

## OFFICIAL STATEMENT DATED JUNE 11, 2014

In the opinion of Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel, to the County (as hereinafter defined), assuming continuing compliance by the County and the County College with certain tax covenants described herein, under existing law, interest on the 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 ("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 and corporations pursuant to Section 55 of the Code. In the case of certain corporations that own the Bonds, the interest thereon is not excludable in computing the alternative minimum tax as a result of the inclusion of interest on the Bonds in "adjusted current earnings". In addition, interest on the 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 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. See "TAX MATTERS" herein.

\$4,974,000

**COUNTY OF GLOUCESTER, NEW JERSEY  
GENERAL OBLIGATION BONDS, SERIES 2014  
(Non-Callable)**

\$4,250,000

**COUNTY OF GLOUCESTER, NEW JERSEY  
COUNTY COLLEGE BONDS (CHAPTER 12), SERIES 2014  
(Non-Callable)**

\$4,997,000

**COUNTY OF GLOUCESTER, NEW JERSEY  
COUNTY COLLEGE BONDS (BUILDING OUR FUTURE BOND ACT), SERIES 2014  
(Non-Callable)**

**Dated: Date of Delivery****Due: March 1, as shown on inside front cover**

The \$4,974,000 County of Gloucester, New Jersey, General Obligation Bonds, Series 2014 ("2014 County Bonds"); \$4,250,000 County of Gloucester, New Jersey, County College Bonds (Chapter 12), Series 2014 ("2014 Chapter 12 Bonds"); and (iii) \$4,997,000 County of Gloucester, New Jersey, County College Bonds (Building Our Future Bond Act), Series 2014 ("2014 Building Our Future Bonds", together with the 2014 County Bonds and the 2014 Chapter 12 Bonds, the "Bonds"), shall be issued in fully registered book-entry only form without coupons. The principal of the Bonds shall be paid on the respective maturity dates thereof upon presentation and surrender of the Bonds in the offices of the County Treasurer/CFO or its designated paying agent, if any. Interest on the Bonds is payable initially on March 1, 2015 and semiannually thereafter on September 1 and March 1 ("Interest Payment Dates") in each year until maturity. The Bonds are not subject to redemption prior to the stated maturity dates thereof.

Upon initial issuance, the Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), which will act as securities depository for the Bonds. So long as Cede & Co. is the registered owner of the Bonds, payments of principal of and interest on the Bonds will be made by the County or its designated paying agent, if any, directly to DTC or its nominee, Cede & Co., which will remit such payments to the DTC Participants (as herein defined) which will, in turn, remit such payments to the Beneficial Owners (as herein defined) of the Bonds. Purchasers will not receive certificates representing their ownership interest in the Bonds purchased. For so long as any purchaser is a Beneficial Owner of a Bond, such purchaser must maintain an account with a broker or dealer who is, or acts through, a DTC participant to receive payment of the principal of and interest on such Bond.

The 2014 County Bonds are authorized to be issued pursuant to: (i) the Local Bond Law, Chapter 169 of the Laws of 1960 of the State of New Jersey, as amended and supplemented ("Local Bond Law"); (ii) the bond ordinances of the County described herein (collectively, the "County Bond Ordinances"), each duly and finally adopted by the Board of Chosen Freeholders ("Board") of the County and published in accordance with the requirements of the Local Bond Law; (iii) a resolution adopted by the Board on May 21, 2014 ("Resolution"); and (iv) a Certificate of Determination and Award executed by the County Treasurer/CFO on June 11, 2014.

The 2014 Chapter 12 Bonds are authorized to be issued pursuant to: (i) the County College Bond Act, Chapter 12 of the Laws of 1971 of the State of New Jersey, as amended and supplemented ("County College Bond Act"); (ii) the Local Bond Law; (iii) the bond ordinance of the County described herein ("Chapter 12 Bond Ordinance"), duly and finally adopted by the Board and published in accordance with the requirements of the Local Bond Law; (iv) the Resolution; and (v) a Certificate of Determination and Award executed by the County Treasurer/CFO on June 11, 2014.

The 2014 Building Our Future Bonds are authorized to be issued pursuant to: (i) the County College Bond Act; (ii) the Local Bond Law; (iii) the bond ordinance of the County described herein ("Building Our Future Bond Ordinance", together with the County Bond Ordinances and the Chapter 12 Bond Ordinance, the "Bond Ordinances"), duly and finally adopted by the Board and published in accordance with the requirements of the Local Bond Law; (iv) the Resolution; and (v) a Certificate of Determination and Award executed by the County Treasurer/CFO on June 11, 2014.

The 2014 County Bonds are being issued by the County to provide funds which will be used to: (i) permanently finance the various improvements described herein in and for the County for which obligations have been authorized, but not issued; and (ii) pay certain costs and expenses incidental to the issuance and delivery of the 2014 County Bonds.

The 2014 Chapter 12 Bonds are being issued by the County to provide funds which will be used to: (i) permanently finance various improvements described herein in and for the County College for which obligations have been authorized, but not issued; and (ii) pay certain costs and expenses incidental to the issuance and delivery of the 2014 Chapter 12 Bonds.

The 2014 Building Our Future Bonds are being issued by the County to provide funds which will be used to: (i) permanently finance various improvements described herein in and for the County College for which obligations have been authorized, but not issued; and (ii) pay certain costs and expenses incidental to the issuance and delivery of the 2014 Building Our Future Bonds.

The full faith and credit of the County are irrevocably pledged for the payment of the principal of and interest on the Bonds. The Bonds are general obligations of the County payable as to principal and interest from *ad valorem* taxes to be levied upon all taxable real property in the County without limitation as to rate or amount.

The 2014 Chapter 12 Bonds are also entitled to the benefits of the County College Bond Act, constituting Chapter 12 of 1971 Laws of the State of New Jersey ("State") (*N.J.S.A. 18A:64A-22 et seq.*), as amended, which provides that an amount equal to one-half of the principal of and interest on the 2014 Chapter 12 Bonds will be paid by the State. However, bonds issued under the provisions of the County College Bond Act shall not be deemed to constitute a debt or liability of the State or a pledge of the faith and credit of the State, but are dependent for repayment upon appropriations provided by law from time to time.

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

The Bonds are offered when, as and if issued, subject to the prior approval of legality by the law firm of Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel, and certain other conditions described herein. Certain legal matters will be passed upon for the County by Matthew P. Lyons, Esquire, Woodbury, New Jersey, County Counsel. Phoenix Advisors, LLC, Bordentown, New Jersey, has served as Financial Advisor to the County in connection with the issuance of the Bonds. It is anticipated that the Bonds in definitive form will be available for delivery through DTC in New York, New York on or about June 27, 2014.

**BAIRD**

## MATURITY SCHEDULES

### 2014 COUNTY BONDS

<u>Year</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP*</u>	<u>Year</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP*</u>
2015	\$449,000	1.500%	0.300%	379699N80	2020	\$600,000	2.000%	1.800%	379699P54
2016	475,000	1.500	0.450	379699N98	2021	600,000	2.000	2.100	379699P62
2017	500,000	1.500	0.750	379699P21	2022	625,000	2.250	2.350	379699P70
2018	525,000	1.750	1.150	379699P39	2023	650,000	2.375	2.500	379699P88
2019	550,000	2.000	1.450	379699P47					

### 2014 CHAPTER 12 BONDS

<u>Year</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP*</u>	<u>Year</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP*</u>
2015	\$300,000	1.500%	0.300%	379699L41	2020	\$500,000	2.000%	1.800%	379699L90
2016	325,000	1.500	0.450	379699L58	2021	500,000	2.000	2.100	379699M24
2017	350,000	2.000	0.750	379699L66	2022	500,000	2.250	2.350	379699M32
2018	375,000	2.000	1.150	379699L74	2023	500,000	2.500	2.500	379699M40
2019	400,000	2.000	1.450	379699L82	2024	500,000	2.500	2.650	379699M57

### 2014 BUILDING OUR FUTURE BONDS

<u>Year</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP*</u>	<u>Year</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP*</u>
2015	\$352,000	1.500%	0.300%	379699M65	2020	\$550,000	2.000%	1.800%	379699N31
2016	375,000	1.500	0.450	379699M73	2021	555,000	2.125	2.100	379699N49
2017	400,000	2.000	0.850	379699M81	2022	575,000	2.250	2.350	379699N56
2018	420,000	2.000	1.150	379699M99	2023	625,000	2.500	2.500	379699N64
2019	500,000	2.000	1.450	379699N23	2024	645,000	2.500	2.650	379699N72

\* CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein are provided by Standard & Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. The CUSIP numbers listed above are being provided solely for the convenience of Bondholders only at the time of issuance of the Bonds and the Township does not make 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 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 Bonds.

**COUNTY OF GLOUCESTER, NEW JERSEY**

**DIRECTOR**

Robert M. Damminger

**DEPUTY DIRECTOR**

Giuseppe (Joe) Chila

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**FINANCIAL ADVISOR**

Phoenix Advisors, LLC

Bordentown, New Jersey

The information which is set forth herein has been provided by the County of Gloucester, New Jersey ("County"), The Depository Trust Company ("DTC") and by other sources which are believed to be reliable by the County, but the information provided by such sources is not guaranteed as to accuracy or completeness by the County. 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.

Where the Constitution or statutes of the State of New Jersey are referred to, reference should be made to such Constitution or statutes for a complete statement of the matters referred to therein. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

No dealer, broker, salesperson or other person has been authorized by the County or the Underwriters to give any information or to make any representations with respect to the Bonds other than those contained in this Official Statement and, if given or made, such information or representations must not be relied upon as having been authorized by the foregoing. The information contained herein has been provided by the County and other sources deemed reliable; however, no representation or warranty is made as to its accuracy or completeness of such information from sources other than itself is not to be construed as a representation or warranty by the Underwriters, or as to information from sources other than itself, by the County. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County since the date hereof.

References in this Official Statement to laws, rules, regulations, resolutions, agreements, reports and other documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by references to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein, and copies of which may be obtained from the County during normal business hours.

Upon issuance, the 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 or any other federal, state, municipal or other governmental entity, other than the County will have passed upon the accuracy or adequacy of the Official Statement.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds in any jurisdiction in which it is unlawful for any person to make such an offer, solicitation or sale. No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than as contained in this Official Statement. If given or made, such other information or representations must not be relied upon as having been authorized by the County or any underwriter.

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

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

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## **OFFICIAL STATEMENT**

### **RELATING TO**

**\$4,974,000**

**COUNTY OF GLOUCESTER, NEW JERSEY  
GENERAL OBLIGATION BONDS, SERIES 2014  
(Non-Callable)**

**\$4,250,000**

**COUNTY OF GLOUCESTER, NEW JERSEY  
COUNTY COLLEGE BONDS (CHAPTER 12), SERIES 2014  
(Non-Callable)**

**\$4,997,000**

**COUNTY OF GLOUCESTER, NEW JERSEY  
COUNTY COLLEGE BONDS (BUILDING OUR FUTURE BOND ACT), SERIES 2014  
(Non-Callable)**

### **INTRODUCTION**

The purpose of this Official Statement, including the cover page hereof and the Appendices attached hereto, is to provide certain information relating to the issuance by the County of Gloucester, New Jersey ("County") of its: (i) \$4,974,000, aggregate principal amount, General Obligation Bonds, Series 2014 ("2014 County Bonds"); (ii) \$4,250,000, aggregate principal amount, County College Bonds (Chapter 12), Series 2014 ("2014 Chapter 12 Bonds"); and (iii) \$4,997,000, aggregate principal amount, County College Bonds (Building Our Future Bond Act), Series 2014 ("2014 Building Our Future Bonds", together with the 2014 County Bonds and the 2014 Chapter 12 Bonds, the "Bonds").

### **AUTHORIZATION FOR THE BONDS**

The 2014 County Bonds are authorized to be issued pursuant to: (i) the Local Bond Law, Chapter 169 of the Laws of 1960 of the State of New Jersey, as amended and supplemented ("Local Bond Law"); (ii) the bond ordinances of the County described herein (collectively, the "County Bond Ordinances"), each duly and finally adopted by the Board of Chosen Freeholders ("Board") of the County and published in accordance with the requirements of the Local Bond Law; (iii) a resolution adopted by the Board on May 21, 2014 ("Resolution"); and (iv) a Certificate of Determination and Award executed by the County Treasurer/CFO on June 11, 2014.

The 2014 Chapter 12 Bonds are authorized to be issued pursuant to: (i) the County College Bond Act, Chapter 12 of the Laws of 1971 of the State of New Jersey, as amended and supplemented ("County College Bond Act"); (ii) the Local Bond Law; (iii) the bond ordinance of the County described herein ("Chapter 12 Bond Ordinance"), duly and finally adopted by the Board and published in accordance with the requirements of the Local Bond Law; (iv) the Resolution; and (v) a Certificate of Determination and Award executed by the County Treasurer/CFO on June 11, 2014.

The 2014 Building Our Future Bonds are authorized to be issued pursuant to: (i) the County College Bond Act; (ii) the Local Bond Law; (iii) the bond ordinance of the County described herein ("Building Our Future Bond Ordinance", together with the County Bond Ordinances and the Chapter 12 Bond Ordinance, the "Bond Ordinances"), duly and finally adopted by the Board and published in

accordance with the requirements of the Local Bond Law; (iv) the Resolution; and (v) a Certificate of Determination and Award executed by the County Treasurer/CFO on June 11, 2014.

**PURPOSE OF THE ISSUE**

The 2014 County Bonds are being issued by the County to provide funds which will be used to: (i) permanently finance the various improvements described herein in and for the County for which obligations have been authorized, but not issued; and (ii) pay certain costs and expenses incidental to the issuance and delivery of the 2014 County Bonds.

The 2014 Chapter 12 Bonds are being issued by the County to provide funds which will be used to: (i) permanently finance various improvements described herein in and for the Gloucester County College (“County College”) for which obligations have been authorized, but not issued; and (ii) pay certain costs and expenses incidental to the issuance and delivery of the 2014 Chapter 12 Bonds.

The 2014 Building Our Future Bonds are being issued by the County to provide funds which will be used to: (i) permanently finance various improvements described herein in and for the County College for which obligations have been authorized, but not issued; and (ii) pay certain costs and expenses incidental to the issuance and delivery of the 2014 Building Our Future Bonds.

The Improvements to be financed with the proceeds of the Bonds include the following:

**2014 County Bonds**

<b>Ordinance No. and Section</b>	<b>Purpose/Improvement</b>	<b>Bonds to be Issued</b>
48011-7A	Acquisition of Computer Equipment for Various County Offices	\$380,000
48341-7B	Reconstruction and/or Renovation to various County Parks	57,000
48341-7C	Reconstruction and/or Renovation to various County Buildings	95,000
48341-7D	Construction, Reconstruction and/or Repair to various County Roadways	1,496,000
48341-7E	Construction, Reconstruction and/or Repair of various Intersections in the County	57,000
48341-7G	Acquisition of Computer and Phone Equipment	309,000
48341-7H	Acquisition of Communications Systems and Equipment	256,000
48341-7I	Acquisition of Emergency Medical Services Equipment	513,000
48341-7J	Acquisition of Heavy Equipment	<u>1,811,000</u>
<b>Total</b>		<b><u>\$4,974,000</u></b>

### 2014 Chapter 12 Bonds

Ordinance No. and Section	Purpose/Improvement	Bonds to be Issued
48341-7A	Renovation and/or Reconstruction of Various Gloucester County College Buildings	<u>\$4,250,000</u>
<b>Total</b>		<b><u>\$4,250,000</u></b>

### 2014 Building Our Future Bonds

Ordinance No. and Section	Purpose/Improvement	Bonds to be Issued
47701-7A	Provide a portion of the funds for the Construction of a new Nursing and Allied Health Center at the Gloucester County College	\$2,857,337
47701-7B	Provide a portion of the funds for the Construction of an Addition to the Law and Justice Education Center at the Gloucester County College Campus	499,836
47701-7C	Provide a portion of the funds for the Construction of an Addition and Various Renovations to the Student Services Center at the Gloucester County College	1,462,302
47701-7D	Provide a portion of the funds for the Various Improvements to the existing Health Sciences Building to re-purpose as the Business and Corporate Center at the Gloucester County College Campus	<u>177,525</u>
<b>Total</b>		<b><u>\$4,997,000</u></b>

### DESCRIPTION OF THE BONDS

#### General

The 2014 County Bonds will be issued in the aggregate principal amount of \$4,974,000. The 2014 Chapter 12 Bonds will be issued in the aggregate principal amount of \$4,250,000. The 2014 Building Our Future Bonds will be issued in the aggregate principal amount of \$4,997,000. The Bonds will be dated the date of delivery thereof and bear interest from that date at the interest rates set forth on the inside front cover hereof. Interest on the Bonds will be payable semiannually commencing on March 1, 2015 and, thereafter, on September 1 and March 1 in each year until maturity (each an "Interest Payment Date"). Individual purchases may be made in the principal amount of \$5,000 or any integral multiple thereof through book-entries made on the books and the records of DTC (as hereinafter defined) and its participants. See "DESCRIPTION OF THE BONDS--Book-Entry-Only System" below. The Bonds will mature on March 1 in the years and in the principal amounts, all as shown on the inside front cover page of this Official Statement.

