receipt, be segregated and will be set aside in such accounts in proportion to the respective amounts of the Sinking Fund Installments which are payable during such Fiscal Year with respect to the particular Term Bonds for which each such account is maintained. Moneys which are paid into the Sinking Fund pursuant to the terms of Section 507 of the Resolution will, upon receipt, be set aside in the account which is maintained therein with respect to which such payment is a reimbursement. Moneys which are paid into the Sinking Fund pursuant to the terms of the following paragraph on account of any particular Sinking Fund Installment will be set aside in the account which is maintained therein for the particular Term Bonds which are entitled to said Sinking Fund Installment. All other moneys which are paid into the Sinking Fund will, upon receipt, be segregated and set aside by the Trustee in such accounts in proportion to the respective principal amount of Term Bonds for which each such account is maintained.

If on or before the date established for the payment of any Sinking Fund Installment for any Term Bonds, the full amount of such Sinking fund Installments which are payable on such date next ensuing shall not have been paid into the Sinking Fund Account for such Term Bonds pursuant to the terms of Section 506 of the Resolution, all amounts on deposit in the Sinking Fund shall be reallocated notably according to the Sinking Fund Installment due; provided that such reallocation shall occur prior to any transfer from the Bond Reserve Fund to the Sinking Fund to the Sinking Fund Account pursuant to Section 508(3) of the Resolution.

If on or before the date established for the payment of any Sinking Fund Installment for the Bonds, the full amount of such Sinking Fund Installments which are payable on such date next ensuing will not have been paid into the Sinking Fund Account pursuant to the terms of Section 506 of the Resolution, the Trustee will withdraw from the Bond Reserve Fund and will pay into the Sinking Fund Account the amount which was not previously paid into the Sinking Fund.

The Trustee will apply the moneys in the Sinking Fund, as provided in the first paragraph of Section 508 of the Resolution, to the purchase or the redemption of the Bonds, in the manner provided in Section 508 of the Resolution, or to the payment of the principal thereof at maturity, as the case may be. If on any date there will be moneys in the Sinking Fund and none of the Term Bonds will be Outstanding, if no other accounts will be maintained in the Sinking Fund, such amount will be paid into the Revenue Fund.

The purchase price which will be paid by the Trustee (excluding accrued interest but including any brokerage and other charges) for any Bond which will be purchased pursuant to the terms of Section 508 of the Resolution will not exceed the Redemption Price of such Bond which is applicable upon its redemption through the application of the moneys which are available for such purpose on the next date on which such Bond could be redeemed in accordance with its terms by operation of the Sinking Fund. Subject to the limitations set forth or referred to in Section 508 of the Resolution, at the written direction of the Authority, the Trustee will purchase Bonds at such times, for such prices, in such amounts and in such manner (whether after advertisement for tenders or otherwise) as the Trustee in its sole discretion may determine and as may be possible with the amount of moneys which are available therefor in the Sinking Fund. The principal amount of the Bonds so purchased may be applied by the Trustee (at the written direction of the Authority) toward satisfaction of the Sinking Fund Installment which is due in the current or any future Fiscal Year.

As soon as practicable after the sixtieth day and before the thirtieth day prior to the date of each Sinking Fund Installment, the Trustee will select for redemption on such Sinking Fund Installment due date such amount of Term Bonds of the Series for which the Sinking Fund Installment was established as will exhaust all moneys which are required to have been deposited in the Sinking Fund as of such Sinking Fund Installment due date. Accrued interest on the Bonds which are to be redeemed will be paid from the Bond Service Fund and all expenses which are incurred by the Trustee in connection with such redemption will be paid from the Revenue Fund. Unless otherwise provided in a Supplemental Resolution authorizing the issuance of such Bonds or the terms of the Certificate of Authority Officer authorized to be delivered pursuant to Section 302 and Section 303 of the Resolution, all Bonds which are redeemed under the provisions of Section 508 of the Resolution will be redeemed in the manner provided in Article VII of the Resolution, and prior to the date fixed for redemption the Trustee will withdraw from the Sinking Fund the amount of the Redemption Price of such Bonds, and such amount will be transferred to the Paying Agent by the Trustee and such amount will be applied by the Paying Agent to the redemption of such Bonds on the date fixed for redemption.

In lieu of purchasing or redeeming Term Bonds prior to their stated maturity date pursuant to the terms of paragraphs (4) through (6) of Section 508 of the Resolution, the Authority may, on or prior to the date of authentication and delivery of such Term Bonds, elect to retain the funds which have been deposited into the Sinking Fund, or any portion thereof, until

the stated maturity date of such Term Bonds, and an Authority Officer may direct the Trustee to invest such funds in Investment Obligations; provided however, that each such Investment Obligation will mature not later than the stated maturity date of such Bonds. Funds which are retained in the Sinking Fund at the election of the Authority pursuant to the terms of this paragraph will be invested by the Trustee at the oral direction of the Authority (promptly confirmed in writing). In the event that any Investment Obligations which are purchased pursuant to the terms of this paragraph mature or are redeemed by the issuer thereof prior to the maturity date of the Term Bonds for which the Sinking Fund Installments were made, the Trustee, at the oral direction of the Authority (promptly confirmed in writing), will either (a) reinvest the moneys in accordance with the terms of this paragraph, or (b) purchase Term Bonds with respect to which the Sinking Fund Installments were made at any time at prices not exceeding the principal amount thereof; or (c) redeem such Term Bonds in accordance with the provisions of the Resolution authorizing redemption of such Term Bonds at the option of the Authority. Moneys which are on deposit in the Sinking Fund will not be used to pay more than the principal amount of the Bonds which are to be redeemed. Notwithstanding anything in Section 508 of the Resolution to the contrary, the Authority will not make any election which is authorized in Section 508 of the Resolution unless, in the opinion of Bond Counsel to the Authority, such election and investment will not cause the interest on any Bonds which were intended to be issued as Tax-Exempt Obligations to be included in gross income for purposes of Federal income taxation.

Investment income which is derived from the investment of any funds which are held in the Sinking Fund will be deposited by the Trustee, upon receipt, in the Revenue Fund.

Any moneys which are on deposit in the Sinking Fund will be invested in accordance with the Resolution.

#### **Application and Investment of Bond Reserve Fund (Section 509)**

If on any Withdrawal Date in any Fiscal Year (a) the amount which is on deposit in the Bond Service Account of the Bond Service Fund equals or exceeds any unpaid interest which is then due and payable on Outstanding Bonds, plus the interest, if any, to become due on Outstanding Bonds on or before the next succeeding interest payment date, plus the principal amount of any Outstanding Bonds which have matured and which remain unpaid, plus the principal amount of Outstanding Bonds, if any, maturing at or before the next succeeding principal maturity date of the Bonds, (b) the amount which is on deposit in the Renewal and Replacement Fund equals the Project Reserve Requirement, (c) the amount which is on deposit in the Rate Stabilization Fund equals the Rate Stabilization Requirement, and (d) all withdrawals or payments from the Bond Reserve Fund which are required to be made by any other provision of the Resolution will have been made, the Trustee will withdraw from the Bond Reserve Fund the amount of any excess therein over the Bond Reserve Requirement, as determined on such date, and will pay the moneys so withdrawn into the General Fund.

Any moneys which are on deposit in the Bond Reserve Fund will be invested in accordance with the Resolution.

### **Application and Investment of Renewal and Replacement Fund (Section 510)**

If on any date the amount which is on deposit in the Bond Reserve Fund will be less than the Bond Reserve Requirement, as determined on such date, the Trustee will withdraw from the General Fund from the Renewal and Replacement Fund and then from the Rate Stabilization Fund and will pay into the Bond Reserve Fund the amount which is needed to increase the amount in the Bond Reserve Fund so that it equals the Bond Reserve Requirement.

The Trustee will withdraw from the Renewal and Replacement Fund any amounts which are requisitioned by the Authority and the Trustee will apply the same to the reasonable and necessary expenses of the Authority with respect to the Project for major repairs, renewals, replacements or maintenance items of a type not recurring annually or at shorter intervals. The Trustee will apply such amounts to the payment of such expenses upon the same terms and in the same manner as provided in Section 403 of the Resolution.

### **Application and Investment of Rate Stabilization Fund (Section 511)**

If on any date the amount in the Bond Reserve Fund will be less than the Bond Reserve Requirement as of such date, the Trustee will withdraw from the General Fund, the Renewal and Replacement Fund and then the Rate Stabilization Fund and pay into the Bond Reserve Fund the amount needed to increase the amount in the Bond Reserve Fund so that it equals the Bond Reserve Requirement.

The Trustee will deposit into the Rate Stabilization Fund, only to the extent of the money available at the time of such deposit, an amount of money equal to the Rate Stabilization Requirement. For purposes of formulating its schedule of rates and charges to be charged and collected in accordance with Section 611 of the Resolution, the Authority may anticipate and utilize as a Revenue for any Fiscal Year, money from the Rate Stabilization Fund to the extent that such amounts are realized and are on hand in the Rate Stabilization Fund.