The Bonds will be issued in fully registered form without coupons. The principal of the Bonds will be payable to the registered owners at maturity upon presentation and surrender of the Bonds at the offices of the County Treasurer/CFO or its designated paying agent, if any. Interest on each Bond shall be payable on each Interest Payment Date of such Bond to the registered owner of record thereof appearing on the registration books kept by the County for such purpose at the offices of the County Treasurer/CFO or its



designated paying agent, as of the close of business on the fifteenth (15th) day of the calendar month next preceding an Interest Payment Date.

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

### **Redemption Provisions**

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

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

The description which follows of the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal and interest, and other payments on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interests in the Bonds and other related transactions by and between DTC, DTC Participants and Beneficial Owners, is based on certain information furnished by DTC to the County. Accordingly, the County does not make any representations as to the completeness or accuracy of such information.

The DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such issue, and will be deposited with DTC.

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

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual

purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all 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 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 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 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

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

Redemption proceeds and distributions on the 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 County or Paying Agent, if any, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Paying Agent, if any, or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and distributions to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County or Paying Agent, if any, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

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

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

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

In the event that the book-entry-only system is discontinued and the Beneficial Owners become registered owners of the Bonds, the following provisions would apply: (i) the Bonds may be exchanged for an equal aggregate principal amount of Bonds in other authorized denominations and of the same maturity, upon surrender thereof at the offices of the County or its designated paying agent; (ii) the transfer of any Bonds may be registered on the books maintained by the County or its designated paying agent for such purpose only upon the surrender thereof to the County or its designated paying agent together with the duly executed assignment in form satisfactory to the County or its designated paying agent; and (iii) for every exchange or registration of transfer of Bonds, the County, 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 Bonds. Interest on the Bonds will be payable by check or draft, mailed on each Interest Payment Date to the registered owners thereof as of the close of business on the fifteenth (15th) day, whether or not a business day, of the calendar month next preceding an Interest Payment Date.

#### **SECURITY FOR THE BONDS**

The full faith and credit of the County are irrevocably pledged for the payment of the principal of and interest on the Bonds. The Bonds will be legal, valid and binding general obligations of the County payable as to principal and interest from *ad valorem* taxes to be levied upon all the taxable real property within the County without limitation as to rate or amount.

The County may pledge only its own credit and taxing power in respect of the Bonds, and has no power to pledge the credit or taxing power of the State of New Jersey ("State") or any other political subdivision thereof, nor shall the Bonds be deemed to be obligations of said State or any other political subdivision thereof, nor shall said State or any other political subdivision thereof be liable for the payment of principal of or interest on the Bonds.

In addition to the foregoing security, the 2014 Chapter 12 Bonds are entitled to the benefits of the provisions of the County College Bond Act, P.L. 1971, c. 12 (*N.J.S.A. 18A:64A-22 et seq.*), as amended ("College Bond Act"), pursuant to which the State shall annually appropriate in its budget and pay on

behalf of the County an amount equal to one-half the amount of principal of and interest due on the 2014 Chapter 12 Bonds. The amounts paid by the State pursuant to the College Bond Act are paid directly to the securities depository to be used for the payment of the principal of and interest on the 2014 Chapter 12 Bonds. The 2014 Chapter 12 Bonds are not a debt or liability of the State. Payment by the State pursuant to the College Bond Act is dependent upon appropriations provided by law from time to time.

## **INFORMATION REGARDING THE COUNTY OF GLOUCESTER**

### **General**

General information concerning the County, including statistical, demographic and other relevant data, is set forth in Appendix "A" to this Official Statement.

### **Financial**

The audited financial statements of the County, prepared by Petroni & Associates LLC, independent auditor of the County, for the year ended December 31, 2012, are set forth in Appendix "B" to this Official Statement. Also included in Appendix "B" is an unaudited compilation report for the year ended December 31, 2013, as prepared by Petroni & Associates LLC.

## **CERTAIN PROVISIONS OF THE LAWS OF THE STATE OF NEW JERSEY AND THE UNITED STATES RELATING TO GENERAL OBLIGATION DEBT**

### **Local Bond Law**

**General** - The Local Bond Law governs the issuance of bonds and notes by counties and municipalities for the financing of capital improvements. Among its provisions are the following: (i) the power and obligation to pay any and all bonds and notes issued pursuant to the Local Bond Law shall be unlimited; (ii) the county or municipality shall levy ad valorem taxes upon all taxable property therein for the payment of the principal of and interest on such bonds and notes without limitation as to rate or amount; (iii) generally, a down payment that is not less than five percent (5%) of the amount of debt obligations authorized must be appropriated in addition to the amount of debt obligations authorized; (iv) all non-special-assessment bonds shall mature within the period of usefulness or average period of usefulness of the improvements being financed; and (v) after issuance, all bonds and notes shall be conclusively presumed to be fully authorized and issued by all of the laws of the State, and all persons shall be estopped from questioning their sale, execution or delivery.

**Debt Limits** - The authorized bonded indebtedness of the County is limited by statute, subject to the exceptions noted below, to an amount equal to two percent (2.00%) of its equalized valuation basis. The equalized valuation basis of the County is set by statute as the average for the last three years of the equalized value of all taxable real property and improvements as annually determined by the New Jersey State Board of Taxation. Certain categories of debt are permitted by statute to be deducted for purposes of computing the statutory debt limit.

Bonds, notes and long-term loans are included in the computation of debt for the statutory debt limit. The County, including the issuance of the Bonds, will not exceed its two percent (2.00%) debt limit.

**Exceptions to Debt Limits – Extensions of Credit** - The County may exceed its debt limit with the approval of the Local Finance Board, a State regulatory agency, and as permitted by other statutory exceptions. If all or any part of a proposed debt authorization would exceed its debt limit, the County may apply to the Local Finance Board for an extension of credit. If the Local Finance Board determines

that a proposed debt authorization would not materially impair the credit of the County or substantially reduce the ability of the County to meet its obligations or to provide essential public improvements and services, or make certain other statutory determinations, approval may be granted.

In addition, debt in excess of the statutory limit may be issued by the County to fund certain notes, to provide for purposes in an amount not exceeding two-thirds (2/3) of the amount budgeted in such fiscal year for the retirement of outstanding obligations (exclusive of utility and assessment obligations).

**Short-Term Financing** – When approved by bond ordinance, the County may issue bond anticipation notes to temporarily finance capital improvements. Such notes may not be issued in an aggregate amount exceeding that specified by the ordinance. The notes may not be issued for periods of more than one year, renewable with the final maturity occurring no later than the first day of the fifth month following the close of the tenth fiscal year next following the date of the original note. After the third year, the amount of the notes that may be renewed annually must be decreased by the minimum amount required for the first year's principal payment for the bond issue in anticipation of which the notes are issued.

**Bonds** – Bonds may be issued pursuant to the Local Bond Law for the purpose of paying, funding outstanding bonds, including emergency appropriations, the actuarial liabilities of a non-state administered public employee pension system and amounts owing to others for taxes levied in the local unit, or any renewals or extensions thereof, and for paying the cost of issuance of bonds.

### **Local Fiscal Affairs Law**

The Local Fiscal Affairs Law, Chapter 5 of Title 40A of the New Jersey State Statutes, as amended and supplemented ("Local Fiscal Affairs Law"), governs audits, auditors, public moneys and financial statements of local governmental units, including the County.

Each local unit is required to cause an annual audit of its books, accounts and financial transactions to be made and completed within six months after the close of its fiscal year by either a Registered Municipal Accountant or, by agreement with the Director ("Director") of the Division of Local Government Services ("Division") in the Department of Community Affairs, by qualified employees of the Division.

An independent examination of the County's books, accounts and financial transactions must be performed annually by a Registered Municipal Accountant who is licensed by the State Board of Public Accountants. The audit, conforming to the Division'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. A Summary of Audit, together with recommendations, must be published in a local newspaper within 30 days of its submission. The entire annual audit report for the year ended December 31, 2012 is on file with the Clerk of the Board of Chosen Freeholders and is available for review during business hours.

The Local Fiscal Affairs Law also requires that the chief financial officer/treasurer of the local unit file annually with the Director a verified statement of the financial condition of the local unit as of the close of the fiscal year to be made not later than February 10 for December 31 fiscal year end local units and August 10 for June 30 fiscal year end local units. The Annual Compiled Financial Statement for the year ended December 31, 2013 is on file with the Clerk of the Board of Chosen Freeholders and is available for review during business hours.

## **Local Budget Law**

The Local Budget Law, Chapter 4 of Title 40A of the State states, as amended and supplemented ("Local Budget Law"), governs the budgeting and appropriation of funds by local governmental units.

The Local Budget Law requires local governmental units to adopt a "cash basis" budget in such form that there will be sufficient cash collected to meet all debt service requirements, necessary operations of the local governmental units 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 their approval thereof.

Each local governmental unit 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 limitations on increases in municipal appropriations subject to various exceptions. On August 20, 1990, the Governor signed into law P.L. 1990, c. 89, which revised and made permanent the "Cap Law". Since its inception, the "Cap Law" has been amended and modified several times, most recently on July 13, 2010. While the revised "Cap Law" is more restrictive on the ability of a local unit to increase its overall appropriations, it does not limit the obligation of the County to levy ad valorem taxes upon all taxable real property within the County to pay debt service on the Bonds. The Cap Law provides that a local unit shall limit any increase of its budget to 2.5% or the index rate, whichever is less, over the previous year's final appropriations subject to certain exceptions. The "index rate" is the rate of annual percentage increase in the Implicit Price Deflator for State and Local Government Purchases of Goods and Services computed by the United States, Department of Commerce. Among the exceptions to the limitations imposed by the Cap Law are capital expenditures; debt service; extraordinary expenses approved by the Local Finance Board for implementation of an interlocal services agreement; expenditures mandated as a result of certain emergencies; and certain expenditures for services mandated by law.

Additionally, legislation constituting P.L. 2010, c. 44, was adopted on July 13, 2010 (S-29R1), 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 its bonds or notes, including the Bonds.

### **Miscellaneous Revenues**

N.J.S.A. 40A:4-26 provides that: "No miscellaneous revenues from any source shall be included as an anticipated revenue in the budget in an amount in excess of the amount actually realized in cash from the same source during the next preceding fiscal year, unless the [D]irector shall determine upon application by the governing body that the facts clearly warrant the expectation that such excess amount will actually be realized in cash during the fiscal year and shall certify such determination, in writing, to the local unit." Such determination may be made by the governing body and the chief financial officer in any year during which the local unit is subject to local examination.

No budget or amendment shall be adopted unless the Director has previously certified the approval of such anticipated revenues.

### **Real Estate Taxes**

The same general principal that revenue cannot be anticipated in a budget in excess of that realized in the preceding year applies to property taxes. N.J.S.A. 40A:4-29 delineates anticipation of delinquent tax collections: "The maximum which may be anticipated is the sum produced by the multiplication of the amount of delinquent taxes unpaid and owing to the local unit on the first day of the current fiscal year by the percentage of collection of delinquent taxes for the year immediately preceding the current fiscal year".

Section 41 of the Local Budget Law provides with regard to the current taxes that: "Receipts from the collection of taxes levied or to be levied in the municipality, or in the case of a county for general county purposes and payable in the fiscal year, shall be anticipated in an amount which is not in excess of the percentage of taxes levied and payable during the next preceding fiscal year which was received in cash by December 31, of such preceding fiscal year".

Section 40 of the Local Budget Law requires that an additional amount ("Reserve For Uncollected Taxes") be added to the tax levy required to balance the budget so that when the percentage of the prior year's tax collection is applied to the combined total, the product will be at least equal to the tax levy required to balance the budget.

### **Deferral of Current Expenses**

Emergency appropriations (i.e., those made after the adoption of the budget and determination of the tax rate for an unforeseen event or purpose) may be authorized by the governing body of the local governmental units. With minor exceptions, however, such appropriations must be included in full in the following year's budget. When such appropriations exceed three percent (3%) of the adopted operating budget, consent of the Director of Local Government Services must be obtained.

The exceptions are certain enumerated projects to cover the cost of the extraordinary expense for the repair, or reconstruction of streets, roads or bridges, or other public property damaged by snow, ice, frost or flood, where such expense was not foreseen at the time of the adoption of the budget, which may be amortized over three years; and tax map preparations, revision of ordinances, revaluations, master plan

preparation, studies and planning necessary for the installation and construction of a sanitary sewer system, and payments of accumulated sick and vacation time which may be amortized over five years.

### **Budget Transfers**

Budget transfers provide a degree of flexibility and afford a control mechanism. Transfers between major appropriation accounts are prohibited until the last two months of the year and, although subaccounts within an appropriation are not subject to the same year-end transfer restriction, they are subject to internal review and approval.

### **Capital Budget**

In accordance with the Local Budget Law, each local unit shall prepare and adopt a capital budget, in conjunction with its annual operating budget, for any year in which it proposes to undertake a capital project. Every local unit which adopts a capital budget must also adopt a three (3) year capital program unless the local unit's population exceeds 10,000 where a six (6) year capital program is required.

### **Related Constitutional and Statutory Provisions**

In the general election of January 2, 1976, as amended by the general election of January 6, 1984, the following Article 8, Section 1, Paragraph 7, with respect to a state income tax, was added to the State Constitution:

No tax shall be levied on personal incomes of individuals, estates and trusts of this State unless the entire net receipts therefrom shall be received into the treasury, placed in a perpetual fund and be annually appropriated, pursuant to formulas established from time to time by the Legislature, to the several counties, municipalities and school districts of this State exclusively for the purpose of reducing or offsetting property taxes. In no event, however, shall a tax so levied on personal income be levied on payments received under the Federal Social Security Act, the Federal Railroad Retirement Act, or any federal law which substantially reenacts the provisions of either of those laws.

A progressive state income tax is currently in effect in the State.

The State Constitution may only be amended after: (i) approval of a proposed amendment by three-fifths (3/5) of all of the members of each house of the State Legislature and approval by a majority vote in a statewide referendum; or (ii) approval in two successive legislative years by a majority of all of the members of each house and approval by a majority vote in a statewide referendum. Amendments failing to receive voter approval may not be resubmitted for voter approval before the third succeeding general election after such disaffirmance.

### **Rights and Remedies of Owners of Bonds**

The State Municipal Finance Commission Act, Chapter 27 of Title 52 of the State Statutes, as amended and supplemented ("Act"), provides that when it has been established, by court proceedings, that a local unit has defaulted for over sixty days in the payment of the principal of or interest on any of its outstanding bonds or notes, the Local Finance Board of the State Department of Community Affairs (which, pursuant to the Act, is constituted the Municipal Finance Commission and shall hereinafter be referred to as the "Commission") shall take control of the fiscal affairs of the defaulting local unit.

The Act provides that the Commission shall remain in control of the local unit until all bonds or notes of the local unit that have fallen due and all bonds or notes that will fall due within one year, and the



interest thereon, have been paid, funded or refunded, or the payment thereof in cash shall have been adequately provided for by a cash reserve.

The Act empowers the Commission to direct the local unit to provide for the funding or refunding of notes or bonds of the local unit and the interest thereon, which the Commission shall have found to be outstanding and unpaid and to be due or become due. The Act further authorizes the Commission to bring and maintain an appropriate proceeding for the assessment, levy or collection of taxes by the local unit for the payment of principal or of interest on such indebtedness.