The Rate Stabilization Requirement, if any, will be an amount established at least annually in a supplemental resolution of the Authority provided however, that the Rate Stabilization Requirement will be an amount of money which does not exceed 33% of the rates and charges charged, imposed and collected pursuant to Section 611 of the Resolution.

Pending application of funds from the Rate Stabilization Fund as a Revenue by deposit into the Revenue Fund, any moneys in the Rate Stabilization Fund will be invested in accordance with the Resolution. Investment income from the investment of moneys on deposit in the Rate Stabilization Fund will be deposited into the Revenue Fund.

### **Application and Investment of General Fund (Section 512)**

If on any date the amount which is on deposit in the Bond Reserve Fund will be less than the Bond Reserve Requirement, as calculated on such date, the Trustee will withdraw from the General Fund and will pay into the Bond Reserve Fund the amount which is needed to increase the amount which is on deposit in the Bond Reserve Fund so that it equals the Bond Reserve Requirement.

Notwithstanding any other provision of the Resolution, whenever at any date in any Fiscal Year (a) the amount which is on deposit in the Bond Service Fund equals or exceeds the Bond Service Requirement, (b) the amount which is on deposit in the Sinking Fund, if any, equals or exceeds the aggregate amount of all Sinking Fund Installments which are due on the next ensuing principal payment date, (c) the amount which is on deposit in the Bond Reserve Fund equals or exceeds the Bond Reserve Requirement, (d) the amount which is on deposit in the Renewal and Replacement Fund equals or exceeds the Project Reserve Requirement, (e) the amount on deposit in the Rate Stabilization Fund equals or exceeds the Rate Stabilization Requirement, (f) the Authority is not in default in the payment of the principal or Redemption Price of or interest on any of the Bonds, and (g) the Authority is not in default in the payment of any costs which are due and payable to the issuer of any Credit Facility or Liquidity Facility pursuant to the terms of any agreement between the Authority and such issuer, and all administrative costs of the Authority, including the fees and expenses of any Fiduciary, have been paid, the Trustee will, upon receipt of the written direction of the Authority, withdraw from and pay out of the General Fund, free and clear of any lien or pledge created by the terms of the Resolution, any amount which is then on deposit in the General Fund. All amounts which are so withdrawn by the Trustee from the General Fund will forthwith upon withdrawal be paid to the Authority and such amounts may be used by the Authority for any lawful purpose. Unless otherwise specifically provided by the Authority, all amounts which are so paid to the Authority will, upon withdrawal, be forever free and clear of any lien or pledge created by the terms of the Resolution. Any amounts which are so withdrawn may be deposited in the Revenue Fund to enable the Authority to meet the requirements of Section 613 of the Resolution.

Any moneys which are on deposit in the General Fund will be invested in accordance with the Resolution.

### **Application and Investment of Rebate Fund (Section 513)**

Notwithstanding any other provision in the Resolution to the contrary, including Article X of the Resolution, all moneys which are subject to rebate to the United States government pursuant to the provisions of the Code (in order to ensure that interest on any Bonds which are issued as Tax-Exempt Obligations continues to be excludable from Federal income taxation), as determined by the Authority in accordance with the terms of Section 513 of the Resolution, will be withdrawn from the accounts which are held under the Resolution (other than from any funds which are held for the payment, of the purchase price for Variable Rate Bonds upon the tender of such Variable Rate Bonds by the Holders thereof), at the written direction of the Authority, and be deposited in the Rebate Fund. Moneys which are on deposit in the Rebate Fund will be invested by the Trustee, at the oral direction of an Authority Officer (promptly confirmed in writing), in Investment Obligations; provided however, that such investments will mature in such amounts and at such times as will permit funds to be available when needed to make payments to the United States Government in accordance with the terms of Section 513 of the Resolution. All income from such Investment Obligations will be held within the Rebate Fund.

### **Assignment of County Guaranty (Section 516)**

Subject to the terms of Section 614 of the Resolution, all rights of the Authority to receive payments from the County under the provisions of the County Guaranty are pledged for the benefit and security of the Holders of the Series of Bonds which are specifically entitled to

the benefits of the County Guaranty and the issuer of any Credit Facility or Liquidity Facility for such Series of Bonds in order to secure the punctual payment by the Authority of the principal of and interest on such Bonds and, for said purpose, such rights are assigned pursuant to the Resolution by the Authority to the Trustee. All payments which are to be received by the Authority pursuant to the terms of the County Guaranty are to be paid directly to the Trustee for deposit into the Bond Service Fund in accordance with the provisions of Section 204, Section 503 and Section 507 of the Resolution. Prior to or simultaneously with the delivery of each Series of Bonds which are specifically entitled to the benefits of the County Guaranty upon original issuance, an Authority Officer will deliver notification of such assignment to an Authorized County Representative.

### **Subrogation of County to Bondholders (Section 517)**

The County shall, to the extent it incurs County Guaranty Costs pursuant to the County Guaranty and the County Guaranty Agreement to cure a deficiency in debt service on the Bonds, become subrogated to the rights of Bondholders. In the case of subrogation for payments applied to the payment of debt service on the Bonds on any interest payment date and/or principal payment date, the Trustee shall upon and in accordance with written direction of the County note on its records the County's rights as subrogee on the funds and accounts of the Authority held under the Resolution."

### **Operation and Maintenance of Project (Section 603)**

The Authority will, at all times (a) operate the Project (or cause same to be operated) properly and in a sound and economical manner, and (b) maintain, preserve and keep the same properly (or cause the same to be so maintained, preserved and kept), including all appurtenances thereto and every part and parcel thereof, in good repair, working order and condition. Further, the Authority will make (or cause to be made) from time to time, all necessary and proper repairs, replacements and renewals so that the operation of the Project may be properly and advantageously conducted at all times.

### **Powers as to Project and as to Collection of Revenues (Section 607)**

The Authority has, and will have, as long as any Bonds remain Outstanding, good right and lawful authority to construct the Project and to maintain, operate, improve and reconstruct the Project or to provide for the maintenance, operation, improvement and reconstruction of same. The Authority has the power and covenants to prescribe and from time to time charge and collect rates to be charged for use of the Project and to demand and to collect all Revenues which are due or which are becoming due to it for the use of the Project or other components of its solid waste system, subject, however, to the paramount powers of the State of New Jersey or the United States of America.

The Authority will so operate and maintain the Project or cause the Project to be so operated and maintained as to entitle it at all times to make, impose and collect Revenues with respect to the Project. The Authority will not release or modify the obligations of any user of the Project that would in any way limit any such user's obligation to make payment of such rents, rates, fees or other charges imposed by the Authority for such use of the Project. The Authority will take all reasonable measures permitted by law to enforce payment to it of all Revenues, and



will at all times, to the extent permitted by law, defend, preserve and protect the rights, benefits and privileges of the Authority and of the Bondholders under or with respect to the Resolution.

### **Limitations on Operating Expenses (Section 610)**

The Authority will not incur Operating Expenses in any Fiscal Year in excess of the reasonable and necessary amount thereof and will not expend any amount or incur any indebtedness for Operating Expenses in excess of the amounts which are provided for Operating Expenses in the Annual Budget which is then in effect. Nothing which is contained in Section 610 of the Resolution will limit the amount that the Authority may expend for Operating Expenses in any Fiscal Year. Moneys which are available in the General Fund may be used by the Authority for the payment of Operating Expenses, subject to the provisions of Section 511 of the Resolution.

### **Rates and Charges (Section 611)**

With respect to the use of the Project, the Authority will make, impose, charge and collect Revenues and other charges in accordance with the terms of the Act, other applicable laws of the State of New Jersey, and as provided in the following paragraph.

Such Revenues and other charges for or with respect to the use of the Project will be so estimated, computed, made, charged, imposed, collected and revised from time to time so that the Revenues or charges which are collected and paid to the Trustee pursuant to the terms of Article V of the Resolution for each Fiscal Year, commencing in the first Fiscal Year after the Project, or any part thereof, is placed in operation, together with other moneys which are available or which will be available in the Revenue Fund, will be at least sufficient (a) to pay the Operating Expenses of the Authority with respect to the Project in each Fiscal Year; (b) to provide in each Fiscal Year an amount which is equal to the Bond Service Requirement (except any part thereof the payment of which has been provided for by the deposit of proceeds derived from the sale of Bonds in the Bond Service Fund), (c) to provide in each Fiscal Year the amount, if any, which is needed so that the amount which is on deposit in the (i) Bond Reserve Fund will equal the Bond Reserve Requirement and (ii) Renewal and Replacement Fund will equal the Project Reserve Requirement, (d) to provide for the payment of all other charges or liens which are related to the Project whatsoever which are payable by the Authority out of such rents, fees and charges during such Fiscal Year, and (e) to provide in such Fiscal Year for payment of any additional amounts which are necessary to comply with the provisions of the Resolution and all other statutory and legal obligations of the Authority. For the purpose of Section 611 of the Resolution, Revenues will be deemed to include any funds, other than funds which have been borrowed by the Authority, which the Authority deposits in the Revenue Fund, regardless of the source thereof; provided however, that, notwithstanding the provisions of this sentence, for purposes of satisfying the provisions of clauses (a), and (b) above, the amount of such funds so deposited from extraordinary sources, other than rents, fees and charges made and collected by the Authority in connection with the use or operation of the Project, will not exceed 10% of the amounts required by such clauses (a) and (b). Notwithstanding the provisions of Section 611 of the Resolution, the Authority will not be required to charge Revenues and other charges if, in the opinion of the Consulting Engineer, such rents, fees and other charges would result in a decrease in Revenues of the Authority.

### **Compliance With County Guaranty and Enforcement of Revenues (Section 612)**

The Authority will so plan, schedule and prosecute all construction on or about the Project as to entitle it to make, impose and collect rates, fees and charges pursuant to the terms of the Act and in compliance with the provisions of Section 613 of the Resolution. To the extent that Bonds of any Series are entitled to the benefits of the County Guaranty, the Authority will not release or modify the obligations of the County under the terms of the County Guaranty in any manner which would adversely affect the County's obligation to make payments thereunder; provided further, that in the event that any Bonds which are entitled to the benefits of the County Guaranty are additionally secured by any Credit Facility and/or Liquidity Facility, the County Guaranty may not be amended without the prior written consent of the issuer of such Credit Facility or Liquidity Facility, which consent will not be unreasonably withheld. Any modification of the County Guaranty will be delivered to the Trustee and will be accompanied by a Counsel's Opinion which states that such modification is in compliance with the provisions of Section 612 of the Resolution. The Authority will take all reasonable measures which are permitted by the Act or otherwise by law, to enforce prompt payment to it of all Revenues, and will at all times, to the extent permitted by the Act or otherwise by law, defend, enforce, preserve and protect the rights, benefits and privileges of the Authority, the Trustee and of the Bondholders under or with respect to the County Guaranty to the extent that Bonds of a particular Series are entitled to the benefits of such County Guaranty.

### **Sale or Encumbrance (Section 614)**

No part of the Project shall be sold, mortgaged, pledged, encumbered or otherwise disposed of by the Authority; provided however, that the Authority may, at any time and from time to time, sell or exchange a portion of the Project which the Authority determines by resolution is not useful or necessary in the construction, reconstruction or operation thereof. Any proceeds which are derived from any such sale or exchange which are not used to replace the property so sold or exchanged shall be paid to the Trustee and shall be deposited in the Bond Service Fund and applied to the payment of the principal or Redemption Price of and interest on the Bonds.

### **Creation of Liens, Subordinated Indebtedness (Section 615)**

Except as provided in Section 317 of the Resolution (relating to the issuance of Additional Bonds) and this Section 615 of the Resolution, the Authority shall not issue any bonds, notes, or other evidences of indebtedness, other than the Bonds, which are secured by a pledge of or other lien or charge on the Revenues and shall not create or cause to be created any lien or charge on such Revenues or on any amounts which are held by the Trustee or by any Paying Agent under the terms of the Resolution; provided however, that neither Section 615 of the Resolution nor any other provision of the Resolution shall prevent the Authority from issuing bonds or notes or other obligations for the purposes of the Authority which are payable out of, or which are secured by a pledge of Revenues which are to be derived on and after such date as the pledge of such Revenues which is provided in the Resolution shall be discharged and satisfied as provided in Section 1201 of the Resolution. In addition, the Authority shall not be prevented from issuing bonds or notes or other obligations for the purposes of the Authority which are payable out of or which are secured by a subordinate pledge of the Revenues, or by a pledge of amounts which may be withdrawn from the General Fund pursuant to the terms of paragraph (2)

of Section 510 of the Resolution, and (a) that are issued for a purpose, the completion of which, in the opinion of an Authority Officer (as evidenced by a certificate filed with the Trustee) will not cause a reduction in Revenues to be thereafter derived by or for the account of the Authority, and (b) which shall recite on their face that such pledge of said amounts is and shall be in all respects subordinate to the provisions of the Resolution and the lien and pledge created by the Resolution.

### **Privilege of Redemption and Redemption Prices (Section 701)**

The Bonds of any Series which are subject to redemption prior to maturity at the option of the Authority will be subject to redemption by or on behalf of the Authority upon the giving of notice as provided in Article VII of the Resolution. Such Bonds will be redeemed at the Redemption Prices set forth in said Bonds and which are applicable upon such redemption. If less than all of the Bonds of such Series of like maturity which are then Outstanding are to be redeemed, the particular Bonds to be redeemed will be selected by lot in the manner set forth in Article VII of the Resolution.

### **Powers of Amendment (Section 902)**

Any modification or amendment of the Supplemental Resolution and of the rights and obligations of the Authority and of the Holders of the Bonds in any particular Series, may be made by Supplemental Resolution of the Authority, as specified, with the written consent given (as provided in Section 903 of the Resolution) of the Holders of at least two-thirds in aggregate principal amount of the Bonds then Outstanding, or, if said Supplemental Resolution affects only the Holders of a certain Series of Bonds, the Holders of at least two-thirds in aggregate principal amount of the Bonds of such Series Outstanding at the time such consent is given, but no such modification or amendment will permit a change in the maturity or terms of redemption of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or Redemption Price thereof or in the rate of interest thereon or any security therefor without the consent of the Holder of such Bond; provided however, in the event that any Bonds of a particular Series are secured by a Credit Facility or Liquidity Facility, no Supplemental Resolution will be adopted which modifies or affects the rights, duties or obligations of the issuer of such Credit Facility or Liquidity Facility without its prior written consent. Further, no such modification or amendment will reduce the percentages or otherwise affect the description of Bonds, the consent of the Holders of which is required to effect any such modification or amendment. The Trustee may, in its sole discretion or upon reliance on an opinion of Counsel (which may be a Counsel's Opinion), determine whether, in accordance with the foregoing powers of amendment, Bonds of any particular Series or maturity, or any particular Holder, would be affected by any modification or amendment of the Resolution and any such determination will be binding and conclusive on the Authority and on all Holders of Bonds when such determination is delivered in writing to the Authority by the Trustee.

### **Events of Default (Section 1001)**

The occurrence of any of the following events is defined as and declared to be and to constitute an "Event of Default":

(a) Default by the Authority in the due and punctual payment of any interest on any Bond; or

(b) Default by the Authority in the due and punctual payment of the principal or redemption premium, if any, of any Bond, whether at the stated maturity thereof, the tender thereof in accordance with the provisions of the Supplemental Resolution authorizing the issuance of Variable Rate Bonds or the redemption date set therefor in accordance with the terms of the Resolution; or

(c) Subject to the provisions of Section 1011 of the Resolution, failure by the Authority to observe and to perform any covenant, condition or agreement on the part of the Authority which is provided by Resolution and the continuance of such failure for a period of thirty (30) days after written notice, or such longer period as will be provided under Section 1011 of the Resolution, specifying such failure and requesting that it be remedied, will be given to the Authority by the Trustee; or

(d) The filing of a petition by the Authority seeking a composition of indebtedness under the Federal Bankruptcy Laws or under any other applicable law or statute of the United States of America or of the State of New Jersey; or

(e) Such additional Events of Default as may be set forth in a Supplemental Resolution of the Authority duly adopted in connection with the issuance of any Series of Bonds.

### **Acceleration (Section 1002)**

Unless otherwise provided in a Supplemental Resolution duly adopted in connection with the issuance of any Series of Bonds, upon the occurrence of an Event of Default which is identified in Section 1001(a), (b) or (c) of the Resolution, at the written request of the Holders of not less than a majority in aggregate principal amount of Bonds which are then Outstanding, the Trustee will declare the principal of all Bonds which are then Outstanding and the interest which has accrued thereon to the date of such acceleration to be immediately due and payable by written notice delivered to the Authority.

Unless otherwise provided in a Supplemental Resolution duly adopted in connection with the issuance of any Series of Bonds, upon the occurrence of an Event of Default which is identified in Section 1001(d) of the Resolution and such Event of Default continues without remedy for a period of thirty (30) days, at the written request of the Holders of not less than a majority in aggregate principal amount of Bonds which are then Outstanding, the Trustee will declare the principal of all Bonds which are then Outstanding and the interest which has accrued thereon to the date of such acceleration to be immediately due and payable by written notice to the Authority.

Upon any declaration provided in Section 1002 of the Resolution, the principal of and interest on all Bonds which are then Outstanding will become immediately due and payable.

Upon the occurrence of any Event of Default which is identified in Section 1001(e) of the Resolution, the Trustee will take such actions as are set forth in the Supplemental Resolution identified in Section 1001(e) of the Resolution.