Under Article 6 of the Act, while the Commission functions in the local unit, no judgment, levy, or execution against the local unit or its property for the recovery of the amount due on any bonds, notes or other obligations of the local unit in the payment of which it has defaulted, shall be enforced unless otherwise directed by Court Order. However, Article 6 of the Act also provides that upon application of any creditor made upon notice to the local unit and the Commission, a court may vacate, modify or restrict any such statutory stay contained therein.

### **Limitation of Remedies Under Federal Bankruptcy Code**

The rights and remedies of the registered owners of the Bonds are subject to the provisions of Chapter 9 of the Federal Bankruptcy Code of the United States ("Bankruptcy Code"). In general, Chapter 9 permits, under prescribed circumstances, but only after an authorization by the applicable state legislature or by a governmental officer or organization empowered by state law to give such authorization, a political subdivision of a state to file a petition for relief in a bankruptcy court of the United States if it is insolvent or unable to meet its debts as they mature and desires to effect a plan to adjust its debts.

The State has authorized the political subdivisions thereof to file such petitions for relief under the Bankruptcy Code pursuant to and subject to Article 8 of the Act. The Act provides that such petitions may not be filed without the prior approval of the Commission and that no plan of readjustment of the local unit's debts may be filed or accepted by the petitioner without express authority from the Commission to do so.

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

THE SUMMARIES OF AND REFERENCES TO THE STATE CONSTITUTION AND OTHER STATUTORY PROVISIONS ABOVE ARE NOT AND SHOULD NOT BE CONSTRUED AS COMPREHENSIVE OR DEFINITIVE. ALL REFERENCES TO SUCH DOCUMENTS ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE PARTICULAR DOCUMENT, THE FULL TEXT OF WHICH MAY CONTAIN QUALIFICATIONS OF AND EXCEPTIONS TO STATEMENTS MADE HEREIN.

### **LEGAL MATTERS**

The legality of the Bonds will be subject to the approving legal opinion of Parker McCay, P.A., Mount Laurel, New Jersey, Bond Counsel to the County ("Bond Counsel"). Such opinion will be printed on or accompany the Bonds and provide, *inter alia*, that the Bonds are valid and binding obligations of the County, and the County has the power and is obligated to levy ad valorem taxes upon all the taxable property within the County without limitation as to rate or amount for the payment of the Bonds and interest

thereon. The enforceability of rights or remedies with respect to such Bonds may be limited by bankruptcy, insolvency, or other law affecting creditors' rights or remedies heretofore or hereinafter enacted. Certain legal matters will be passed upon for the County by Mathew P. Lyons, Esquire, Woodbury, New Jersey, County Counsel.

Bond Counsel has not verified the accuracy, completeness or fairness of the statements contained in this Official Statement (except to the extent, if any, as specifically stated herein) and will express no opinion relating thereto.

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgement of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, 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 guarantee the outcome of any legal dispute that may arise out of the transaction.

### **PREPARATION OF OFFICIAL STATEMENT**

The County hereby states that the descriptions and statements herein and in the Appendices attached hereto, including financial and statistical statements, are true and correct in all material respects, and it will confirm the same to the purchasers of the Bonds by certificates signed by various officers and officials of the County upon issuance and delivery of the Bonds.

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

Bond Counsel has not verified the accuracy, completeness or fairness of the information contained herein (except under the heading "TAX MATTERS") and, accordingly, assumes no responsibility therefore and will express no opinion with respect thereto.

### **TAX MATTERS**

#### **Federal**

In the opinion of Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel to the County, assuming continuing compliance by the County and the County College with the tax covenants described below, under existing law, interest on the 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 ("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 and corporations pursuant to Section 55 of the Code.

The adjustment for "adjusted current earnings" set forth in Section 56(g) of the Code is required in determining a corporation's alternative minimum taxable income. Alternative minimum taxable income is increased by seventy-five percent (75%) of the excess, if any, of the "adjusted current earnings" of a corporation over the alternative minimum taxable income (determined without regard to this adjustment or the alternative tax net operating loss deduction).

Interest on the Bonds is included in computing a corporation's "adjusted current earnings." Accordingly, a portion of the interest on the Bonds is included in computing such corporation's alternative minimum taxable income for such year.

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 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 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 County's and the County College's covenants contained in the Resolutions and in the Certificate as to Non-Arbitrage and Other Tax Matters, that it will comply with the applicable requirements of the Code, relating to, inter alia, the use and investment of proceeds of the Bonds and rebate to the United States Treasury of specified arbitrage earnings, if any, under Section 148(f) of the Code. Failure of the County to comply with such covenants could result in the interest on the 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 Bonds that may affect the tax-exempt status of the interest on the Bonds.

Ownership of the 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 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 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 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 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 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 County has not designated the Bonds as "qualified tax-exempt obligations" for the purposes of Section 265(b)(1) of the Code.

Owners of the 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 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 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 or notes 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 Bonds.

**PROSPECTIVE PURCHASERS OF THE 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 REFUNDING 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 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.**

## **LEGALITY FOR INVESTMENT**

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

## **LITIGATION**

Upon delivery of the Bonds, the County shall furnish an opinion of its Counsel, dated the date of delivery of the Bonds, to the effect that there is no litigation of any nature, pending or threatened, to restrain or enjoin the issuance, sale, execution or delivery of the Bonds, or in any way contesting or affecting the validity of the Bonds or any of the proceedings taken with respect to the issuance and sale thereof or the application of moneys to the payment of the Bonds. In addition such opinion shall state that there is no litigation of any nature now pending or threatened by or against the County wherein an adverse judgment or ruling could have a material and adverse impact on the financial condition of the County or adversely affect the power to levy, collect and enforce the collection of taxes or other revenues for the payment of the Bonds, which has not been disclosed in this Official Statement.

## **RATING**

Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business (the "Rating Agency"), has assigned a municipal bond rating of "AA" to the Bonds.

## **FINANCIAL ADVISOR**

Phoenix Advisors, LLC, Bordentown, New Jersey, served as financial advisor ("Financial Advisor") to the County with respect to the issuance of the Bonds. This Official Statement has been prepared with the assistance of the Financial Advisor. Information set forth in the Official Statement has been obtained from the County and other sources which are deemed reliable, but no warranty, guaranty or other representation as to the accuracy or completeness is made as to such information contained herein. There is no assurance that any of the assumptions or estimates contained herein will be realized.

## **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 County will, prior to the issuance of the Bonds, enter into an agreement substantially in the form set forth in Appendix "D" hereto.

As of June 10, 2014, the County is in compliance with its previous undertakings with regard to continuing disclosure for prior obligations issued, including the filing of any required late notices and material event notices.

The County previously failed to timely file its annual financial information in accordance with SEC Rule 15c2-12 for year-end financials for fiscal years ending December 31, 2008, 2009, 2010, 2011 and 2012. In addition, the County failed to file its most current adopted budget in a timely manner for the fiscal years ending December 31, 2009, 2010, 2011, 2012 and 2013.

The County previously failed to file material event notices in connection with: (i) certain bond insurer downgrades in 2008, 2009, and 2011 along with an upgrade in 2013; and (ii) a rating change for Moody's Investors Service in 2010.

With respect to the Bonds, the County expects to file its annual financial information and any notice of the occurrence of the enumerated events with the MSRB's Electronic Municipal Market Access System ("EMMA") (<http://emma.msrb.org>) going forward.

## **NO DEFAULT**

There is no record of default in the payment of the principal of or interest on any bonds or notes of the County.

## **UNDERWRITING**

The 2014 County Bonds have been purchased from the County at a public sale by Robert W. Baird & Co. ("2014 County Bonds Underwriter"). The 2014 County Bonds Underwriter has purchased the 2014 County Bonds in accordance with the Notice of Sale and the Official Form of Proposal. The 2014 County Bonds are being offered for sale at the yields or prices set forth on the cover page of this Official Statement. The 2014 County Bonds Underwriter is obligated to purchase all of the 2014 County Bonds if any of the 2014 County Bonds are purchased.

The 2014 Chapter 12 Bonds have been purchased from the County at a public sale by Robert W. Baird & Co. ("2014 Chapter 12 Bonds Underwriter"). The 2014 Chapter 12 Bonds Underwriter has purchased the 2014 Chapter 12 Bonds in accordance with the Notice of Sale and the Official Form of Proposal. The 2014 Chapter 12 Bonds are being offered for sale at the yields or prices set forth on the cover page of this Official Statement. The 2014 Chapter 12 Bonds Underwriter is obligated to purchase all of the 2014 Chapter 12 Bonds if any of the 2014 Chapter 12 Bonds are purchased.

The 2014 Building Our Future Bonds have been purchased from the County at a public sale by Robert W. Baird & Co. ("2014 Building Our Future Bonds Underwriter", and together with the 2014 County Bonds Underwriter and the 2014 Chapter 12 Bonds Underwriter, the "Underwriter"). The 2014 Building Our Future Bonds Underwriter has purchased the 2014 Building Our Future Bonds in accordance with the Notice of Sale and the Official Form of Proposal. The 2014 Building Our Future Bonds are being offered for sale at the yields or prices set forth on the cover page of this Official Statement. The 2014 Building Our Future Bonds Underwriter is obligated to purchase all of the 2014 Building Our Future Bonds if any of the 2014 Building Our Future Bonds are purchased.

The Underwriter intends to offer the Bonds to the public initially at the offering yields set forth on the 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 Bonds to the public. The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing bonds into investment trusts) at yields higher than the public offering yields set forth on the front cover page of this Official Statement, and such yields may be changed, from time to time, by the Underwriters without prior notice.

#### **ADDITIONAL INFORMATION**

Inquiries regarding this Official Statement may be directed to Gary M. Schwarz, County Treasurer/CFO, at (856) 853-3322, or to the Financial Advisor at (609) 291-0130.

So far as any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any of such statements will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract or agreement with the owners of the Bonds.

All quotations from and summaries and explanations of provisions of laws of the State herein do not purport to be complete and are qualified in their entirety by reference to the official compilation thereof.

This Official Statement has been duly executed and delivered by the County.

#### **COUNTY OF GLOUCESTER, NEW JERSEY**

By: /s/ Robert M. Damminger  
**ROBERT M. DAMMINGER, Director of the  
Board of Chosen Freeholders**

**Dated:** June 11, 2014

## **APPENDIX A**

### **General Information Concerning the County**

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

### **Introduction**

The County of Gloucester, New Jersey ("County") operates under the Freeholder form of County government in which a seven-member Board of Chosen Freeholders ("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 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**

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 is currently proposed to route traffic to the north of Mullica Hill in order to relieve congestion through the town. In addition to the proposed bypass, a portion of U.S. Route 322 in the Mullica Hill area is being widened. 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. From time to time, there have been various proposals under consideration to create a commuter light rail line that would link the County to the Delaware River Port Authority terminal in the City of Camden in order to facilitate travel into Philadelphia. Currently, there are no active plans to initiate light rail service.



## **Health Care**

Two (2) hospitals provide health care in the County. The first, Kennedy Health System's Washington Township Campus ("Kennedy"), located in Washington Township, contains 153 licensed beds. To meet the growth of Washington Township and the County, Kennedy has expanded its services and facilities located in the County, including the County's first freestanding outpatient surgical center, a Diabetes Control Center, Family Health Services a new \$23,400,000 Emergency Department, and finally, a new Wellness Center. The second, Underwood Memorial Hospital, located in the City of Woodbury, contains 305 licensed beds. Underwood Memorial Hospital 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; establishment of several additional family practice centers throughout the County. Underwood Memorial Hospital has over 1,750 full and part time employees and a medical and dental staff of 350.

Virtua Health Care system does not have a hospital located in Gloucester County, however it has constructed a new Wellness Center in the County, which opened in 2009. The 225,000 square-foot facility sits on approximately 40 acres in Washington Township. The Wellness Center includes a High-Risk Pregnancy Center, Ambulatory Surgery Center, Cardiac Rehabilitation, an Immediate Care Center which provides timely and convenient treatment of minor, unexpected injuries or illnesses and a Metabolic Center that provides an outpatient diabetes management program. The Wellness Center houses physicians; a fitness/therapeutic center; and offers other related wellness initiatives/programs for the residents of the County.

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

## **Recreation**

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. Seven (7) 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 East Greenwich, Greenwich, Glassboro, Monroe and Woodbury. Municipal expansion of existing parks has been completed in Mantua, Washington Township and Woodbury Heights. Acquisitions are currently underway in Woolwich, Harrison, West Deptford, Mantua and Glassboro. 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 new 74-acre equestrian complex features a 150x300-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. Subsequent phases of DREAM Park are currently underway that include developing the adjacent 200 acres to include scenic riding trails and cross

country courses. In addition to being a premier equestrian facility, DREAM Park has been used for canine agility trials, and various regional events.

## **Farming**

The County continues to flourish as one of the State's leading agricultural centers. Over 600 farms are located in the County, containing a total area of over 57,000 acres. The County is in the process of implementing an extensive County-wide farmland preservation program. Since the inception of the program, over 16,000 acres of farmland have been preserved.

## **EDUCATION**

### **Gloucester County College**

Gloucester County College ("GCC"), which opened in 1967, is a publicly supported, co-educational two-year institution, fully accredited by the Middle States Commission on Higher Education.

Total enrollment for the fall 2012 semester was 6,762 students (3,943 full-time and 2,819 part-time students). In addition, GCC's Division of Continuing Education provides various educational, career training and personal enrichment courses, as well as outreach programs, to community residents.

GCC offers more than 70 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 GCC.

GCC 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. GCC recently 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 GCC graduates ranging from tuition discounts, to obtaining a bachelor's degree on the GCC campus.

Located on 250 acres in Deptford, New Jersey, GCC's main campus also houses the Continuing Education Center that provides customized training and safety instruction to the business community. The Safety Unit is especially well-known for its long-term relationship with the Delaware Valley Safety Council, which represents large petrochemical and manufacturing businesses in the region.

### **Rowan University**

Rowan University ("University") (formerly known as Glassboro State College) is a selective, medium-sized state university located in southern New Jersey, between Atlantic City

and Philadelphia. In 1992, the University received a \$100 million gift from Henry and Betty Rowan, one of the largest gifts ever bestowed on a public university. The gift has been a catalyst for the University's transformation into a university of regional prominence. Founded in 1923 as a school for teachers, the University enrolls over 10,000 students in Business, Communications, Education, Engineering, Fine & Performing Arts, Liberal Arts and a Graduate School. The 200-acre campus contains 31 buildings, including eight (8) residence halls, three (3) apartment complexes and one (1) town-house project. The University was also the site of the historic Summit Conference between President Johnson and Russian Premier Kosygin in 1967.

As of the 2011-2012 school year, the University had enrolled approximately 12,944 full and part-time undergraduate and graduate students<sup>1</sup>.

As a result, in part, of a State reorganization plan transferring certain functions, powers and duties of the University of Medicine and Dentistry of New Jersey ("UMDNJ") in the City of Camden to the University, construction is underway on a \$140 million four-year allopathic medical school. The University is partnering with the Cooper University Hospital to develop the Cooper Medical School of Rowan University. The medical school building is a six-story, 200,000 square foot, LEED certified building. At full capacity, it is anticipated that the new medical school will have an annual enrollment of approximately 400 students. The medical school will be the first four year allopathic medical school in South Jersey and the first new medical school in the State of New Jersey ("State") in more than 30 years. The facility held a Grand Opening on July 24, 2012 and welcomed their first class of students in the Fall of 2012.

On August 22, 2012, after passage by the New Jersey State Legislature, the Governor signed the New Jersey Medical and Health Sciences Education Restructuring Act ("Restructuring Act") into law. The Restructuring Act reorganizes certain higher education facilities throughout the State of New Jersey. In relevant part, UMDNJ facilities located in the City of Camden, New Jersey and the UMDNJ School of Osteopathic Medicine in Stratford, New Jersey will be transferred from UMDNJ to the University. Additionally, the Restructuring Act creates: (i) a Rutgers, the State University of New Jersey – Camden Campus ("Rutgers-Camden") Board of Directors with responsibilities including the policies and administration of Rutgers-Camden; and (ii) a joint University/ Rutgers-Camden Board of Directors with responsibilities including the policies and administration of Rowan and Rutgers-Camden in the area of Health Sciences.