## **Defeasance (Section 1201)**

If the Authority shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of all or any Bonds of a particular Series, or any maturity within a Series, the principal or redemption price of and interest due or to become due thereon, at the times and in the manner stipulated therein and in the Resolution, then (a) the pledge of any Revenues, and other moneys and securities which are pledged to the Holders of such Series, or maturity within a Series, under the terms of the Resolution, (b) all covenants, agreements and other obligations of the Authority and (c) the lien, benefit and security under the Resolution, shall thereupon cease, terminate and become void and shall be discharged and satisfied. In such event, the Trustee shall cause a statement to be prepared and filed with the Authority for such period or periods as shall be requested by the Authority, and, upon the request of the Authority, the Trustee shall execute and deliver to the Authority, all such instruments as may be desirable to evidence such discharge and satisfaction, and, upon payment of all fees and expenses which are due and owing to the Trustee and any Paying Agent, and to the County for County Guaranty Costs, the Trustee and any Paying Agent shall pay over or deliver to the Authority all moneys or securities which are held by them pursuant to the terms of the Resolution which are not required for the payment of the principal or redemption price of and interest which is due or which is to become due on the Bonds of such Series, or maturity within such Series.

All or any Bonds of any Series, or of any maturity within a Series, for the payment or redemption of which moneys will have been set aside and will be held in trust will be deemed to have been paid within the meaning and with the effect expressed in the preceding paragraph of Section 1201 of the Resolution. All or any Outstanding Bonds of such Series, or of any maturity within such Series will, prior to the maturity or redemption date thereof, be deemed to have been paid within the meaning and with the effect expressed in the preceding paragraph of Section 1201 of the Resolution if (a) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Authority will have given to the Trustee (in a form which is satisfactory to the Trustee) irrevocable written instructions to mail notice of redemption of such Bonds on said date, (b) there will have been deposited with the Trustee, either (i) moneys in an amount which will be sufficient, or (ii) direct non-callable obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, to which direct obligation or guarantee the full faith and credit of the United States of America has been pledged, Refcorp interest strips, CATS, TIGRS, STRPS, or defeased municipal bonds rated AAA by S&P or Aaa by Moody's (or any combination thereof) and such other obligations as the Bond Insurer may approve the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, which have been deposited with the Trustee at the same time will be sufficient to pay when due the principal or Redemption Price of and the interest which is due and which is to become due on said Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and (c) in the event said Bonds are not by their terms subject to redemption, within the next succeeding sixty (60) days, the Authority will have given the Trustee (in a form which is satisfactory to the Trustee) irrevocable written instructions to mail, as soon as practicable, a notice to the Holders of such Bonds that the deposit required by clause (b) above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with the terms of Section 1201 of the Resolution and such notice will state such maturity or redemption date upon which moneys are to be available for the payment of the principal or Redemption Price of and interest on said

Bonds. In the event of an advance refunding, the Authority will cause to be delivered a verification report of an independent nationally recognized certified public accountant. To the extent that the moneys or the principal of and interest on the obligations referred to above are sufficient to provide for the defeasance of all Outstanding Bonds of such Series, or a maturity within such Series, any additional moneys which are generated or which are available may be paid over to the Authority by the Trustee and may be used by the Authority for any lawful purpose, free and clear of any trust, lien or pledge. Any deficiency in the amounts which are on deposit with the Trustee which are necessary to accomplish a defeasance of the Bonds in accordance with the terms of Section 1201 of the Resolution will be deposited promptly by the Authority with the Trustee for the purposes of accomplishing said defeasance.

Notwithstanding anything contained in the Resolution to the contrary, no such defeasance shall be effective until all payments which are due and owing to (i) the issuer of any Credit Facility or Liquidity Facility issued for or with respect to the Bonds to be defeased and (ii) the County to the extent the County has paid money to the Trustee pursuant to the County Guaranty and County Guaranty Agreement to cure a deficiency in the Bond Service Fund with respect to the Bonds to be defeased on behalf of the Authority and the County remains unreimbursed for the County Guaranty Costs associated with the making of such payment have been paid by, or on behalf of, the Authority.

Notwithstanding anything in Section 1201 of the Resolution to the contrary, any obligation of the Authority to make a payment to the United States of America pursuant to the provisions of Section 511 of the Resolution will survive the defeasance of the lien of the Resolution provided under Section 1201 of the Resolution.

Notwithstanding anything contained in Section 1201 of the Resolution to the contrary, any payments made pursuant to Section 1201 of the Resolution by the issuer of any Credit Facility will be deemed to be made in satisfaction of the Authority's obligations to the Holders of the Bonds with respect to which and to the extent to which such payments are made. However, such payments by the issuer of such Credit Facility will not be deemed to satisfy the Authority's obligation to make payment to the issuer of such Credit Facility for or in respect of such Bonds.

**APPENDIX D**

**PROPOSED FORM OF OPINION OF BOND COUNSEL**



March \_\_, 2023

The Gloucester County Improvement Authority  
109 Budd Boulevard  
Woodbury, New Jersey

**RE: \$9,225,000 THE GLOUCESTER COUNTY IMPROVEMENT  
AUTHORITY, COUNTY GUARANTEED SOLID WASTE REVENUE  
BONDS (LANDFILL PROJECT – CELL 16), SERIES 2023**

Ladies and Gentlemen:

We have served as Bond Counsel to the Gloucester County Improvement Authority ("Authority"), in connection with the issuance and sale of \$9,225,000 aggregate principal amount of its County Guaranteed Solid Waste Revenue Bonds (Landfill Project – Cell 16), Series 2023 ("2023 Bonds").

The 2023 Bonds are issued pursuant to: (i) the County Improvement Authorities Law, constituting Chapter 183 of the Pamphlet Laws of 1960 of the State of New Jersey ("State") (*N.J.S.A. 40:37A-44 et seq.*) and the acts amendatory thereof and supplemental thereto ("Act"); and (ii) a bond resolution of the Authority, duly adopted on July 8, 1992 ("Original Resolution"), as amended and supplemented to date and, in particular, as amended and supplemented by a Supplemental Resolution of the Authority, duly adopted on December 15, 2022 ("Supplemental Resolution"), and a Certificate of Authority Officer, dated March \_\_, 2023 ("Award Certificate"), executed by the Executive Director of the Authority (the Original Resolution, as amended and supplemented, including by the Supplemental Resolution and by the Award Certificate, shall be referred to as the "Bond Resolution"). Capitalized terms, not otherwise defined herein, shall have the meanings ascribed thereto in the Bond Resolution, unless the context clearly requires otherwise.

The 2023 Bonds are being issued by the Authority to provide funds which will be used to finance: (i) the costs of acquisition, design, construction and equipping of a new landfill cell (Cell 16) at the Authority-owned solid waste landfill ("Project") located at the Gloucester County Solid Waste Complex ("Complex") in the Township of South Harrison, in the County, to increase the waste disposal capacity of the Project; (ii) the costs of acquisition, design, and construction of other related capital improvements at the Complex; and (iii) pay the costs of issuance with respect to the sale and delivery of the 2023 Bonds.

The 2023 Bonds are direct and special obligations of the Authority payable solely from the Revenues generated in connection with the Complex as set forth under the Bond Resolution. The 2023 Bonds are also secured by the provisions of a guaranty ordinance, duly and finally adopted by the Board of County Commissioners ("Board") of the County of Gloucester ("County") on April 24, 1985, as previously amended to date, and as further amended by a guaranty ordinance duly and





finally adopted by the Board on December 21, 2022 (as amended, the "Guaranty Ordinance"), pursuant to which the County has unconditionally guaranteed the payment, when due, of the principal of and interest on the 2023 Bonds ("County Guaranty").

The 2023 Bonds are dated March \_\_, 2023, mature on September 1 in each of the years and the respective principal amounts set opposite each such year in the table below and bear interest at the rates per annum below, respectively, payable semi-annually on March 1 and September 1, commencing on September 1, 2023, in each year until maturity or earlier redemption.

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2024	\$450,000	%	2030	\$890,000	%
2025	695,000		2031	935,000	
2026	730,000		2032	985,000	
2027	765,000		2033	1,035,000	
2028	805,000		2034	1,090,000	
2029	845,000				

The 2023 Bonds are issued in fully registered book-entry-only form and are subject to optional redemption prior to maturity in the manner and upon the terms and conditions set forth in the Official Statement, dated March \_\_, 2023.

As Bond Counsel to the Authority, we have examined certified copies of the Bond Resolution and the Guaranty Ordinance, an executed copy of the Award Certificate and such statutes of the State and such resolutions of the Authority and the County (solely with respect to the Guaranty Ordinance) and proceedings relating thereto as we have deemed necessary to enable us to render the opinions set forth below. We have also examined and relied upon the proceedings authorizing the issuance of the 2023 Bonds, certain certifications and agreements (including a Certificate as to Non-Arbitrage and Other Tax Matters ("Nonarbitrage Certificate") executed by the Authority and intended to satisfy certain provisions of the Internal Revenue Code of 1986, as amended ("Code"), and applicable Treasury Regulations), receipts and other documents which we have considered relevant. We have also examined a specimen of the 2023 Bond and have relied on certifications as to the execution and authentication of the 2023 Bonds. We have assumed that all documents, records and other instruments examined by us are genuine, accurate and complete and we have not undertaken to verify the factual matters set forth in any certificates or other documents by independent investigation.

Based upon and subject to the foregoing, we are of the following opinion:

1. The Authority has been duly created and is validly existing under the provisions of the Constitution and the laws of the State, including the Act.
2. The Bond Resolution has been duly adopted by the Authority and constitutes a legal, valid and binding obligation of the Authority, enforceable in accordance with its terms except to the extent that enforcement thereof may be limited by applicable bankruptcy, insolvency, moratorium or other laws or other legal or equitable principles affecting the enforcement of creditors' rights generally ("Creditors' Rights Limitations").



3. The 2023 Bonds have been duly authorized, executed, authenticated, issued and delivered and constitute legal, valid and binding, direct and special obligations of the Authority, enforceable in accordance with the terms thereof, except to the extent that enforcement thereof may be limited by Creditors' Rights Limitations.

4. The Guaranty Ordinance was duly authorized and adopted by the Board. Pursuant to the County Guaranty, payment of the principal of and interest on the 2023 Bonds, when due, is unconditionally guaranteed by the County and, to the extent payment of the 2023 Bonds is not otherwise provided, the County will be unconditionally and irrevocably obligated to levy *ad valorem* taxes upon all the taxable real property within the jurisdiction of the County without limitation as to rate or amount for the payment, when due, of the principal of and interest on the 2023 Bonds.

5. Interest on the 2023 Bonds is not included for federal income tax purposes in the gross income of the owners thereof pursuant to Section 103 of the Code and will not constitute a tax preference item for purposes of the alternative minimum tax imposed on individuals; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on such corporations.

Section 884 of the Code imposes on certain foreign corporations a branch profits tax equal to thirty percent (30%) of the "dividend equivalent amount" for the taxable year. Interest on the 2023 Bonds received or accrued by a foreign corporation subject to the branch profits tax is included in computing the "dividend equivalent amount" of such corporation.

In addition, passive investment income, including interest on the 2023 Bonds, may be subject to federal income taxation under Section 1375 of the Code for any S corporation that has Subchapter C earnings and profits at the close of the taxable year, if more than twenty-five percent (25%) of the gross receipts of such S corporation is passive investment income.

In rendering this opinion, we have assumed continuing compliance by the Authority with: (i) the covenants contained in the Bond Resolution and the Nonarbitrage Certificate; and (ii) the applicable requirements of the Code, including requirements relating to, *inter alia*, the use and investment of proceeds of the 2023 Bonds and rebate to the United States Treasury of specified arbitrage earnings, if any, under Section 148(f) of the Code. Failure of the Authority to comply with such covenants could result in the interest on the 2023 Bonds being subject to federal income tax retroactive to the date of issue. We have not undertaken to monitor compliance with such covenants or to advise any party as to changes in the law after the date hereof that may affect the tax-exempt status of the interest on the 2023 Bonds.

Ownership of the 2023 Bonds may result in collateral federal income tax consequences to certain taxpayers including, without limitation, financial institutions, certain holders of an interest in a financial asset securitization investment trust, property and casualty insurance companies, controlled foreign corporations, individual recipients of Social Security or Railroad Retirement benefits, individuals who otherwise qualify for the earned income credit to individuals and families



that qualify for a premium assistance credit amount under Section 36B of the Code. The Code denies the earned income credit to an individual who is otherwise eligible if the aggregate amount of disqualified income of the taxpayer for the taxable year exceeds certain limits set forth in Sections 32(i) and (j) of the Code. Interest on the 2023 Bonds will constitute disqualified income for this purpose. The Code also provides that the earned income credit is phased out if the modified adjusted gross income of the taxpayer exceeds certain amounts. Interest on the 2023 Bonds is included in determining the modified adjusted gross income of the taxpayer. Section 36B of the Code provides that the amount of the premium assistance credit amount is in part determined by household income. Section 36B(d) of the Code provides that household income consists of the "modified adjusted gross income" of the taxpayer and certain other individuals. "Modified adjusted gross income" means adjusted gross income increased by certain amounts, including interest received or accrued by the taxpayer which is exempt from tax, such as the interest on the 2023 Bonds.

In addition, attention is called to the fact that Section 265(b)(1) of the Code eliminates the interest deduction otherwise allowable with respect to indebtedness deemed incurred by banks, thrift institutions and other financial institutions to purchase or to carry tax-exempt obligations acquired after August 7, 1986 other than "qualified tax-exempt obligations" as defined in Section 265(b)(3) of the Code. The Authority has *not* designated the 2023 Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

Owners of the 2023 Bonds should consult their own tax advisors as to the applicability and effect on their federal income taxes of the alternative minimum tax, the branch profits tax and the tax on passive investment income of S corporations, as well as the applicability and effect of any other collateral federal income tax consequences.

6. Interest on the 2023 Bonds and any gain from the sale thereof are not included in the gross income of the owners thereof under the New Jersey Gross Income Tax Act, as enacted and construed on the date hereof.

We call your attention to the fact that the 2023 Bonds are direct and special obligations of the Authority payable solely from the Revenues of the Complex. The 2023 Bonds do not constitute a debt or obligation of the State or any political subdivision thereof (except the Authority, to the extent of the Revenues, and the County, to the extent of the County Guaranty), and neither the credit nor the taxing power of the State or any political subdivision thereof (except the Authority, to the extent of the Revenues, and the County, to the extent of the County Guaranty) is pledged for the payment of the principal of, redemption premium, if any, or interest on the 2023 Bonds. The Authority has no taxing power.

We express no opinion as to any matter not set forth in the numbered paragraphs above including, without limitation, any financial or other information which has been or may be supplied to purchasers of the 2023 Bonds.

The opinions expressed in the numbered paragraphs above are being rendered on the basis of federal law and the laws of the State, as presently enacted and construed, and we assume no



responsibility to advise any party as to any changes in law or fact 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 above.

This letter is being provided solely for the benefit of the Authority and may not be relied upon by any other person, party, firm or organization without our prior written consent.

Very truly yours,

**APPENDIX E**

**FORM OF COUNTY CONTINUING DISCLOSURE AGREEMENT**

## CONTINUING DISCLOSURE AGREEMENT

**THIS CONTINUING DISCLOSURE AGREEMENT** ("Disclosure Agreement") is made on this \_\_\_ day of March, 2023 by and between the County of Gloucester, New Jersey ("County") and Acacia Financial Group, Inc. ("Dissemination Agent"), which is also serving as trustee under a bond resolution duly adopted by The Gloucester County Improvement Authority ("Authority") on July 8, 1992, as amended and supplemented to date and, in particular, as amended and supplemented by a Supplemental Resolution of the Authority, duly adopted on December 15, 2022, and as further amended and supplemented by a Certificate of Authority Officer on March \_\_, 2023 (collectively, the "Bond Resolution"). This Disclosure Agreement is entered into in connection with the issuance and sale of the Authority's County Guaranteed Solid Waste Revenue Bonds (Landfill Expansion Project – Cell 16), Series 2023 ("2023 Bonds").

**SECTION 1. Purpose of the Disclosure Agreement.** This Disclosure Agreement is being executed and delivered for the benefit of the holders and beneficial owners of the 2023 Bonds (collectively, "Bondholders") and in compliance with the provisions of Rule 15c2-12(b)(5), promulgated by the Securities and Exchange Commission ("Commission") pursuant to the Securities Exchange Act of 1934, as it may be amended and supplemented from time to time, including administrative or judicial interpretations thereof, as it applies to the 2023 Bonds ("Rule").

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

**"Annual Report"** shall mean the County's Annual Report provided pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

**"Business Day"** shall mean any day other than a Saturday, Sunday or a day on which the County or the Dissemination Agent is authorized by law or contract to remain closed.

**"Commission"** shall have the meaning set forth in Section 1 of this Disclosure Agreement.

**"Continuing Disclosure Information"** shall mean, collectively, (i) the Annual Report; (ii) any notice required to be filed with the National Repository pursuant to Section 5 hereof; and (iii) any notice of an event required to be filed with the National Repository pursuant to Section 3(c) hereof.

**"EMMA"** shall mean the Electronic Municipal Market Access System, an internet based filing system created and maintained by the MSRB in accordance with Release No. 34-59062, of the Commission, dated December 5, 2008, pursuant to which issuers of tax-exempt bonds, including the 2023 Bonds, and other filers on behalf of such issuers shall upload Continuing Disclosure Information to assist underwriters in complying with the Rule and to provide the general public with access to such Continuing Disclosure Information.

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

**"MSRB"** shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Exchange Act.

**"National Repository"** shall mean the MSRB, through the internet facilities of EMMA, or any other public or private repository or entity that shall hereafter be designated by the Commission as a repository for purposes of the Rule.

**"Opinion of Counsel"** shall mean a written opinion of counsel expert in federal securities law acceptable to the County.