In furtherance of the University's growth, the construction of several new facilities is planned, including new buildings for the Colleges of Business and Engineering, a housing village, a health sciences facility and an academic building to serve the entire university. These projects, more than \$300 million worth of construction over the next eight years, will generate much needed construction jobs in the short-term and increase access to higher education in the long-term.

### **Gloucester County Vocational and Technical School District**

The Gloucester County Vocational and Technical School District ("District") provides a full range of regionalized occupational and technical County-wide educational services and

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<sup>1</sup> Source: University Financial Operating Filing for the Year Ended June 30, 2012.

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 District 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.

For the 2012-2013 school year, approximately 1,324 students are enrolled in the District's 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 District serves an average of 4,000 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 400 at-risk youth and their families in school-based youth services counseling; (v) the U.S. swim team of 175 members; and (vi) the joint auto technology program with GCC 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 January 2013, was approximately 717 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 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.

## **POPULATION<sup>2</sup>**

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:

<b><u>MUNICIPALITY</u></b>	<b><u>1970</u></b>	<b><u>1980</u></b>	<b><u>1990</u></b>	<b><u>2000</u></b>	<b><u>2010</u></b>
Clayton Borough	5,193	6,013	6,155	7,139	8,179
Deptford Township	24,232	23,473	24,137	26,763	30,561
East Greenwich Township	3,280	4,144	5,258	5,430	9,555
Elk Township	2,707	3,187	3,806	3,514	4,216
Franklin Township	8,990	12,938	14,482	15,466	16,820
Glassboro Borough	12,938	14,574	15,614	19,068	18,579
Greenwich Township	5,676	5,404	5,102	4,879	4,899
Harrison Township	2,661	3,585	4,715	8,788	12,417
Logan Township	1,840	3,078	5,147	6,032	6,042
Mantua Township	9,643	9,193	10,074	14,217	15,217
Monroe Township	14,071	21,639	26,703	28,967	36,129
National Park Borough	3,730	3,552	3,413	3,205	3,036
Newfield Borough	1,487	1,563	1,592	1,616	1,553
Paulsboro Borough	8,084	6,944	6,577	6,160	6,097
Pitman Borough	10,257	9,744	9,365	9,331	9,011
South Harrison Township	1,226	1,486	1,919	2,417	3,126
Swedesboro Township	2,287	2,031	2,024	2,055	2,584
Washington Township	15,741	27,878	41,960	47,114	48,559
Wenonah Borough	2,364	2,303	2,331	2,317	2,278
West Deptford Township	13,928	18,002	19,380	19,368	21,677

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<sup>2</sup> Source: US Census Bureau.

<u>MUNICIPALITY</u>	<u>1970</u>	<u>1980</u>	<u>1990</u>	<u>2000</u>	<u>2010</u>
Westville Borough	5,170	4,786	4,573	4,500	4,288
Woodbury City	12,408	10,453	10,904	10,307	10,174
Woodbury Heights Borough	3,621	3,460	3,392	2,988	3,055
Woolwich Township	<u>1,147</u>	<u>1,129</u>	<u>1,459</u>	<u>3,032</u>	<u>10,200</u>
<b>GLOUCESTER COUNTY</b>	172,681	200,559	230,100	254,673	288,288
<b>STATE OF NEW JERSEY</b>	7,168,000	7,380,000	7,730,000	8,414,350	8,791,894

### **Business & Industry<sup>3</sup>**

Despite the economic downturn seen throughout the country, the County has continued to demonstrate net job growth. Since 2008, major relocations and expansions of businesses with more than 100 employees in the County include:

<u>Name</u>	<u>Product/Service</u>	<u>Square Ft.</u>	<u>Jobs</u>
AIMM Philadelphia Installers	Furniture	50,000	120
Alberts Organics	Food Processing	75,000	120
AramSCO	Distributor	100,000	125
Brand Energy LLC	Install and Erect Scaffolding	20,000	275
COIM USA	Chemicals Manufacturing	90,000	115
Comcast	Warehouse/Storage	32,000	100
Compucom	Digital Infrastructure	60,000	350
Drugstore.com	Distribution Center	85,080	160
George Young Group	Construction/Management	65,000	120
Ipak	Marketing Products Distribution	125,000	100
Kimberly Clark	Household Products	600,000	100
LaBrea Bakery	Food Processing	190,500	230
Liscio's Italian Bakery	Bread & Pastry Manufacturing	35,000	120
Lowes/Target/PetSmart	New Retail – Mantua	450,000	350
Powell Electronics	Electronics Distribution	60,000	160
Rastelli Foods-expansion	Meat Processing	91,000	120
RLS Logistics	Cold Storage & Logistics	250,000	100
Uptown Bakers	Food Manufacturing	N/A	160
UPS	Distribution	50,000	115
Virtua Healthcare	Ambulatory Care Center	256,000	150
Vista Roma Foods	Food Processing	168,000	150
Walmart/Sam's Club	Retail Center	492,000	600
Walmart (Cooper Street)	Retail	<u>200,000</u>	<u>520</u>
<b>Total:</b>		<b>3,544,580</b>	<b>4,460</b>

<sup>3</sup> Source: County.

The gradual decline of Unemployment Insurance Benefits can be witnessed on the local, state and national level. As of December, 2013 the unemployment rate on the national level was 7.4% with New Jersey at 8.2% and the County at 8.5%.

Although the nature and urgency of new business inquiries shifted somewhat in 2011, the County continues to attract new business and anticipates job growth in a number of industries due to several expansion projects. Food processing continues to grow with the addition of the U.S. headquarters of Schar, an Italian-based gluten-free food manufacturer. Schar completed construction of a 72,000 square foot building, in June of 2012, with an \$8 million capital investment, adding 70 new positions. Food distributor, Performance Foods/ROMA, expanded operations by acquiring a second building, investing \$4.8 million and adding 71 jobs in the County. Additionally, Cento Fine Foods added 47,000 square feet of warehouse space and created 12 new jobs.

In manufacturing, COIM USA, an Italian manufacturer of polyurethanes, invested \$10 million in facility upgrades in 2011. COIM USA also acquired the former Air Products Paulsboro facility and added 25 new employees to the company's existing 90 employees. Mapei, a Florida-based manufacturer of adhesive products, purchased a 230,000 square foot facility, investing \$8.4 million and bringing 60 new jobs to the County.

Work continues in Glassboro on the Rowan Boulevard project, with several phases complete and others underway. The \$18 million Phase 2 student housing project, along with a 36,000 square foot Barnes & Noble bookstore and a Starbucks coffee shop, opened in late 2010. Subsequent phases, including an \$18 million hotel, \$30 million mixed-use building and \$33 million, 1300 car parking garage are also in various stages of development and/or construction.

In the Borough of Paulsboro, the 190 acre, six-berth deep water Port of Paulsboro project continues to move forward with initial tenant facility construction commencing during the summer of 2012. The Port is estimated to generate 2,500 jobs and serve as a catalyst to revitalize Paulsboro. In total, construction costs for this project are estimated at over \$2 billion in the County and are expected to create approximately 4,500 new jobs over the next three to five years. Final permitting for the project is essentially complete, with many phases of construction and site preparation underway.

A subsidiary of LS Power acquired a redevelopment site from the Township of West Deptford on which it will construct a 738 megawatt gas fired electric generator. Construction of the project began in early 2012 and will generate 650 construction jobs. The project is expected to be completed in 2014.

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## 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.<sup>4</sup>

<u>County</u>	<u>Total Labor Force</u>	<u>Employed Labor Force</u>	<u>Total Unemployment</u>	<u>Unemployment Rate</u>
2003	137,400	129,800	7,600	5.5%
2004	146,003	139,082	6,921	4.7
2005 <sup>(r)</sup>	148,526	142,036	6,490	4.4
2006 <sup>(r)</sup>	153,200	146,000	7,200	4.7
2007 <sup>(r)</sup>	154,400	147,700	6,700	4.3
2008 <sup>(r)</sup>	156,700	148,200	8,500	5.4
2009 <sup>(r)</sup>	159,700	145,000	14,700	9.2
2010 <sup>(r)</sup>	158,600	142,500	16,100	10.1
2011 <sup>(r)</sup>	157,200	141,900	15,300	9.8
2012 <sup>(r)</sup>	157,400	142,100	15,300	9.7
2013	155,600	142,400	13,300	8.5

<u>State</u>	<u>Total Labor Force</u>	<u>Employed Labor Force</u>	<u>Total Unemployment</u>	<u>Unemployment Rate</u>
2003	4,363,900	4,108,400	255,500	5.9%
2004	4,358,900	4,144,200	214,700	4.9
2005 <sup>(r)</sup>	4,404,500	4,207,700	196,700	4.5
2006 <sup>(r)</sup>	4,465,100	4,257,900	207,200	4.6
2007 <sup>(r)</sup>	4,456,300	4,264,600	191,700	4.3
2008 <sup>(r)</sup>	4,508,600	4,261,800	246,700	5.5
2009 <sup>(r)</sup>	4,544,700	4,135,900	408,800	9.0
2010 <sup>(r)</sup>	4,545,600	4,108,700	436,900	9.6
2011 <sup>(r)</sup>	4,535,800	4,112,200	423,600	9.3
2012 <sup>(r)</sup>	4,561,800	4,136,900	424,800	9.3
2013	4,537,800	4,166,000	371,800	8.2

<sup>(r)</sup> Revised by the Department of Labor and Workforce Development in May of 2014 from originally reported number.

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<sup>4</sup> Source: New Jersey Department of Labor, Labor Market and Demographic Research.



## Major Employers<sup>5</sup>

The 10 largest non-government employers in the County are shown below, as of February 2013:

<u>Employer</u>	<u>Number of Employees</u>	<u>Type of Business</u>	<u>Location</u>
Underwood Memorial Hospital	1,825	Healthcare	Woodbury
Kennedy Memorial Hospital	1,675	Healthcare	Turnersville
Rowan University	1,483	Education	Glassboro
Missa Bay LLC	950	Food Production/Distribution	Swedesboro
U.S. Food Service	750	Wholesale/Distribution	Bridgeport
Exxon Mobil Corporation	540	Refining/Production	Paulsboro
LaBrea Bakery	525	Food Production/Distribution	Logan
Delaware Valley Wholesale Florist	500	Wholesale Florist Distribution	Sewell
Drugstore.com	450	Distribution	Swedesboro
Heritage Dairy Stores	450	Food Production/Distribution	West Deptford

## County Labor Relations<sup>5</sup>

The County employs approximately 1,400 employees, including 189 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	840	Supervisory and Non-Supervisory Personnel
CWA Social Services Local 1085	138	Supervisory & Rank-and-File Social Services
Fraternal Order of Police (FOP Local #97)	37	Corrections Officers
Sheriff's Officers Association (PBA Local #122)	73	Sheriff Officers: Sergeants
Fraternal Order of Police (FOP Local 165)	8	Sheriff; Lieutenants; Captain; Corrections Lieutenants
Police Benevolent Association (PBA Local #122)	34	Prosecutor's Office; Investigators; Detectives and Superior Officers
Assistant Prosecutor's Association	19	Assistant Prosecutors
FOP Lodge #199	12	Corrections Sergeants
Teamsters	4	Social Services Managers

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<sup>5</sup> Source: County.

## **RETIREMENT SYSTEMS AND PENSION FUND**

All full-time permanent or qualified County employees who began employment after 1944 must enroll in one of three pension systems depending upon their employment status. These systems were established by acts of the State Legislature. Benefits, contributions, means of funding and the manner of administration are determined by State legislation. Beginning with employees hired after July 1, 2007, the State has implemented a new Defined Contribution Pension Plan.

The Division of Pensions 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**

The Public Employees' Retirement System includes approximately 1,092 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 6.78%. The County's contribution for 2014 was budgeted at \$6,195,727.

### **Police and Firemen's Retirement System**

Approximately 149 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 5.5%. The County's contribution for 2014 was budgeted at \$4,036,268.00.

## **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 (15<sup>th</sup>) 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<sup>6</sup>.

### County Property Tax Rate and Equalized Valuations

<u>Year</u>	<u>County Tax Rate (per \$100)</u>	<u>Equalized Valuation</u>
2003	\$0.6031	\$15,014,799,763
2004	0.6028	16,781,792,238
2005	0.6017	18,793,649,674
2006	0.5507	22,141,014,981
2007	0.5109	25,741,037,074
2008	0.5104	28,052,514,335
2009	0.5094	29,365,481,297
2010	0.5103	29,099,745,522
2011	0.5012	28,774,322,435
2012	0.5083	27,539,059,608
2013	0.5635	26,367,768,361

### NET VALUATION TAXABLE<sup>7</sup>

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:

<u>MUNICIPALITY</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Clayton Borough	\$285,916,873	\$288,136,448	\$288,500,455	\$285,803,262	\$466,000,228
Deptford Township	1,741,487,298	1,739,215,382	1,734,669,909	2,897,546,845	2,872,098,038
East Greenwich Township	568,500,402	601,523,981	624,165,671	1,018,112,510	1,030,313,997
Elk Township	395,818,503	394,119,855	398,413,164	401,086,775	351,151,305
Franklin Township	804,207,760	808,899,239	805,727,012	806,705,966	1,246,127,735
Glassboro Borough	677,592,216	675,160,614	1,192,858,427	1,199,249,364	1,191,800,382
Greenwich Township	628,878,796	615,890,016	655,710,713	569,096,803	872,335,585
Harrison Township	825,406,952	1,323,185,474	1,326,110,524	1,340,009,975	1,349,931,288
Logan Township	629,724,959	618,309,615	614,511,988	614,301,549	1,048,963,089
Mantua Township	765,399,573	768,934,869	771,898,451	1,352,875,940	1,335,094,820
Monroe Township	2,881,250,038	2,898,748,363	2,881,856,611	2,860,900,751	2,715,189,371
National Park Borough	98,450,676	98,825,838	178,795,901	177,851,622	177,431,201
Newfield Borough	142,949,928	143,430,230	143,550,123	142,927,226	139,858,186
Paulsboro Borough	248,578,531	239,488,497	250,415,226	248,858,617	400,515,510
Pitman Borough	383,329,696	383,655,854	375,879,095	376,260,400	586,967,743
South Harrison Township	230,022,040	401,067,729	402,725,957	405,871,359	405,587,016
Swedesboro Borough	88,470,098	91,603,814	191,503,120	191,774,796	190,013,917
Washington Township	2,583,274,255	2,572,647,562	2,561,083,683	2,562,495,207	4,253,197,354
Wenonah Borough	297,468,323	296,841,077	292,521,581	260,836,937	256,277,165
West Deptford Township	1,461,877,527	1,455,538,809	2,718,739,721	2,546,769,515	2,358,659,145

<sup>6</sup> Source: County Budgets and Abstract of Ratables.

<sup>7</sup> Source: County Abstract of Ratables.

<u>MUNICIPALITY</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Westville Borough	161,856,123	161,143,736	160,763,731	268,529,139	263,446,994
Woodbury City	377,206,225	377,340,098	374,110,986	617,876,477	598,627,820
Woodbury Hts Borough	194,798,355	196,907,790	197,453,576	267,717,152	261,089,128
Woolwich Township	<u>617,844,922</u>	<u>620,459,435</u>	<u>628,553,882</u>	<u>633,831,850</u>	<u>1,075,634,628</u>
TOTAL COUNTY	<u>\$17,090,310,069</u>	<u>\$17,771,074,325</u>	<u>\$19,770,519,507</u>	<u>\$22,047,290,037</u>	<u>\$25,446,311,645</u>

### **County Assessment Pilot Program**

As part of a pilot program approved by the State, the County has begun regionalizing the assessment of real property. Specifically, the County has preliminarily determined to take over the assessment process from the various municipalities located within the County. Pursuant to the pilot program, the County intends to assume assessment of real property duties from five or six municipalities within the County in each year until all 24 taxing districts in the County are under the control of the County Assessor. To this end, the final phase of assuming control has begun and includes the inspection of all properties in the selected municipalities by a representative from Appraisal Systems, Inc., a full service real estate appraisal corporation.

### **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.

Tax appeals have been filed by two of the County's major employers, Mobil Oil (Valero Refining Co.) and Coastal Refinery ("Sunoco"). The tax appeal for Sunoco and Mobil Oil (Valero Refining Co.) were settled in 2012.