**"Rule"** shall have the meaning set forth in Section 1 of this Disclosure Agreement.

### **SECTION 3. Provision of Annual Report.**

(a) The County shall not later than two hundred seventy (270) days after the end of its fiscal year (currently December 31) for each fiscal year until termination of the County's reporting obligations under this Disclosure Agreement pursuant to the provisions of Section 6 hereof provide to the Dissemination Agent, the Annual Report prepared for the preceding fiscal year of the County (commencing for the fiscal year ending December 31, 2022). Each Annual Report provided to the Dissemination Agent by the County shall comply with the requirements of Section 4 of this Disclosure Agreement but may be submitted as a single document or as separate documents comprising a package and may cross-reference other information submitted to the National Repository. Any and all items that must be included in the Annual Report may be incorporated by reference from other information that is available to the public on EMMA, or that has been filed with the Commission.

(b) The Dissemination Agent, promptly (within fifteen (15) Business Days) after receiving the Annual Report from the County, shall submit each Annual Report received by it to the National Repository and the Authority and thereafter shall file a written report with the County certifying that the Annual Report has been provided pursuant to this Disclosure Agreement to the National Repository and the Authority and stating the date it was provided to the National Repository and the Authority.

(c) If the County fails to provide the Annual Report to the Dissemination Agent by the date required in subsection (a) of this Section 3, the Dissemination Agent shall send a notice to the County (with a copy to the Authority and the Bond Trustee (if other than the Dissemination Agent) advising of such failure. Whether or not such notice is given or received, if the County thereafter fails to submit the Annual Report to the Dissemination Agent within fifteen (15) Business Days after the Annual Report was due pursuant to the provisions of subsection (a) of this Section 3, the Dissemination Agent shall promptly send a notice to the National Repository (with copies of said notice to the County, the Authority and the Bond Trustee) in substantially the form attached as EXHIBIT "A" hereto.

### **SECTION 4. Contents of Annual Report.**

(a) Annual Report shall mean: (i) the general financial information and operating data of the County consistent with the information set forth in Appendix "A" to the Official Statement of the Authority, dated March \_\_, 2023, prepared in connection with the public offering and sale of the 2023 Bonds ("Official Statement"); and (ii) the County's annual financial statements using the accounting standards set forth below in subsection (b) of this Section 4 and audited by an

independent certified public accountant, substantially in the form set forth in Appendix "B" to the Official Statement, provided that the annual audited financial statements of the County may be submitted separately from the balance of the Annual Report and later than the date required in Section 3(a) hereof for the filing of the Annual Report if the annual audited financial statements are not available by that date, but only if the unaudited financial statements of the County are included in the Annual Report.

(b) Each annual audited financial statement will conform to generally accepted accounting principles applicable to governmental units or will be prepared in accordance with the standards of the Governmental Accounting Standards Board and requirements of the Division of Local Government Services in the New Jersey Department of Community Affairs as such principles, standards and requirements exist at the time of the filing of the particular annual audited financial statements.

#### **SECTION 5. Reporting of Significant Events.**

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following listed events ("Listed Events"):

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the 2023 Bonds, or other material events affecting the tax status of the 2023 Bonds;
- (7) modifications to the rights of Bondholders, if material;
- (8) 2023 Bond calls (excluding mandatory sinking fund redemptions), if material, or tender offers;
- (9) defeasances;
- (10) release, substitution, or sale of property securing repayment of the 2023 Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the obligated person;
- (13) the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (14) appointment of a successor or additional trustee or the change of name of a trustee, if material.



- (15) incurrence of a financial obligation<sup>1</sup> 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.

(b) The County shall within ten (10) Business Days of the occurrence of any of the Listed Events notify the Dissemination Agent in writing to report the event pursuant to subsection (c) of this Section 5. In determining the materiality a Listed Event specified in clauses (2), (7), (8), (10), (13), or (14) of subsection (a) of this Section 5, the County may, but shall not be required to, rely conclusively on an Opinion of Counsel. The Dissemination Agent shall have no obligation under this Disclosure Agreement to provide, or to monitor the County's obligation to provide, notification of the occurrence of any of the Listed Events which are material except as set forth in Section 5(c) of this Disclosure Agreement.

(c) If the Dissemination Agent has been instructed by the County to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the National Repository within five (5) Business Days of the receipt of such instruction, with a copy of such notice provided by the Dissemination Agent to the County, the Authority and the Bond Trustee.

**SECTION 6. Termination of Reporting Obligations.** The reporting obligations of the County under this Disclosure Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the 2023 Bonds or when the County is no longer an Obligated Person (as defined in the Rule) with respect to the 2023 Bonds.

**SECTION 7. Amendment; Waiver.** Notwithstanding any other provisions of this Disclosure Agreement, the County may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an Opinion of Counsel addressed to the County, the Authority and the Dissemination Agent to the effect that such amendment or waiver will not, in and of itself, cause the undertakings herein to violate the Rule. No amendment to this Disclosure Agreement shall change or modify the rights or obligations of the Dissemination Agent without its written assent thereto. The County shall give notice of such amendment or waiver to this Disclosure Agreement to the Dissemination Agent (with a copy to the Authority) and the Dissemination Agent shall file such notice with the National Repository.

**SECTION 8. Additional Information.** Nothing in this Disclosure Agreement shall be deemed to prevent the County from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement 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 Agreement. If the County chooses to include

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<sup>1</sup> The term "financial obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with Rule 15c2-12.

any information in any Annual Report or in a notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, it shall not have any obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

**SECTION 9. Default and Remedies.** In the event of a failure of the County to comply with any provision of this Disclosure Agreement, the Dissemination Agent may (and, at the request of the Bondholders of at least twenty-five percent (25%) in aggregate principal amount of Outstanding 2023 Bonds and after provision of satisfactory indemnification in accordance with the Bond Resolution, shall), or any beneficial owner of the 2023 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 Agreement. A default under this Disclosure Agreement shall not be deemed to be an Event of Default under the Bond Resolution, and the sole remedy under this Disclosure Agreement in the event of any failure of the County to comply with this Disclosure Agreement shall be an action to compel performance.

**SECTION 10. Beneficiaries.** This Disclosure Agreement shall inure solely to the benefit of the County, the Authority, the Dissemination Agent and the Bondholders, and each Bondholder is hereby declared to be a third party beneficiary of this Disclosure Agreement. Except as provided in the immediately preceding sentence, this Disclosure Agreement shall create no rights in any other person or entity.

**SECTION 11. Submission of Information to MSRB.** Any Continuing Disclosure Information filed with the MSRB in accordance with this Disclosure Agreement shall be in electronic format as shall be prescribed by the MSRB or such other format as the Rule may require or permit, and shall be accompanied by such identifying information as shall be prescribed by the MSRB or as may otherwise be required by the Rule.

**SECTION 12. Notices.** All notices and other communications required or permitted under this Disclosure Agreement shall be in writing and shall be deemed to have been duly given, made and received only when delivered (personally, by recognized national or regional courier service, or by other messenger, for delivery to the intended addressee) or when deposited in the United States mail, registered or certified mail, postage prepaid, return receipt requested, addressed as set forth below:

- (i) If to the County:

County of Gloucester, New Jersey  
Courthouse  
2 South Broad Street  
Woodbury, New Jersey 08096  
Attention: County Treasurer

- (ii) If to the Authority:

The Gloucester County Improvement Authority  
109 Budd Boulevard  
Woodbury, New Jersey 08096-3963  
Attention: Executive Director

(iii) If to the Dissemination Agent:

Acacia Financial Group, Inc.  
6000 Midlantic Drive, Suite 410 North  
Mount Laurel, New Jersey 08054  
Attention: Jennifer G. Edwards, Managing Director

Any party may alter the address to which communications are to be sent by giving notice of such change of address in conformity with the provision of this Section 13 for the giving of notice.

**SECTION 13. Compensation and Indemnification.**

(a) The County shall pay the Dissemination Agent from time to time reasonable compensation for all services rendered under this Disclosure Agreement, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of its attorneys, agents and employees, incurred in and about the performance of its powers and duties under this Disclosure Agreement.

(b) To the extent permitted by law, the County shall indemnify the Dissemination Agent in accordance with the provisions of Article XI of the Bond Resolution relating to compensation, reimbursement, immunities and liabilities of the Bond Trustee, and such provisions shall apply to the duties and responsibilities of the Dissemination Agent under this Disclosure Agreement. The Dissemination Agent shall have no responsibility for the form or content of any material prepared by the County and filed pursuant to this Disclosure Agreement. In addition, the provisions of Article XI of the Bond Resolution relating to the rights, duties and obligations of the Bond Trustee are hereby incorporated herein for the benefit of the Dissemination Agent as if set forth in full herein.

**SECTION 14. Counterparts.** This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

**SECTION 15. Appointment, Removal and Resignation of the Dissemination Agent.**

(a) The County may discharge the Dissemination Agent and satisfy its obligations under this Disclosure Agreement without the assistance of a Dissemination Agent, or the County may discharge the Dissemination Agent and appoint a successor Dissemination Agent, in either case by giving not less than thirty (30) days' written notice to the Dissemination Agent (with a copy to the Authority).

(b) The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement.

(c) The Dissemination Agent, or any successor thereto, may at any time resign and be discharged of its duties and obligations under this Disclosure Agreement by giving not less than forty-five (45) days written notice to the County and the Authority. Such resignation shall take effect on the date specified in such notice unless a replacement Dissemination Agent has not been appointed by the County, in which event, the Dissemination Agent shall continue to serve in such capacity until a successor has been appointed.

**SECTION 16. Severability.** If any provision of this Disclosure Agreement, or the application of any such provision in any jurisdiction or to any person or circumstance, shall be held invalid or unenforceable, the remaining provisions of this Disclosure Agreement, or the application of such provision as is held invalid or unenforceable in jurisdictions or to persons or circumstances other than those in or as to which it is held invalid or unenforceable, shall not be affected thereby.

**SECTION 17. Successors and Assigns.** All of the covenants, promises and agreements contained in this Disclosure Agreement by or on behalf of the County or by or on behalf of the Dissemination Agent shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

**SECTION 18. Headings for Convenience Only.** The descriptive headings in this Disclosure Agreement are inserted for convenience of reference only and shall not control or affect the meaning or construction of any of the provisions hereof.

**SECTION 19. Governing Law.** This Disclosure Agreement shall be governed by and construed in accordance with the laws of the State of New Jersey.

**[Remainder of Page Intentionally Left Blank]**

**IN WITNESS WHEREOF**, the parties hereto have caused this Disclosure Agreement to be executed as of the date first written above.

**COUNTY OF GLOUCESTER, NEW JERSEY**

**By:** \_\_\_\_\_  
**CHAD M. BRUNER, Administrator**

**ACACIA FINANCIAL GROUP, INC.,  
as Dissemination Agent**

**By:** \_\_\_\_\_  
**JENNIFER G. EDWARDS,  
Managing Director**

**EXHIBIT "A"**

**NOTICE TO NATIONAL REPOSITORY OF FAILURE TO FILE AN ANNUAL REPORT**

Name of Issuer: The Gloucester County Improvement Authority  
("Authority")

Name of Bond Issue Affected: The Gloucester County Improvement Authority  
\$9,225,000 County Guaranteed Solid Waste  
Revenue Bonds (Landfill Expansion Project – Cell  
16), 2023 Bonds

Date of Issuance of Affected Bond Issue: March \_\_, 2023

NOTICE IS HEREBY GIVEN that the County of Gloucester, New Jersey ("County") has not provided an Annual Report with respect to the above-named Bond issue as required by Section 3 of the Continuing Disclosure Agreement dated March \_\_, 2023 between the County and the Dissemination Agent. [TO BE INCLUDED ONLY IF THE DISSEMINATION AGENT HAS BEEN ADVISED OF THE EXPECTED FILING DATE - The County anticipates that such Annual Report will be filed by\_\_\_\_\_.]

Dated: \_\_\_\_\_

ACACIA FINANCIAL GROUP, INC.,  
as Dissemination Agent

cc: County  
Authority  
Bond Trustee

**APPENDIX F**

**FORM OF AUTHORITY CONTINUING DISCLOSURE AGREEMENT**

## CONTINUING DISCLOSURE AGREEMENT

**THIS CONTINUING DISCLOSURE AGREEMENT** ("Disclosure Agreement") is made on this \_\_\_\_ day of March, 2023 by and between The Gloucester County Improvement Authority ("Authority") and TD Bank, National Association ("Dissemination Agent"), which is also serving as trustee under a bond resolution duly adopted by the Authority on July 8, 1992, as amended and supplemented to date and, in particular, as amended and supplemented by a Supplemental Resolution of the Authority, duly adopted on December 15, 2022, and as further amended and supplemented by a Certificate of Authority Officer on March 1, 2023 (collectively, the "Bond Resolution"). This Disclosure Agreement is entered into in connection with the issuance and sale of the Authority's County Guaranteed Solid Waste Revenue Bonds (Landfill Expansion Project – Cell 16), Series 2023) ("2023 Bonds").

**SECTION 1. Purpose of the Disclosure Agreement.** This Disclosure Agreement is being executed and delivered for the benefit of the holders and beneficial owners of the 2023 Bonds (collectively, "Bondholders") and in compliance with the provisions of Rule 15c2-12(b)(5), promulgated by the Securities and Exchange Commission ("Commission") pursuant to the Securities Exchange Act of 1934, as it may be amended and supplemented from time to time, including administrative or judicial interpretations thereof, as it applies to the 2023 Bonds ("Rule").

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

**"Annual Report"** shall mean the Authority's Annual Report provided pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

**"Business Day"** shall mean any day other than a Saturday, Sunday or a day on which the Authority or the Dissemination Agent is authorized by law or contract to remain closed.

**"Commission"** shall have the meaning set forth in Section 1 of this Disclosure Agreement.

**"Continuing Disclosure Information"** shall mean, collectively, (i) the Annual Report; (ii) any notice required to be filed with the National Repository pursuant to Section 5 hereof; and (iii) any notice of an event required to be filed with the National Repository pursuant to Section 3(c) hereof.

**"EMMA"** shall mean the Electronic Municipal Market Access System ("EMMA"), an internet based filing system created and maintained by the MSRB in accordance with the SEC Release, pursuant to which issuers of tax-exempt bonds, including the 2023 Bonds, and other filers on behalf of such issuers shall upload Continuing Disclosure Information to assist underwriters in complying with the Rule and to provide the general public with access to such Continuing Disclosure Information.

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

**"MSRB"** shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Exchange Act.



**"National Repository"** shall mean the MSRB, through the internet facilities of EMMA, or any other public or private repository or entity that shall hereafter be designated by the Commission as a repository for purposes of the Rule.

**"Opinion of Counsel"** shall mean a written opinion of counsel expert in federal securities law acceptable to the Authority.

**"Rule"** shall have the meaning set forth in Section 1 of this Disclosure Agreement.

**"SEC Release"** shall mean Release No. 34-59062, of the SEC, dated December 5, 2008.

### **SECTION 3. Provision of Annual Report.**

(a) The Authority shall not later than two hundred seventy (270) days after the end of its fiscal year (currently December 31) for each fiscal year until termination of the Authority's reporting obligations under this Disclosure Agreement pursuant to the provisions of Section 6 hereof provide to the Dissemination Agent, the Annual Report prepared for the preceding fiscal year of the Authority (commencing for the fiscal year ending December 31, 2022). Each Annual Report provided to the Dissemination Agent by the Authority shall comply with the requirements of Section 4 of this Disclosure Agreement but may be submitted as a single document or as separate documents comprising a package and may cross-reference other information submitted to the National Repository. Any and all items that must be included in the Annual Report may be incorporated by reference from other information that is available to the public on EMMA, or that has been filed with the Commission.

(b) The Dissemination Agent, promptly (within fifteen (15) Business Days) after receiving the Annual Report from the Authority, shall submit each Annual Report received by it to the National Repository and thereafter shall file a written report with the Authority certifying that the Annual Report has been provided pursuant to this Disclosure Agreement to the National Repository and stating the date it was provided to the National Repository.

(c) If the Authority fails to provide the Annual Report to the Dissemination Agent by the date required in subsection (a) of this Section 3, the Dissemination Agent shall send a notice to the Authority (with a copy to the Bond Trustee (if other than the Dissemination Agent) advising of such failure. Whether or not such notice is given or received, if the Authority thereafter fails to submit the Annual Report to the Dissemination Agent within fifteen (15) Business Days after the Annual Report was due pursuant to the provisions of subsection (a) of this Section 3, the Dissemination Agent shall promptly send a notice to the National Repository (with copies of said notice to the Authority and the Bond Trustee) in substantially the form attached as EXHIBIT "A" hereto.

### **SECTION 4. Contents of Annual Report.**

(a) Annual Report shall mean: (i) the general financial information and operating data of the Authority consistent with the information set the Official Statement of the Authority, dated March \_\_, 2023, prepared in connection with the public offering and sale of the 2023 Bonds ("Official Statement") under the caption "THE AUTHORITY – Revenues" as it relates to the annual results of operations (audited) for the Landfill (as defined in the Official Statement); and (ii)

the Authority's annual financial statements for all activities of the Authority, including but not limited to the Landfill, audited by an independent certified public accountant, provided that the annual audited financial statements of the Authority may be submitted separately from the balance of the Annual Report and later than the date required in Section 3(a) hereof for the filing of the Annual Report if the annual audited financial statements are not available by that date, but only if the unaudited financial statements of the Authority are included in the Annual Report.

(b) Each annual audited financial statement will conform to generally accepted accounting principles applicable to governmental units or will be prepared in accordance with the standards of the Governmental Accounting Standards Board and requirements of the Division of Local Government Services in the New Jersey Department of Community Affairs as such principles, standards and requirements exist at the time of the filing of the particular annual audited financial statements.