### **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<sup>8</sup>

<u>Name</u>	<u>Type of Business</u>	<u>2013 Assessed Value</u>	<u>Percent of County Total Assessed Valuation</u>
Paulsboro Refinery Co LLC	Oil Refinery (Greenwich)	\$303,323,100	1.17%
Deptford Mall Associates	Retail Property (Deptford)	161,775,700	0.62
NuStar Corp.	Oil Company (Paulsboro/W. Deptford)	86,904,500	0.34
Paulsboro Refinery Co LLC	Oil Refinery (Greenwich)*	86,619,900	0.33
Sunoco Inc.	Oil Refinery (West Deptford)	57,699,500	0.22
NuStar Corp.	Oil Company (Paulsboro/W. Deptford)	48,035,100	0.19
Turnersville Auto Mall	Retail Property	43,280,600	0.17
Solvay Solexis, Inc.	Plastic Manufacturer*	42,000,000	0.16
Plains Products Terminal LLC	Oil Pipeline	39,967,600	0.15
Mobil Oil Corporation	Oil Refinery	<u>30,532,000</u>	<u>0.12</u>
Total:		<u>\$900,138,000</u>	<u>3.48%</u>

Total Assessed Valuation in the County (2013): \$25,888,159,827

\* Includes the taxable value of certain personal property of petroleum refineries subject to taxation as set forth in New Jersey Division of Taxation Form PT-10.1. See "Business Retention Act" herein.

\*\* Currently under tax appeal.

### 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 2011 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.

<sup>8</sup> Source: County.

## REAL PROPERTY EXCLUSIVE OF CLASS II RAILROAD PROPERTY<sup>9</sup>

<u>Municipality</u>	<u>2013 Aggregate Assessed Value</u>	<u>Ratio of Aggregate Assessed Value to True Value</u>	<u>2013 Aggregate True Value</u>
Clayton Borough	\$464,843,300	96.89%	\$479,763,959
Deptford Township	2,865,501,600	101.61	2,820,098,022
East Greenwich Township	1,028,843,800	96.26	1,068,817,577
Elk Township	349,919,400	97.56	358,670,972
Franklin Township	1,242,380,900	96.87	1,282,523,898
Glassboro Borough	1,186,180,200	104.18	1,138,587,253
Greenwich Township	785,304,200	91.44	858,819,116
Harrison Township	1,346,561,900	98.17	1,371,663,339
Logan Township	1,046,364,400	90.45	1,156,842,897
Mantua Township	1,331,982,800	97.52	1,365,856,030
Monroe Township	2,706,694,800	103.44	2,616,680,974
National Park Borough	177,037,900	109.03	162,375,401
Newfield Borough	139,590,700	109.34	127,666,636
Paulsboro Borough	398,892,800	97.82	407,782,458
Pitman Borough	586,223,800	93.19	629,062,990
South Harrison Township	404,883,800	110.35	366,908,745
Swedesboro Borough	188,180,800	105.27	178,760,141
Washington Township	4,245,842,000	94.87	4,475,431,643
Wenonah Borough	256,033,300	105.53	242,616,602
West Deptford Township	2,353,108,200	98.95	2,378,078,019
Westville Borough	263,118,570	108.43	242,662,151
Woodbury City	593,430,050	91.92	645,594,049
Woodbury Heights Borough	260,358,700	98.81	263,494,282
Woolwich Township	<u>1,073,331,400</u>	97.78	<u>1,097,700,348</u>
<b>TOTAL COUNTY</b>	<b><u>\$25,294,609,320</u></b>		<b><u>\$25,736,457,502</u></b>

### 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.

<sup>9</sup> Source: County Abstract of Ratables.

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, County Treasurer and the Director of Purchasing. The Committee reviews the requests, meets with each department and agency to discuss the requests and after evaluating the financial factors affecting the County, makes recommendations to the Board.

The Board 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 ½%), 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 ½%), an increase greater than the Cost of Living Adjustment, but not to exceed three and one-half percent (3 ½%) 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 ½%) and a county increases its final appropriations or county tax levy in an amount less than three and one-half percent (3 ½%), 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 ½%). 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, 2012 is on file with the Clerk of the Board and is available for review during business hours. The 2012 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 2014 is budgeted at \$147,900,000, which is 4.01% higher than the \$141,970,000 budgeted in 2013.

### SUMMARY OF COUNTY BUDGET

<b>APPROPRIATIONS</b>	<b>2014 BUDGET<sup>10</sup></b>	<b>2013 BUDGET<sup>11</sup></b>	<b>2012 BUDGET<sup>13</sup></b>
General Government	\$13,759,215.00	\$13,677,512.00	\$13,251,128.00
Health & Human Services	26,347,682.00	25,657,072.00	24,940,093.00
Educational	17,725,554.00	18,207,642.00	17,685,529.00
Parks and Recreation	1,702,807.00	1,805,930.00	1,678,313.00
Land Use Administration	486,341.00	422,336.00	393,283.00
Code Enforcement & Administrator	409,530.00	384,855.00	363,476.00
Insurance	25,459,000.00	24,439,000.00	25,575,000.00
Public Safety Functions	53,872,044.00	51,298,314.00	48,607,733.00
Public Works	9,143,941.00	8,395,997.00	8,432,627.00
Utilities & Bulk Purchases	3,621,672.00	3,597,591.00	4,049,922.00
Landfill/Solid Waste Disposal	300,000.00	295,000.00	270,000.00
Unclassified	350,000.00	600,000.00	750,000.00
State and Federal Programs			
Offset w/ Revenues	\$3,522,141.00	\$4,135,048.00	4,400,969.00
Contingency	200,000.00	250,000.00	250,000.00
Capital Improvements	399,999.00	1,068,170.00	500,900.00
Debt Service	32,249,243.00	33,562,046.00	31,026,663.00
Deferred Charges and Statutory Expenditures	<u>18,486,282.00</u>	<u>18,133,868.00</u>	<u>16,558,824.00</u>
<b>TOTAL GENERAL APPROPRIATION</b>	<b><u>\$208,035,451.00</u></b>	<b><u>\$205,930,381.00</u></b>	<b><u>\$198,734,460.00</u></b>
<b>ANTICIPATED REVENUES</b>			
Miscellaneous Revenues:			
State & Federal Revenues	\$5,408,676.00	\$6,112,268	\$6,630,329.00
Misc. Local Revenues	11,659,000.00	11,405,000.00	10,219,000.00
Other Special Items	<u>\$22,817,077.00</u>	<u>\$20,259,845.00</u>	<u>22,262,814.00</u>
<b>Total Miscellaneous Revenues</b>	<b>\$39,884,753.00</b>	<b>\$37,777,113.00</b>	<b>\$39,112,143.00</b>
Surplus Anticipated	20,250,698.00	26,183,268.00	19,647,317.00
Amount to be Raised by Taxation	<u>147,900,000.00</u>	<u>141,970,000.00</u>	<u>139,975,000.00</u>
<b>TOTAL GENERAL REVENUES</b>	<b><u>\$208,035,451.00</u></b>	<b><u>\$205,930,381.00</u></b>	<b><u>\$198,734,460.00</u></b>

<sup>10</sup> Source: 2014 Budget Adopted March 19, 2014.

<sup>11</sup> Source: 2013 Budget Adopted March 27, 2013.

<sup>13</sup> Source: 2012 Budget Adopted April 4, 2012.

## 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 - Interfund 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 REVENUES AND TAX RECEIPTS<sup>15</sup>

<u>Year</u>	<u>Total Revenues</u>	<u>County Purpose Tax</u>	<u>Taxes as a % of Revenues</u>	<u>Other Revenue</u>
2004	\$139,465,306	\$100,700,000	72.20	\$38,765,306
2005	155,793,165	112,900,000	72.47	42,893,165
2006	172,293,851	121,730,000	70.65	50,543,851
2007	211,122,930	131,445,000	62.25	79,677,930
2008	214,963,165	143,200,000	66.62	71,763,165
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
2013U	225,542,088	141,970,000	62.95	83,572,088

U = Unaudited

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<sup>15</sup> Source: County.

## MUNICIPAL INDEBTEDNESS<sup>16</sup>

The following table shows the indebtedness of the twenty-four (24) municipalities in the County as of December 31, 2013.

<b><u>Municipality</u></b>	<b><u>Total Gross Debt</u></b>	<b><u>Total Deductions</u></b>	<b><u>Total Net Debt December 31, 2013</u></b>
Clayton Borough	\$15,419,838.83	\$13,600,486.83	\$1,819,352.00
Deptford Township	26,750,826.13	11,544,500.00	15,206,326.13
East Greenwich Township	60,225,563.75	47,106,591.75	13,118,972.00
Elk Township	4,417,926.63	1,774,926.63	2,643,000.00
Franklin Township	13,611,932.37	3,945,904.37	9,666,028.00
Glassboro Borough	69,116,078.00	28,473,488.58	40,642,589.42
Greenwich Township	14,512,891.16	6,240,000.00	8,272,891.16
Harrison Township	61,025,693.59	29,437,350.59	31,588,343.00
Logan Township	8,107,782.60	2,675,000.00	5,432,782.60
Mantua Township	38,164,132.17	27,248,000.00	10,916,132.17
Monroe Township	77,966,708.79	56,852,355.28	21,114,353.51
National Park Borough	9,322,449.54	8,919,566.54	402,883.00
Newfield Borough	2,463,787.00	384,550.00	833,995.00
Paulsboro Borough	11,886,058.53	5,520,745.22	6,365,313.31
Pitman Borough	23,302,110.70	17,641,000.00	5,661,110.70
South Harrison Township	18,328,312.22	15,604,138.35	2,724,173.87
Swedesboro Borough	15,170,528.09	11,625,010.11	3,545,517.98
Washington Township	48,878,120.10	24,390,000.00	24,488,120.10
Wenonah Borough	4,906,660.84	4,169,482.53	737,178.31
West Deptford Township	139,707,292.00	22,505,957.00	117,201,335.00
Westville Borough	9,273,868.17	4,656,404.14	4,617,464.03
Woodbury City	34,934,575.96	22,720,791.51	12,213,784.45
Woodbury Heights Borough	5,412,779.13	3,298,529.13	2,114,250.00
Woolwich Township	<u>110,314,865.48</u>	<u>93,340,081.21</u>	<u>16,974,784.27</u>
<b>TOTAL</b>	<b><u>\$823,220,781.78</u></b>	<b><u>\$463,674,859.77</u></b>	<b><u>\$358,300,680.01</u></b>

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<sup>16</sup> Source: County.

## 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, 2013**

Bonded Debt	\$184,850,000.00
Bonds Guaranteed by County Issued by Another Public Body	139,676,150.24
Other Bonds and Loans	80,116,198.63
Bond Anticipation Notes	0
Authorized but Not Issued	<u>\$5,568,661.13</u>
Total Gross Debt <sup>17</sup>	<u>\$410,211,010.00</u>
Less Deductions:	
Bonds Entitled to State Aid	\$6,086,500.00
Bonds Guaranteed by County Issued by Another Public Body	<u>139,676,150.24</u>
Total Deductions from Gross Debt	<u>\$145,762,650.24</u>
Statutory Net Debt <sup>14</sup>	<u>\$264,448,359.76</u>

**DEBT LIMIT**

Three-Year Average Equalized Valuation (2011, 2012, 2013)	\$26,560,221,950.33
Statutory Borrowing Capacity (2% of Average Equalized Valuation)	\$531,204,439.01
Statutory Net Debt	<u>\$264,448,359.76</u>
Remaining Borrowing Capacity	\$266,756,079.25
Percentage Statutory Net Debt to Average Equalized Valuation	1.000%
Percentage Statutory Net Debt to Current Equalized Valuation	<u>1.030%</u>
Net Debt per Capita <sup>18</sup>	\$917.31

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<sup>17</sup> Includes debt issued by GCIA and guaranteed by the County. See "GCIA'S DEBT UNDER A LEASE OR LOAN AGREEMENT WITH THE COUNTY OR GUARANTEED BY THE COUNTY" herein.

<sup>18</sup> Using 2010 Census population of 288,288.

**COUNTY OF GLOUCESTER  
ANNUAL DEBT STATEMENTS**

	<b>December 31, <u>2013</u></b>	<b>December 31, <u>2012</u></b>	<b>December 31, <u>2011</u></b>
<b><u>Gross Debt:</u></b> <sup>19</sup>			
Serial Bonds Issued And Outstanding:			
General	\$258,879,699.00	\$250,080,593.82	\$250,505,493.31
County College	<u>6,086,500.00</u>	<u>6,887,000.00</u>	<u>\$4,414,000.00</u>
Total Serial Bonds Issued And Outstanding	\$264,966,199.00	\$256,967,593.82	\$254,919,493.31
Bonds and Notes Authorized And Not Issued	<u>\$5,568,661.13</u>	<u>\$3,331,207.24</u>	\$25,291,300.00
Bond Anticipation Notes Issued	<u>\$0</u>	<u>\$6,500,000.00</u>	<u>\$9,500,000.00</u>
Total Gross Debt:	<u>\$270,534,860.13</u>	<u>\$266,798,801.06</u>	<u>\$289,710,793.31</u>
<b><u>Net Debt:</u></b> <sup>17</sup>			
Statutory Deductions			
State Share College Bonds <sup>20</sup>	<u>\$6,086,500.00</u>	<u>\$7,487,400.00</u>	<u>\$8,189,900.00</u>
Total Statutory Deductions	<u>\$6,086,500.00</u>	<u>\$7,487,400.00</u>	<u>\$8,189,900.00</u>
Net Debt	<u>\$264,448,359.76</u>	<u>\$259,311,401.06</u>	<u>\$281,520,893.31</u>

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<sup>19</sup> Excludes debt issued by GCIA and guaranteed by the County. See "GCIA'S DEBT UNDER A LEASE OR LOAN AGREEMENT WITH THE COUNTY OR GUARANTEED BY THE COUNTY" herein.

<sup>20</sup> County College Bond Act P.L. 1971, c.12.

## OUTSTANDING BONDED INDEBTEDNESS

The outstanding general obligation indebtedness (bonded debt only) of the County as of December 31, 2013 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>
1994 Green Acres Trust-Pitman Golf Course	2.00%	12/23/94	9/23/14	\$183,788.15
1995 Green Acres Trust-Scotland Run Park	2.00%	6/23/95	3/27/15	27,410.47
1996 County College Bonds <sup>21</sup>	5.40%	8/1/96	7/15/15	260,000.00
2003 General Obligation Refunding Bonds	4.0 to 4.5%	7/15/03	7/15/15	1,190,000.00
2006 General Obligation Bonds	4.0 to 4.25%	8/1/06	8/1/19	13,182,000.00
2007 General Obligation Refunding Bonds	4.0 to 5.0%	3/15/07	7/1/21	13,785,000.00
2008 Justice Complex Loan Bond	4.0 to 5.0%	5/5/08	4/1/38	79,905,000.00
2009 County College Bonds <sup>19</sup>	2.0 to 3.0%	1/29/09	1/15/19	740,000.00
2009 County College Bonds	2.0 to 3.0%	1/29/09	1/15/19	740,000.00
2009 General Obligation Bonds	2.0 to 3.5%	1/29/09	1/15/22	30,685,000.00
2009B County College Bonds <sup>19</sup>	2.0 to 3.0%	10/15/09	10/15/19	761,500.00
2009B County College Bonds	2.0 to 3.0%	10/15/09	10/15/19	761,500.00
2009B General Obligation Bonds	2.0 to 4.0%	10/15/09	10/15/29	30,300,000.00
2010 General Obligation Bonds	2.0 to 3.0%	9/30/10	9/15/25	29,450,000.00
2011 General Obligation Refunding Bonds	2.0 to 5.0%	12/28/11	10/1/24	16,280,000.00
2012 County College Bonds <sup>19</sup>	2.0 to 2.5%	6/28/12	3/1/22	3,575,000.00
2012 County College Bonds	2.0 to 2.5%	6/28/12	3/1/22	3,575,000.00
2012 General Obligation Bonds	2.25 to 3.0%	6/28/12	3/1/27	12,485,000.00
2013 County College Bonds <sup>19</sup>	1.0 to 2.0%	6/28/13	3/1/28	750,000.00
2013 County College Bonds	1.0 to 2.0%	6/28/13	3/1/28	750,000.00
2013 General Obligation Bonds	1.0 to 3.0%	6/28/13	3/1/18	<u>25,580,000.00</u>
<b>TOTAL</b>				<u>\$264,966,198.62</u>

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<sup>21</sup> County College Bond Act P.L. 1971, c.12.