#### **SECTION 5. Reporting of Significant Events.**

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following listed events ("Listed Events"):

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the 2023 Bonds, or other material events affecting the tax status of the 2023 Bonds;
- (7) modifications to the rights of Bondholders, if material;
- (8) 2023 Bond calls (excluding mandatory sinking fund redemptions), if material, or tender offers;
- (9) defeasances;
- (10) release, substitution, or sale of property securing repayment of the 2023 Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the obligated person;
- (13) the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (14) appointment of a successor or additional trustee or the change of name of a trustee, if material.

- (15) incurrence of a financial obligation<sup>1</sup> 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.

(b) The Authority shall within ten (10) Business Days of the occurrence of any of the Listed Events notify the Dissemination Agent in writing to report the event pursuant to subsection (c) of this Section 5. In determining the materiality a Listed Event specified in clauses (2), (7), (8), (10), (13), or (14) of subsection (a) of this Section 5, the Authority may, but shall not be required to, rely conclusively on an Opinion of Counsel. The Dissemination Agent shall have no obligation under this Disclosure Agreement to provide, or to monitor the Authority's obligation to provide, notification of the occurrence of any of the Listed Events which are material except as set forth in Section 5(c) of this Disclosure Agreement.

(c) If the Dissemination Agent has been instructed by the Authority to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the National Repository within five (5) Business Days of the receipt of such instruction, with a copy of such notice provided by the Dissemination Agent to the Authority and the Bond Trustee.

**SECTION 6. Termination of Reporting Obligations.** The reporting obligations of the Authority under this Disclosure Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the 2023 Bonds or when the Authority is no longer an Obligated Person (as defined in the Rule) with respect to the 2023 Bonds.

**SECTION 7. Amendment; Waiver.** Notwithstanding any other provisions of this Disclosure Agreement, the Authority may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an Opinion of Counsel addressed to the Authority and the Dissemination Agent to the effect that such amendment or waiver will not, in and of itself, cause the undertakings herein to violate the Rule. No amendment to this Disclosure Agreement shall change or modify the rights or obligations of the Dissemination Agent without its written assent thereto. The Authority shall give notice of such amendment or waiver to this Disclosure Agreement to the Dissemination Agent and the Dissemination Agent shall file such notice with the National Repository.

**SECTION 8. Additional Information.** Nothing in this Disclosure Agreement shall be deemed to prevent the Authority from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement 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 Agreement. If the Authority chooses to include any information in any Annual Report or in a notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, it shall not have any

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<sup>1</sup> The term "financial obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with Rule 15c2-12.

obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

**SECTION 9. Default and Remedies.** In the event of a failure of the Authority to comply with any provision of this Disclosure Agreement, the Dissemination Agent may (and, at the request of the Bondholders of at least twenty-five percent (25%) in aggregate principal amount of Outstanding 2023 Bonds and after provision of satisfactory indemnification in accordance with the Bond Resolution, shall), or any beneficial owner of the 2023 Bonds may, take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Authority to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed to be an Event of Default under the Bond Resolution, and the sole remedy under this Disclosure Agreement in the event of any failure of the Authority to comply with this Disclosure Agreement shall be an action to compel performance.

**SECTION 10. Beneficiaries.** This Disclosure Agreement shall inure solely to the benefit of the Authority, the Dissemination Agent and the Bondholders, and each Bondholder is hereby declared to be a third party beneficiary of this Disclosure Agreement. Except as provided in the immediately preceding sentence, this Disclosure Agreement shall create no rights in any other person or entity.

**SECTION 11. Submission of Information to MSRB.** Any Continuing Disclosure Information filed with the MSRB in accordance with this Disclosure Agreement shall be in electronic format as shall be prescribed by the MSRB or such other format as the Rule may require or permit, and shall be accompanied by such identifying information as shall be prescribed by the MSRB or as may otherwise be required by the Rule.

**SECTION 12. Notices.** All notices and other communications required or permitted under this Disclosure Agreement shall be in writing and shall be deemed to have been duly given, made and received only when delivered (personally, by recognized national or regional courier service, or by other messenger, for delivery to the intended addressee) or when deposited in the United States mail, registered or certified mail, postage prepaid, return receipt requested, addressed as set forth below:

(i) If to the Authority:

The Gloucester County Improvement Authority  
109 Budd Boulevard  
Woodbury, New Jersey 08096-3963  
Attention: Executive Director

(ii) If to the Dissemination Agent:

TD Bank, National Association  
12000 Horizon Way, 3<sup>rd</sup> Floor  
Mount Laurel, New Jersey 08054  
Mail Stop NJ5-134-360  
Attention: Corporate Trust Services

Any party may alter the address to which communications are to be sent by giving notice of such change of address in conformity with the provision of this Section 13 for the giving of notice.

**SECTION 13. Compensation and Indemnification.**

(a) The Authority shall pay the Dissemination Agent from time to time reasonable compensation for all services rendered under this Disclosure Agreement, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of its attorneys, agents and employees, incurred in and about the performance of its powers and duties under this Disclosure Agreement.

(b) To the extent permitted by law, the Authority shall indemnify the Dissemination Agent in accordance with the provisions of Article XI of the Bond Resolution relating to compensation, reimbursement, immunities and liabilities of the Bond Trustee, and such provisions shall apply to the duties and responsibilities of the Dissemination Agent under this Disclosure Agreement. The Dissemination Agent shall have no responsibility for the form or content of any material prepared by the Authority and filed pursuant to this Disclosure Agreement. In addition, the provisions of XI of the Bond Resolution relating to the rights, duties and obligations of the Bond Trustee are hereby incorporated herein for the benefit of the Dissemination Agent as if set forth in full herein.

**SECTION 14. Counterparts.** This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

**SECTION 15. Appointment, Removal and Resignation of the Dissemination Agent.**

(a) The Authority may discharge the Dissemination Agent and satisfy its obligations under this Disclosure Agreement without the assistance of a Dissemination Agent, or the Authority may discharge the Dissemination Agent and appoint a successor Dissemination Agent, in either case by giving not less than thirty (30) days' written notice to the Dissemination Agent.

(b) The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement.

(c) The Dissemination Agent, or any successor thereto, may at any time resign and be discharged of its duties and obligations under this Disclosure Agreement by giving not less than forty-five (45) days written notice to the Authority. Such resignation shall take effect on the date specified in such notice unless a replacement Dissemination Agent has not been appointed by the Authority, in which event, the Dissemination Agent shall continue to serve in such capacity until a successor has been appointed.

**SECTION 16. Severability.** If any provision of this Disclosure Agreement, or the application of any such provision in any jurisdiction or to any person or circumstance, shall be held invalid or unenforceable, the remaining provisions of this Disclosure Agreement, or the application of such provision as is held invalid or unenforceable in jurisdictions or to persons or circumstances other than those in or as to which it is held invalid or unenforceable, shall not be affected thereby.

**SECTION 17. Successors and Assigns.** All of the covenants, promises and agreements contained in this Disclosure Agreement by or on behalf of the Authority or by or on behalf of the Dissemination Agent shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

**SECTION 18. Headings for Convenience Only.** The descriptive headings in this Disclosure Agreement are inserted for convenience of reference only and shall not control or affect the meaning or construction of any of the provisions hereof.

**SECTION 19. Governing Law.** This Disclosure Agreement shall be governed by and construed in accordance with the laws of the State of New Jersey.

**[Remainder of Page Intentionally Left Blank]**

**IN WITNESS WHEREOF**, the parties hereto have caused this Disclosure Agreement to be executed as of the date first written above.

**THE GLOUCESTER COUNTY IMPROVEMENT  
AUTHORITY**

**By:** \_\_\_\_\_  
**GEORGE D. STRACHAN,**  
**Executive Director**

**TD BANK, NATIONAL ASSOCIATION,**  
**as Dissemination Agent**

**By:** \_\_\_\_\_  
**CATHERINE M. ALESSI, Vice President**

**EXHIBIT "A"**

**NOTICE TO NATIONAL REPOSITORY OF FAILURE TO FILE AN ANNUAL REPORT**

Name of Issuer: The Gloucester County Improvement Authority  
("Authority")

Name of Bond Issue Affected: The Gloucester County Improvement Authority  
\$9,225,000 County Guaranteed Solid Waste  
Revenue Bonds (Landfill Expansion Project – Cell  
16), 2023 Bonds

Date of Issuance of Affected Bond Issue: March \_\_, 2023

NOTICE IS HEREBY GIVEN that The Gloucester County Improvement Authority ("Authority") has not provided an Annual Report with respect to the above-named Bond issue as required by Section 3 of the Continuing Disclosure Agreement dated March \_\_, 2023 between the Authority and the Dissemination Agent. [TO BE INCLUDED ONLY IF THE DISSEMINATION AGENT HAS BEEN ADVISED OF THE EXPECTED FILING DATE - The Authority anticipates that such Annual Report will be filed by \_\_\_\_\_.]

Dated: \_\_\_\_\_

TD BANK, NATIONAL ASSOCIATION,  
as Dissemination Agent

cc: Authority  
Bond Trustee