**SCHEDULE OF GENERAL OBLIGATION DEBT SERVICE**  
(as of December 31, 2013)

<u>Year</u>	<u>Outstanding Bonds</u>			<u>Bonds Entitled to State Aid<sup>22</sup></u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$16,829,471	\$9,603,999	\$26,433,470	\$887,500	\$132,923	\$1,020,423
2015	17,181,728	8,987,766	26,169,494	907,500	109,383	1,016,883
2016	17,210,000	8,456,205	25,666,205	795,000	87,008	882,008
2017	17,702,500	7,918,261	25,620,761	802,500	70,701	873,201
2018	18,227,500	7,337,749	25,565,249	817,500	53,939	871,439
2019	18,603,500	6,725,661	25,329,161	676,500	37,233	713,733
2020	17,035,000	6,069,478	23,104,478	400,000	23,000	423,000
2021	17,600,000	5,469,094	23,069,094	400,000	14,500	414,500
2022	16,350,000	4,838,963	21,188,963	400,000	5,000	405,000
2023	12,385,000	4,333,150	16,718,150			
2024	12,440,000	3,869,250	16,309,250			
2025	10,345,000	3,404,375	13,749,375			
2026	7,575,000	3,014,925	10,589,925			
2027	7,825,000	2,704,750	10,529,750			
2028	7,080,000	2,397,875	9,477,875			
2029	5,820,000	2,116,500	7,936,500			
2030	3,490,000	1,846,250	5,336,250			
2031	3,665,000	1,667,375	5,332,375			
2032	3,855,000	1,479,375	5,334,375			
2033	4,055,000	1,281,625	5,336,625			
2034	4,260,000	1,073,750	5,333,750			
2035	4,480,000	855,250	5,335,250			
2036	4,710,000	625,500	5,335,500			
2037	4,950,000	384,000	5,334,000			
2038	5,205,000	130,125	5,335,125			
<b>TOTAL</b>	<b>\$258,879,699</b>	<b>\$96,591,251</b>	<b>\$355,470,949</b>	<b>\$6,086,500</b>	<b>\$533,686</b>	<b>\$6,620,186</b>

<sup>22</sup> Debt service is paid by the State pursuant to the County College Bond Act P.L. 1971, c.12.

## 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.**

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**GCIA'S DEBT UNDER A LEASE OR LOAN AGREEMENT WITH THE COUNTY OR  
GUARANTEED BY THE COUNTY (AS OF DECEMBER 31, 2013)**

<u>Issue</u>	<u>Interest Rates</u>	<u>Dated Date</u>	<u>Final Maturity</u>	<u>Amount Outstanding</u>
County-Guaranteed Redevelopment Bonds (Electric Mobility Project), Series 1997	5.375%	12/1/97	11/1/17	\$720,000
County-Guaranteed Lease Revenue Bonds, Series 2003B	3.00% to 5.00%	6/1/03	7/15/23	725,000
County-Guaranteed Lease Revenue Bonds, Series 2004B	3.15% to 4.50%	12/7/04	11/1/24	8,390,000
County-Guaranteed Lease Revenue Bonds, Series 2004C	3.15% to 4.50%	12/7/04	11/1/24	600,000
County-Guaranteed Revenue Bonds (Shady Lane Nursing Home Project), Series 2004	3.60% to 5.00%	6/17/04	12/1/13	555,000
County-Guaranteed Lease Revenue Bonds, Series 2005A	4.00% to 5.00%	11/10/05	9/1/30	2,150,000
County-Guaranteed Storm Water Revenue Bonds (Storm Water Management Plan Project), Series 2005A	4.00% to 5.00%	10/15/05	8/1/21	2,530,000
County-Guaranteed Storm Water Revenue Bonds (Storm Water Management Plan Project), Series 2005B	0.00%	10/15/05	8/1/21	2,145,785
County-Guaranteed Lease Revenue Bonds, Series 2006	3.60% to 5.00%	12/18/06	9/1/26	7,080,000
County-Guaranteed Loan Revenue Bonds (County Capital Program), Series 2008 <sup>23</sup>	4.00% to 5.00%	5/5/08	4/1/38	79,905,000
County-Guaranteed Solid Waste Revenue Bonds, Series 2008 <sup>24</sup>	3.00% to 4.50%	9/18/08	3/1/30	14,225,000
County-Guaranteed Lease Revenue Refunding Bonds, Series 2010A-1	2.00%	12/2/10	12/1/14	725,000
County-Guaranteed Lease Revenue Refunding Bonds, Series 2010A-2	2.00% to 3.125%	12/2/10	9/1/21	3,785,000
County-Guaranteed Lease Revenue Refunding Bonds, Series 2011A	2.00% to 5.00%	9/20/11	7/15/23	10,620,000
County-Guaranteed Revenue Refunding Bonds (Shady Lane Nursing Home Project), Series 2012	2.625% to 4.00%	2/28/12	12/1/29	9,085,000
County-Guaranteed Solid Waste Revenue Bonds (Landfill Project, Series 2012)	1.50% to 5.00%	7/10/12	3/1/19	5,300,000
County-Guaranteed Lease Revenue Refunding Bonds, Series A of 2013	2.00% to 5.00%	4/17/13	9/1/30	<u>24,510,000</u>
TOTAL				<u>\$173,050,785</u>

Source: GCIA.

**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

<sup>23</sup> Included in County Net Debt.

<sup>24</sup> See "SOLID WASTE MATTERS" herein.

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, 2013, the Utilities Authority has the following series of Sewer Revenue Bonds and New Jersey Environmental Infrastructure Trust ("NJEIT") Bonds outstanding:

<u>Issue</u>	<u>Amount Outstanding</u>
Sewer Revenue Refunding Bonds, Series 1993	\$1,410,000
NJEIT Trust & Fund Bonds, Series 1995	1,900,000
NJEIT Trust & Fund Bonds, Series 1998 (Trust)	680,000
NJEIT Trust & Fund Bonds, Series 1998 (Fund)	492,920
NJEIT Trust & Fund Bonds, Series 1999 (Trust)	150,000
NJEIT Trust & Fund Bonds, Series 1999 (Fund)	105,959
NJEIT Trust & Fund Bonds, Series 2001 (Trust)	1,185,000
NJEIT Trust & Fund Bonds, Series 2001 (Fund)	737,805
Sewer Revenue Refunding Bonds, Series 2003	7,335,000
Sewer Revenue Refunding Bonds, Series 2005A	1,340,000
Sewer Revenue Refunding Bonds, Series 2005B	12,475,000
NJEIT Trust & Fund Bonds, Series 2008 (Trust)	1,440,000
NJEIT Trust & Fund Bonds, Series 2008 (Fund)	1,004,148
NJEIT Trust & Fund Bonds, Series 2010 (Trust)	290,000
NJEIT Trust & Fund Bonds, Series 2010 (Fund)	805,768
NJEIT Trust & Fund Bonds (ARRA), Series 2010 (Trust)	105,083
NJEIT Trust & Fund Bonds (ARRA), Series 2010 (Fund)	96,000
NJEIT Trust & Fund Bonds, Series 2010B (Trust)	1,005,000
NJEIT Trust & Fund Bonds, Series 2010B (Fund)	999,868
NJEIT Trust & Fund Bonds, Series 2013 (Trust)	930,000
NJEIT Trust & Fund Bonds, Series 2013 (Fund)	<u>2,907,813</u>
 TOTAL	 <u>\$37,395,365</u>

## **SIX YEAR CAPITAL PROGRAM**

The Six Year Capital Program of the County is presented in the table on the following page of this Appendix A.

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**SIX YEAR CAPITAL PROGRAM – 2014-2019**  
**Anticipated Project Schedule and Funding Requirements**

**County of Gloucester**

<u>Project Title</u>	<u>Project Number</u>	<u>Estimated Total Costs</u>	<u>Estimated Completion Time</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
County Park Improvements	1	\$1,914,000	2019	\$60,000	\$235,000	\$460,000	\$272,000	\$672,000	\$215,000
Buildings New & Renovated	2	9,247,800	2019	4,350,000	3,700,000	580,300	192,500	250,000	175,000
Highways	3	23,611,755	2019	4,411,755	8,875,000	2,475,000	2,450,000	2,675,000	2,725,000
Intersections	4	7,702,200	2019	2,397,200	450,000	1,215,000	850,000	1,950,000	840,000
Bridges and Dams	5	4,850,000	2019	1,000,000	750,000	2,650,000	150,000	150,000	150,000
Computer Equipment	6	2,264,000	2019	326,000	272,000	311,000	676,000	112,000	567,000
Communications Equipment	7	2,075,000	2019	270,000	200,000	1,245,000	120,000	120,000	120,000
EMS Equipment	8	2,439,000	2019	540,000	392,000	392,000	392,000	392,000	331,000
Other Equipment	9	<u>4,157,000</u>	2019	<u>1,907,000</u>	<u>450,000</u>	<u>450,000</u>	<u>450,000</u>	<u>450,000</u>	<u>450,000</u>
<b>TOTAL - ALL PROJECTS</b>		<u>\$58,260,755</u>		<u>\$15,261,955</u>	<u>\$15,324,000</u>	<u>\$9,778,300</u>	<u>\$5,552,500</u>	<u>\$6,771,000</u>	<u>\$5,573,000</u>

## 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. 13-1E-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 21, 2009, entered into a ten (10) year agreement with Wheelabrator Gloucester County L.P., a subsidiary of Waste Management, 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, 2019.

The GCIA, as a conduit issuer, has heretofore issued certain solid waste resource recovery bonds to finance, among other things, the construction and equipping of the Resource Recovery Facility on behalf of the Company ("Company Bonds"). As of December 31, 2011, the Company Bonds were outstanding in the aggregate principal amount of \$39,515,000. All of the Company Bonds mature, by their terms, on December 1, 2029. Payment of the principal of and interest on such Company Bonds is the sole obligation of Waste Management, Inc. ("WMI"), pursuant to a loan agreement executed between WMI and the GCIA. The Company Bonds are special and limited obligations of the GCIA and are non-recourse to both the County and the GCIA.

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**

**Unaudited and Audited Financial Statements of the County**

UNAUDITED FINANCIAL STATEMENTS

COUNTY OF GLOUCESTER

DECEMBER 31, 2013

# PETRONI & ASSOCIATES LLC

Certified Public Accountants • Registered Municipal Accountants  
102 West High Street, Suite 100 • P.O. Box 279 • Glassboro, NJ 08028  
(856) 881-1600 • Fax (856) 881-6860

MEMBER: AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

Nick L. Petroni, CPA, RMA

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

## INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

The Director and Members of the  
Board of Chosen Freeholders  
County of Gloucester  
P.O. Box 337  
Woodbury, New Jersey 08096

We have compiled the accompanying balance sheet – regulatory basis of the various funds and account groups of the County of Gloucester as of December 31, 2013, the related statements of operations and changes in fund balance – regulatory basis for the year then ended, and the related statements of revenues – regulatory basis and statement of expenditures – regulatory basis of the various funds for the year ended December 31, 2013. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

As described in Note 1, the County of Gloucester prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with the modified accrual basis, with certain exceptions, and the budget laws of the State of New Jersey, which is a regulatory basis of accounting other than accounting principles generally accepted in the United States of America.

PETRONI & ASSOCIATES LLC

*Nick L. Petroni*

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

May 22, 2014

**CURRENT FUND**

## BALANCE SHEET - CURRENT FUND - REGULATORY BASIS

	Balance Dec. 31, 2013
<b>ASSETS</b>	
Regular Fund	
Cash - Chief Financial Officer	\$ 36,134,518.85
Change Fund	1,000.00
	<u>36,135,518.85</u>
Accounts Receivable-State	909,168.00
Receivables and Other Assets with Full Reserves:	
Taxes Receivable-Added & Omitted Taxes	669,569.99
Revenue Accounts Receivable	1,267,242.73
Due from Federal and State Grant Fund	845,664.10
	<u>2,782,476.82</u>
Deferred Charges:	
Emergency Authorization	4,406,362.00
	<u>44,233,525.67</u>
Federal and State Grant Fund	
Federal Grants Receivable	11,579,963.81
State Grants Receivable	2,562,983.59
	<u>14,142,947.40</u>
	<u>\$ 58,376,473.07</u>

BALANCE SHEET - CURRENT FUND - REGULATORY BASIS

	Balance Dec. 31, 2013
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>	
Regular Fund	
Liabilities:	
Appropriation Reserves	\$ 8,536,359.92
Encumbrances Payable	1,826,722.30
Accounts Payable	70,000.00
Payroll Taxes Payable	852,308.73
Reserve for Revaluations	45,555.40
Reserve for Local Grants	4,178.00
	<hr/>
	11,335,124.35
Reserve for Receivables	2,782,476.82
Fund Balance	30,115,924.50
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	44,233,525.67
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Federal and State Grant Fund	
Reserve for Federal Grants - Appropriated	9,241,040.42
Reserve for State Grants - Appropriated	958,152.51
Encumbrances Payable	3,098,090.37
Due to Current Fund	845,664.10
	<hr/>
	14,142,947.40
	<hr/>
	\$ 58,376,473.07
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STATEMENT OF OPERATIONS AND CHANGE  
IN FUND BALANCE - CURRENT FUND - REGULATORY BASIS

	Year 2013
<b>Revenue and Other Income Realized</b>	
Fund Balance Utilized	\$ 26,183,268.00
Miscellaneous Revenue Anticipated	48,736,435.49
Receipts from Current Taxes	141,970,000.00
Non-Budget Revenue	8,652,384.24
Other Credits to Income:	
Unexpended Balance of Appropriation Reserves	5,117,825.81
Interfunds Returned	526,825.47
Total Income	231,186,739.01
 <b>Expenditures</b>	
Budget and Emergency Appropriations:	
Operations:	
Salaries and Wages	76,933,572.00
Other Expenses	85,553,304.00
Capital Improvements	1,068,170.00
Debt Service	33,466,341.05
Deferred Charges and Statutory Expenditures	18,133,868.00
Total Expenditures	215,155,255.05
Statutory Excess to Fund Balance	16,031,483.96
 <b>Fund Balance</b>	
Balance January 1	40,267,708.54
	56,299,192.50
Decreased by:	
Utilization as Anticipated Revenue	26,183,268.00
Balance December 31	\$ 30,115,924.50

## STATEMENT OF REVENUES - CURRENT FUND - REGULATORY BASIS

	Anticipated		Realized	Excess or (Deficit)
	Budget 2013	Special NJSA 40A:4-87		
Fund Balance Anticipated	\$ 26,183,268.00		\$ 26,183,268.00	
Miscellaneous Revenues:				
County Clerk	2,322,000.00		2,388,827.87	\$ 66,827.87
Surrogate	124,000.00		159,350.00	35,350.00
Sheriff	106,000.00		214,792.47	108,792.47
Motor Vehicle Fines	1,600,000.00		1,600,000.00	
Interest on Investments and Deposits	111,000.00		80,165.07	(30,834.93)
Title IV D Incentive Program	2,017,000.00		2,031,511.66	14,511.66
County Golf Course	1,276,000.00		1,261,898.09	(14,101.91)
Interlocal Services Agreement Salem/Camden Counties	1,154,000.00		1,173,458.94	19,458.94
Soil Safe Inc. Impact Fee	445,000.00	\$ 137,931.00	655,956.04	73,025.04
County College Bonds (NJSA 18A:64A-22.6)	1,744,220.00		1,744,220.50	0.50
Reimbursement of Mandated Election Costs	233,000.00	909,168.00	1,140,668.00	(1,500.00)
Supplemental Social Security Income	478,497.00		473,747.00	(4,750.00)
Social Services Administrative	10,722,535.00		10,958,991.31	236,456.31
Improvement Authority Lease - Unspent Proceeds Applied to Debt Service	1,186,559.00		1,186,559.00	
New Jersey Department of Health and Senior Services				
Alcohol and Drug Abuse	578,995.00		578,995.00	
Area Planning Grant	1,461,684.00	73,208.00	1,534,892.00	
Local Core Capacity Infrastructure for Bio-Terrorism		353,716.00	353,716.00	
PEER Grouping		97,374.00	97,374.00	
Right-to-Know		10,798.00	10,798.00	
Special Child Health Case Management		167,373.00	167,373.00	
Senior Farmer's Market Nutrition Program		1,500.00	1,500.00	
WIC Program		710,200.00	710,200.00	
U.S. Department of Health & Human Services				
Medical Reserve Corps		4,000.00	4,000.00	
New Jersey Department of Children and Families				
Prevention Planning		300,000.00	300,000.00	
U.S. Department of Justice				
Byrne Memorial		10,743.00	10,743.00	



STATEMENT OF REVENUES - CURRENT FUND - REGULATORY BASIS

	Anticipated		Realized	Excess or (Deficit)
	Budget 2013	Special NJSA 40A:4-87		
New Jersey Department of Human Services				
Abused and Missing Children	3,234.00		3,234.00	
Mental Health Administration		12,000.00	12,000.00	
Sandy Homeowner/Rener Assistance		108,000.00	108,000.00	
Human Services Planning Grant	62,770.00		62,770.00	
Personal Attendant Services Program		43,500.00	43,500.00	
Social Services for the Homeless	287,766.00	18,496.00	306,262.00	
Prevention of Teen Pregnancy	1,000.00		1,000.00	
Youth Incentive Program	38,442.00		38,442.00	
Homeless Assistance Program	29,331.00		29,331.00	
Title XX Transportation	60,733.00		60,733.00	
Emergency Food & Shelter Board				
Emergency Food and Shelter Program		27,114.00	27,114.00	
New Jersey Department of Law and Public Safety				
Body Armor Replacement-Sheriff		9,861.00	9,861.00	
Body Armor Replacement-Prosecutor		4,495.00	4,495.00	
Body Armor Replacement-Corrections		7,578.00	7,578.00	
Multi-Jurisdictional Narcotics Task Force		74,468.00	74,468.00	
Sexual Assault Nurse Examiner		71,905.00	71,905.00	
Drunk Driving Enforcement Fund		15,000.00	15,000.00	
Hazard Mitigation Program		600,000.00	600,000.00	
Community Justice		61,500.00	61,500.00	
DUI Sobriety Checkpoint		100,000.00	100,000.00	
Megan's Law		7,288.00	7,288.00	
Insurance Fraud Reimbursement Program	156,967.00		156,967.00	
Victims of Crimes Act		176,091.00	176,091.00	
Violence Against Women		25,401.00	25,401.00	
United States Marshall Service				
Electronic Crimes Task Force		3,000.00	3,000.00	
New Jersey Department of Labor				
Work First New Jersey		1,914,476.00	1,914,476.00	
Work First New Jersey Smart Steps	3,210.00	4,013.00	7,223.00	
Workforce Investment Act		1,913,195.00	1,913,195.00	
Workforce Learning Link	20,000.00	39,000.00	59,000.00	

STATEMENT OF REVENUES - CURRENT FUND - REGULATORY BASIS

	Anticipated		Realized	Excess or (Deficit)
	Budget 2013	Special NJSA 40A:4-87		
New Jersey Department of Environmental Protection				
Clean Communities		124,073.00	124,073.00	
County Environmental Health Act		159,000.00	159,000.00	
New Jersey Division of Highway Traffic Safety				
Comprehensive Traffic Safety		47,450.00	47,450.00	
Child Passenger Safety Seat Program		10,000.00	10,000.00	
Governor's Council on Alcoholism and Drug Abuse				
Municipal Alliance	346,965.00	173,483.00	520,448.00	
New Jersey Transit Corporation				
Senior Citizens and Disabled Residents Transportation	645,506.00	7,580.00	653,086.00	
Section 5311 Rural Transportation		146,404.00	146,404.00	
Job Access and Reverse Commute		125,000.00	125,000.00	
New Freedom		200,000.00	200,000.00	
New Jersey Department of Military and Veterans Affairs				
Veterans Transportation		33,000.00	33,000.00	
Delaware Valley Regional Planning Commission				
Transportation Planning and Implementation		38,680.00	38,680.00	
Regionwide Transportation System GIS Program		30,000.00	30,000.00	
Supportive Regional Highway Planning		39,100.00	39,100.00	
New Jersey Department of Community Affairs				
Eye Deal Connection		15,000.00	15,000.00	
New Jersey Juvenile Justice Commission				
Juvenile Accountability Incentive Program	8,880.00		8,880.00	
Family Court Program	144,135.00		144,135.00	
State/Community Partnership Program	285,430.00		285,430.00	
New Jersey Office of Homeland Security & Preparedness				
Homeland Security		100,000.00	100,000.00	
Emergency Management Agency Assistance		90,000.00	90,000.00	
EMA Access & Functional Needs Program		23,000.00	23,000.00	
New Jersey Historic Trust				
Red Bank Interpretive Signage Project		4,404.00	4,404.00	
New Jersey Council for the Humanities				
Midwifery to Yellow Fever at Whitall		2,976.00	2,976.00	

STATEMENT OF REVENUES - CURRENT FUND - REGULATORY BASIS

	Anticipated		Realized	Excess or (Deficit)
	Budget 2013	Special NJSA 40A:4-87		
State Farm				
State Farm Educational Funding		3,500.00	3,500.00	
Capital Surplus	50,000.00		50,000.00	
Reserve for Debt Service - Capital	2,500,000.00		2,500,000.00	
Special Services School District	500,000.00		1,500,000.00	1,000,000.00
Open Space and Farmland Preservation Trust Fund	1,388,254.00		1,388,254.00	
Weights and Measures Trust Fund	55,000.00		55,000.00	
Emergency Medical Services	3,809,000.00		3,798,531.60	(10,468.40)
Increased Row Officer Fees under Chapter 370 of the Laws of 2001 - Surrogate	127,000.00		101,700.00	(25,300.00)
Increased Row Officer Fees under Chapter 370 of the Laws of 2001 - County Clerk	1,549,000.00		1,620,760.50	71,760.50
Increased Row Officer Fees under Chapter 370 of the Laws of 2001 - Sheriff	144,000.00		179,052.44	35,052.44
Total Miscellaneous Revenues	<u>37,777,113.00</u>	<u>9,385,042.00</u>	<u>48,736,435.49</u>	<u>1,574,280.49</u>
Amount to be Raised by Taxation	<u>141,970,000.00</u>		<u>141,970,000.00</u>	
Budget Totals	<u>205,930,381.00</u>	<u>9,385,042.00</u>	<u>216,889,703.49</u>	<u>\$ 1,574,280.49</u>
Non-Budget Revenue			8,652,384.24	
	<u>\$ 205,930,381.00</u>	<u>\$ 9,385,042.00</u>	<u>\$ 225,542,087.73</u>	

STATEMENT OF REVENUES - CURRENT FUND - REGULATORY BASIS

**Analysis of Non-Budget Revenue**

Miscellaneous Revenue Not Anticipated:	
ADRC-Health & Senior Services	\$ 122,845.00
Animal Shelter	89,794.10
Auction	19,266.88
Bail Forfeitures	55,747.50
CAP/Go Assisted Living	538,785.00
County Inmates	2,665.46
County Share of Authority Surplus	3,115,409.00
Emergency Management	230,882.46
Federal Inmate Reimbursement	3,600.00
Fire Marshall	37,043.00
Fire Safety - LEA Rebate	53,162.79
Indirect Costs	249,098.15
Inmate Admission Fee	36,771.88
Interment Allowance USDVA	162,060.00
Interlocal Agreement - Tax Assessor	32,193.93
Interlocal Agreement - Economic Development	190,156.29
Liheap/Universal Service Fund	17,423.00
Maps, Copies, etc.	102,428.23
Miscellaneous Fees and Permits	420,800.40
Miscellaneous Fines	7,161.90
Miscellaneous State Aid	111,065.00
Pilot Program, Assessor	23,662.82
Refund of Prior Years' Expenditures	652,714.27
Rental & Maintenance Charges	16,317.80
Serv-A-Tray	82,178.97
State Aid Debt Service	1,649,898.00
State Inmate Reimbursement	5,546.61
Added & Omitted Taxes	623,705.80
	<hr/>
	\$ 8,652,384.24
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STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Paid or Charged	Expended		Canceled
	Budget	Budget After Modifications		Encumbered	Reserved	
<b>OPERATIONS</b>						
<b>GENERAL GOVERNMENT FUNCTIONS</b>						
Administrator's Office						
Salaries & Wages	\$ 573,446.00	\$ 573,446.00	\$ 555,887.30		\$ 17,558.70	
Other Expenses	16,675.00	16,675.00	8,236.44	\$ 235.45	8,203.11	
Department of Human Resources						
Salaries & Wages	747,125.00	747,125.00	693,913.65		53,211.35	
Other Expenses	85,796.00	85,796.00	69,229.41	1,343.47	15,223.12	
Board of Chosen Freeholders						
Salaries & Wages	518,005.00	518,005.00	479,125.32		38,879.68	
Other Expenses	40,000.00	40,000.00	30,956.20	1,865.12	7,178.68	
Clerk of the Board						
Salaries & Wages	142,976.00	142,976.00	136,128.31		6,847.69	
Other Expenses	16,500.00	16,500.00	14,441.14	737.69	1,321.17	
Advertising						
Other Expenses	13,000.00	13,000.00	8,188.17		4,811.83	
County Clerk						
Salaries & Wages	1,498,866.00	1,502,566.00	1,412,674.90		89,891.10	
Other Expenses	328,791.00	598,809.00	401,576.35	17,550.25	179,682.40	
Superintendent of Elections						
Salaries and Wages	594,706.00	639,706.00	609,908.29		29,797.71	
Other Expenses	568,205.00	1,158,655.00	1,086,314.48	22,145.67	50,194.85	
Financial Administration						
Salaries & Wages	695,750.00	695,750.00	677,607.20		18,142.80	
Other Expenses	65,262.00	65,262.00	25,865.69	29,442.48	9,953.83	
Purchasing Department						
Salaries & Wages	356,135.00	356,135.00	320,627.59		35,507.41	
Other Expenses	14,572.00	14,572.00	13,215.07	120.00	1,236.93	
Audit Services						
Other Expenses	93,000.00	93,000.00			93,000.00	
Information Technology						
Salaries & Wages	1,161,063.00	1,161,063.00	1,099,964.62		61,098.38	
Other Expenses	566,460.00	587,460.00	512,175.92	60,915.49	14,368.59	
Board of Taxation						
Salaries and Wages	136,398.00	130,898.00	123,983.33		6,914.67	
Other Expenses	2,300.00	2,300.00			2,300.00	
County Assessor						
Salaries and Wages	1,161,828.00	1,161,828.00	962,983.77		198,844.23	
Other Expenses	954,454.00	954,454.00	590,709.11	194,607.41	169,137.48	

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Paid or Charged	Expended		Canceled
	Budget	Budget After Modifications		Encumbered	Reserved	
County Counsel						
Salaries & Wages	862,060.00	862,060.00	858,876.26		3,183.74	
Other Expenses	386,907.00	386,907.00	341,330.57	6,800.54	38,775.89	
County Adjuster						
Salaries & Wages	126,905.00	126,905.00	119,172.49		7,732.51	
Other Expenses	7,975.00	7,975.00	4,675.33	200.26	3,099.41	
Surrogate						
Salaries and Wages	544,422.00	544,422.00	522,568.24		21,853.76	
Other Expenses	36,188.00	36,188.00	24,496.41	10,625.00	1,066.59	
Engineering						
Salaries and Wages	1,100,456.00	1,100,456.00	1,059,639.97		40,816.03	
Other Expenses	56,300.00	56,300.00	33,223.49	16,881.29	6,195.22	
Economic Development						
Salaries & Wages	153,486.00	153,486.00	122,435.46		31,050.54	
Other Expenses	39,500.00	39,500.00	25,462.80	50.00	13,987.20	
Historical Society						
Other Expenses	12,000.00	12,000.00	12,000.00			
<b>LAND USE ADMINISTRATION</b>						
County Planning Board (NJSA 40:55 D-1)						
Salaries and Wages	296,611.00	296,611.00	284,109.53		12,501.47	
Other Expenses	80,707.00	80,707.00	76,463.87	2,649.38	1,593.75	
Construction Board of Appeals (NJSA 52:27 D-127)						
Salaries and Wages	43,643.00	43,643.00	42,242.58		1,400.42	
Other Expenses	1,375.00	1,375.00	392.76		982.24	
<b>CODE ENFORCEMENT &amp; ADMINISTRATION</b>						
Consumer Protection						
Salaries & Wages	380,442.00	380,442.00	364,103.40		16,338.60	
Other Expenses	4,413.00	4,413.00	3,094.85	184.95	1,133.20	
<b>INSURANCE</b>						
Liability Insurance	3,000,000.00	3,000,000.00	2,975,399.53	15,000.00	9,600.47	
Workmen's Compensation Insurance	1,655,000.00	1,655,000.00	1,269,583.55	14,443.70	370,972.75	
Group Insurance Plans For Employees	19,500,000.00	19,500,000.00	19,015,988.94	6,192.30	477,818.76	
Unemployment Compensation Insurance	284,000.00	284,000.00	284,000.00			

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Paid or Charged	Expended		Canceled
	Budget	Budget After Modifications		Encumbered	Reserved	
<b>PUBLIC SAFETY FUNCTIONS</b>						
Emergency Response						
Salaries & Wages	15,807,500.00	15,807,500.00	15,172,475.93		635,024.07	
Other Expenses	995,450.00	995,450.00	745,229.62	99,651.93	150,568.45	
County Medical Examiner						
Salaries and Wages	960,134.00	939,534.00	874,804.89		64,729.11	
Other Expenses	140,634.00	140,634.00	108,196.36	19,945.43	12,492.21	
Sheriff's Department						
Salaries and Wages	8,143,069.00	8,143,069.00	7,854,134.52		288,934.48	
Other Expenses	143,000.00	143,000.00	78,638.90	58,734.41	5,626.69	
Prosecutor's Office						
Salaries & Wages	7,332,151.00	7,282,151.00	6,954,458.50		327,692.50	
Other Expenses	301,153.00	301,153.00	255,466.01	22,852.71	22,834.28	
Department of Corrections						
Salaries and Wages	8,574,421.00	9,074,421.00	9,007,803.30		66,617.70	
Other Expenses	8,900,802.00	8,900,802.00	8,014,097.26	111,315.61	775,389.13	
<b>PUBLIC WORKS FUNCTIONS</b>						
Roads and Bridges						
Salaries and Wages	2,996,058.00	2,996,058.00	2,785,486.71		210,571.29	
Other Expenses	198,782.00	198,782.00	156,847.26	14,046.72	27,888.02	
Buildings and Grounds						
Salaries & Wages	3,083,993.00	3,053,993.00	2,886,209.93		167,783.07	
Other Expenses	892,669.00	892,669.00	734,329.72	67,474.31	90,864.97	
Fleet Management						
Salaries & Wages	569,195.00	569,195.00	533,176.72		36,018.28	
Other Expenses	655,300.00	655,300.00	497,790.01	123,180.28	34,329.71	
<b>HEALTH AND HUMAN SERVICES FUNCTIONS</b>						
County Health Services - Interlocal Agreements (40:8A-1, ET SEQ)						
Salaries and Wages	2,270,598.00	2,270,598.00	2,229,342.25		41,255.75	
Other Expenses	93,000.00	93,000.00	57,217.48	1,959.18	33,823.34	
Education & Disability Services						
Salaries and Wages	287,468.00	287,468.00	251,809.77		35,658.23	
Other Expenses	8,995.00	8,995.00	4,148.97	2,830.09	2,015.94	
Senior Services						
Salaries and Wages	1,164,617.00	1,114,617.00	1,100,033.49		14,583.51	
Other Expenses	240,000.00	240,000.00	209,663.41	19,650.92	10,685.67	
Human Services						
Salaries and Wages	797,519.00	797,519.00	730,965.31		66,553.69	
Other Expenses	254,120.00	254,120.00	185,797.27	45,719.98	22,602.75	

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended			Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
Veterans Affairs						
Salaries and Wages	379,420.00	379,420.00	339,560.45		39,859.55	
Other Expenses	20,053.00	20,053.00	17,352.74		2,700.26	
Commission on Women						
Other Expenses	2,600.00	2,600.00	1,402.00	949.50	248.50	
Animal Shelter						
Salaries and Wages	1,601,949.00	1,521,949.00	1,422,772.65		99,176.35	
Other Expenses	150,573.00	150,573.00	138,645.78	5,359.87	6,567.35	
Division of Social Services						
Salaries & Wages	9,343,710.00	9,343,710.00	9,149,087.56		194,622.44	
Other Expenses	6,526,375.00	6,526,375.00	5,757,242.49	261,118.29	508,014.22	
Assistance for Dependent Children - Local Share	336,230.00	336,230.00	336,230.00			
Supplemental Social Security Income	478,497.00	478,497.00	478,497.00			
Maintenance of Patients in State Institutions						
Other Expenses	1,150,606.00	1,150,606.00	951,074.32		199,531.68	
Cerebral Palsy Clinic						
Other Expenses	15,000.00	15,000.00	7,500.00	7,500.00		
Family Support Center - Contractual						
Other Expenses	82,460.00	82,460.00	66,205.45	16,254.55		
Mental Health Programs						
Other Expenses	213,500.00	213,500.00	160,125.00	53,375.00		
Gloucester County ARC						
Other Expenses	22,000.00	22,000.00	11,000.00	11,000.00		
Aid to Occupational Center						
Other Expenses	25,000.00	25,000.00	12,500.00	12,500.00		
Juveniles in Need of Supervision						
Other Expenses	152,900.00	152,900.00	117,802.50	35,097.50		
Support of Non-Profit Child Care Centers						
Other Expenses	39,882.00	39,882.00	38,632.00	1,250.00		
<b>PARK AND RECREATION FUNCTIONS</b>						
Parks and Recreation						
Salaries and Wages	1,062,418.00	1,062,418.00	991,753.72		70,664.28	
Other Expenses	187,225.00	187,225.00	115,546.54	39,946.58	31,731.88	
County Golf Course						
Salaries and Wages	382,444.00	382,444.00	333,637.40		48,806.60	
Other Expenses	173,843.00	173,843.00	138,128.61	25,205.29	10,509.10	



STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended			Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
<b>EDUCATIONAL FUNCTIONS</b>						
Gloucester County College						
Other Expenses	7,654,944.00	7,654,944.00	7,654,944.00			
Reimbursement for Residents Attending Out-of-County Two-Year Colleges	200,000.00	200,000.00	133,170.85	25,602.09	41,227.06	
Gloucester County Vocational School	8,000,000.00	8,000,000.00	8,000,000.00			
Reimbursement for Residents Attending Out-of-County Vocational Schools	40,000.00	40,000.00	32,000.00		8,000.00	
Special Services School District						
Other Expenses	1,563,078.00	1,563,078.00	1,563,078.00			
Superintendent of Schools						
Salaries and Wages	311,806.00	311,806.00	286,419.57		25,386.43	
Other Expenses	10,840.00	10,840.00	7,499.93	682.55	2,657.52	
Extension Services						
Salaries and Wages	352,679.00	358,179.00	351,686.61		6,492.39	
Other Expenses	69,795.00	69,795.00	53,702.87	15,040.19	1,051.94	
4-H Fair Association						
Other Expenses	4,500.00	4,500.00	4,500.00			
<b>UTILITIES EXPENSES AND BULK PURCHASES</b>						
Electricity	1,670,000.00	1,665,000.00	1,260,391.04	143,153.94	261,455.02	
Street Lighting	34,591.00	34,591.00	22,090.71	2,644.51	9,855.78	
Water	70,000.00	88,000.00	69,951.18		18,048.82	
Gas	260,000.00	318,000.00	230,999.27	23,366.15	63,634.58	
Heating Oil	15,000.00	20,000.00	14,556.65		5,443.35	
Telephone	570,000.00	549,000.00	477,881.32	41,452.02	29,666.66	
Sewer	78,000.00	82,600.00	70,674.81		11,925.19	
Gasoline	900,000.00	900,000.00	742,642.15	100,554.70	56,803.15	
<b>LANDFILL/SOLID WASTE DISPOSAL</b>						
Contractual Obligations-Logan Township	295,000.00	432,931.00	432,929.99		1.01	
<b>UNCLASSIFIED</b>						
Matching Funds for Grants						
State and Federal Programs	150,000.00	150,000.00	85,537.00			\$ 64,463.00
Proposed Salary and Wage Adjustment	350,000.00					
Reserve for Sick Leave	100,000.00	100,000.00	100,000.00			
<b>Total Operations</b>	<b>148,781,249.00</b>	<b>149,828,348.00</b>	<b>140,880,448.04</b>	<b>1,811,404.75</b>	<b>7,072,032.21</b>	<b>64,463.00</b>

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended			
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	Canceled
<b>PUBLIC AND PRIVATE PROGRAMS</b>						
<b>OFF-SET BY REVENUES</b>						
New Jersey Department of Health and Senior Services						
Right-to-Know		10,798.00	10,798.00			
Senior Farmer's Market Nutrition Program		1,500.00	1,500.00			
WIC Program		710,200.00	710,200.00			
Area Planning Grant	1,461,684.00	1,534,892.00	1,534,892.00			
Special Child Health Case Management		167,373.00	167,373.00			
Alcohol and Drug Abuse	578,995.00	578,995.00	578,995.00			
Local Core Capacity Infrastructure for Bio-Terrorism		353,716.00	353,716.00			
PEER Grouping		97,374.00	97,374.00			
US Department of Health and Senior Services						
Medical Reserves Corps		4,000.00	4,000.00			
New Jersey Department of Human Services						
Title XX Transportation	60,733.00	60,733.00	60,733.00			
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			
Mental Health Administration		12,000.00	12,000.00			
Social Services for the Homeless	287,766.00	306,262.00	306,262.00			
Personal Attendant Services Program		43,500.00	43,500.00			
Youth Incentive Program	38,442.00	38,442.00	38,442.00			
Homeless Assistance Program	29,331.00	29,331.00	29,331.00			
Prevention of Teen Pregnancy	1,000.00	1,000.00	1,000.00			
Sandy Homeowner/Renter Assistance		108,000.00	108,000.00			
New Jersey Department of Children and Families						
Prevention Planning		300,000.00	300,000.00			
Emergency Food and Shelter Board						
Emergency Food & Shelter Program		27,114.00	27,114.00			
U.S. Department of Justice						
Byrne Memorial		10,743.00	10,743.00			
New Jersey Department of Law and Public Safety						
Community Justice Grant		61,500.00	61,500.00			
Drunk Driving Enforcement Fund		15,000.00	15,000.00			
Victims of Crime Act		176,091.00	176,091.00			
Hazard Mitigation Program		600,000.00	600,000.00			
Multi-Jurisdictional Narcotics Task Force		74,468.00	74,468.00			
Megan's Law		7,288.00	7,288.00			
Body Armor Replacement-Sheriff		9,861.00	9,861.00			
Body Armor Replacement-Prosecutor		4,495.00	4,495.00			
Body Armor Replacement-Corrections		7,578.00	7,578.00			
Sexual Assault Nurse Examiner Program		71,905.00	71,905.00			

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended			
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	Canceled
Electronic Crimes Task Force						
Insurance Fraud Reimbursement Program	156,967.00	156,967.00	156,967.00			
DUI Sobriety Checkpoint		100,000.00	100,000.00			
Violence Against Women Act		25,401.00	25,401.00			
U.S. Marshall Service						
Electronic Crimes Task Force		3,000.00	3,000.00			
New Jersey Department of Labor						
Work First New Jersey-Smart Steps	3,210.00	7,223.00	7,223.00			
Workforce Learning Link	20,000.00	59,000.00	59,000.00			
Workforce Investment Act		1,913,195.00	1,913,195.00			
Work First New Jersey		1,914,476.00	1,914,476.00			
New Jersey Department of Environmental Protection						
County Environmental Health Act		159,000.00	159,000.00			
Clean Communities		124,073.00	124,073.00			
New Jersey Division of Highway Traffic Safety						
Comprehensive Traffic Safety		47,450.00	47,450.00			
Child Passenger Safety Seat Program		10,000.00	10,000.00			
Governor's Council on Alcoholism and Drug Abuse						
Municipal Alliance	346,965.00	520,448.00	520,448.00			
New Jersey Transit Program						
Senior Citizens and Disabled Residents Transportation	645,506.00	653,086.00	653,086.00			
Section 5311 Rural Transportation		146,404.00	146,404.00			
New Freedom		200,000.00	200,000.00			
Job Access and Reverse Commute (JARC)		125,000.00	125,000.00			
New Jersey Department of Military and Veterans Affairs						
Veterans Transportation		33,000.00	33,000.00			
Delaware Valley Regional Planning Commission						
Transportation Planning and Implementation		38,680.00	38,680.00			
Regionwide Transportation System GIS Program		30,000.00	30,000.00			
Supportive Regional Highway Program		39,100.00	39,100.00			
New Jersey Department of Community Affairs						
Eye Deal Connection		15,000.00	15,000.00			
New Jersey Juvenile Justice Commission						
Juvenile Accountability Incentive Program	8,880.00	8,880.00	8,880.00			
Family Court Program	144,135.00	144,135.00	144,135.00			
State/Community Partnership Program	285,430.00	285,430.00	285,430.00			
New Jersey Office of Homeland Security & Preparedness						
Homeland Security		100,000.00	100,000.00			
Emergency Management Agency Assistance		90,000.00	90,000.00			
EMA Access and Functional Needs Program		23,000.00	23,000.00			
New Jersey Historic Trust						
Red Bank Interpretive Signage Project		4,404.00	4,404.00			

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended			
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	Canceled
New Jersey Council for the Humanities						
Midwifery to Yellow Fever at Whittall		2,976.00	2,976.00			
State Farm						
State Farm Educational Funding		3,500.00	3,500.00			
Total Public and Private Programs Offset by Revenue	4,135,048.00	12,472,991.00	12,472,991.00			
Contingent	250,000.00	250,000.00	229,780.10	12,868.96	7,350.94	
Total Operations Including Contingent	153,166,297.00	162,551,339.00	153,583,219.14	1,824,273.71	7,079,383.15	64,463.00
Detail:						
Salaries and Wages	76,965,472.00	76,933,572.00	73,801,571.49		3,132,000.51	
Other Expenses	76,200,825.00	85,617,767.00	79,781,647.65	1,824,273.71	3,947,382.64	64,463.00
<b>CAPITAL IMPROVEMENTS</b>						
Capital Improvement Fund	1,068,170.00	1,068,170.00	1,045,002.44	2,448.59	20,718.97	
Total Capital Improvements	1,068,170.00	1,068,170.00	1,045,002.44	2,448.59	20,718.97	
<b>COUNTY DEBT SERVICE</b>						
Payment of Bond Principal						
State Aid - County College Bonds	15,594,895.00	15,594,895.00	15,594,894.68			0.32
Other Bonds	1,785,000.00	1,785,000.00	1,785,000.00			
Interest on Bonds						
State Aid - County College Bonds	4,566,051.00	4,566,051.00	4,532,246.86			33,804.14
Other Bonds	4,030,950.00	4,030,950.00	4,030,940.28			9.72
Interest on Notes	64,820.00	64,820.00	64,819.44			0.56
Green Trust Loan Program:						
Loan Repayments for Principal and Interest	208,735.00	208,735.00	208,734.37			0.63
Capital Lease Obligations	6,660,787.00	6,660,787.00	6,605,620.66			55,166.34
Infrastructure Loan - Principal and Interest	650,808.00	650,808.00	644,084.76			6,723.24
Total County Debt Service	33,562,046.00	33,562,046.00	33,466,341.05			95,704.95

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Paid or Charged	Expended		Canceled
	Budget	Budget After Modifications		Encumbered	Reserved	
<b>DEFERRED CHARGES AND STATUTORY EXPENDITURES</b>						
Deferred Charges						
Special Emergency Appropriations	2,169,297.00	2,169,297.00	2,169,297.00			
Prior Year Bills	18,373.00	18,373.00	18,371.69		1.31	
Statutory Expenditures						
Contributions to:						
Public Employees' Retirement System	6,483,027.00	6,483,027.00	5,551,704.01		931,322.99	
Social Security System	5,400,000.00	5,400,000.00	5,102,173.00		297,827.00	
Police & Fire Retirement System	4,063,171.00	4,063,171.00	3,856,064.50		207,106.50	
Total Deferred Charges and Statutory Expenditures	18,133,868.00	18,133,868.00	16,697,610.20		1,436,257.80	
<b>TOTAL GENERAL APPROPRIATIONS</b>	<b>\$ 205,930,381.00</b>	<b>\$ 215,315,423.00</b>	<b>\$ 204,792,172.83</b>	<b>\$1,826,722.30</b>	<b>\$ 8,536,359.92</b>	<b>\$ 160,167.95</b>
Appropriation by 40A:4-87		\$ 9,385,042.00				
Budget		205,930,381.00				
		<u>\$ 215,315,423.00</u>				

## TRUST FUND

## EXHIBIT B

## BALANCE SHEET - TRUST FUND - REGULATORY BASIS

	Balance Dec. 31, 2013
<b>ASSETS</b>	
Cash - Chief Financial Officer	\$ 18,285,556.40
Due from Federal Government	3,306,286.04
	<u>\$ 21,591,842.44</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>	
Encumbrances Payable	\$ 4,171,445.72
Reserves for:	
Environmental Quality and Enforcement	107,422.35
County Clerk's Improvement Fund	437,961.49
Road Permit Funds	652,723.11
Weights and Measures	65,182.23
Bequests	8,523.26
Motor Vehicle Fines	2,005,747.90
Traffic Light Escrow Fund	1,426,624.63
Unemployment Insurance	115,353.97
Tax Appeals	100,780.47
Surrogate's Improvement Fund	97,043.04
Federal Forfeited Funds	117,886.82
Forfeited Funds	115,115.74
Seized Assets	149,293.25
Asset Maintenance Account	3,216.26
Community Development Block Grant	1,479,925.86
Workmen's Compensation	179,841.71
Farmland Preservation	9,619,995.91
Sheriff's Improvement Fund	12,882.73
Accumulated Absence	3,648.46
Solid Waste Fees	11,053.13
Uniform Fire Safety	3,900.00
Snow Removal/Salt Regionalization	96,531.31
Parks and Recreation Donations	1,245.86
Animal Shelter Donations	475,124.60
Health & Senior Services Donations	33,986.13
Human Services Transportation Donations	5,675.74
Veterans Affairs Donations	11,587.01
Disability Services Donations	5,617.69
Emergency Response/EMS Donations	1,605.86
Court Ordered Settlements	74,900.20
	<u>\$ 21,591,842.44</u>

See accompanying notes and accountant's compilation report.

**GENERAL CAPITAL FUND**



## BALANCE SHEET - GENERAL CAPITAL FUND - REGULATORY BASIS

	Balance Dec. 31, 2013
<b>ASSETS</b>	
Cash - Chief Financial Officer	\$ 27,882,031.07
Grants Receivable	17,733,851.37
Amount to be Provided by Lease Payments	55,707,500.00
Traffic Light Escrow Receivable	10,453.99
Deferred Charges to Future Taxation:	
Funded	263,555,483.92
Unfunded	5,568,261.13
Deferred Charges - State of New Jersey	6,086,900.00
	<u>\$ 376,544,481.48</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>	
General Serial Bonds Payable	\$ 184,850,000.00
Contracts Payable	14,345,819.57
Obligations Under Capital Lease	55,707,500.00
Green Trust Loans Payable	211,198.63
New Jersey Infrastructure Loans Payable	4,675,785.29
Gloucester County Improvement Authority Loan Payable	79,905,000.00
Improvement Authorizations:	
Funded	29,934,483.48
Unfunded	4,520,694.69
Traffic Light Escrow	10,453.99
Capital Improvement Fund	142,541.31
Reserve for Debt Service	2,236,248.13
Fund Balance	4,756.39
	<u>\$ 376,544,481.48</u>

See accompanying notes and accountant's compilation report.

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

Balance December 31, 2012	\$	54,756.39
Less:		
Appropriated to 2013 Budget Revenue		<u>50,000.00</u>
Balance December 31, 2013	\$	<u><u>4,756.39</u></u>

See accompanying notes and accountant's compilation report.

## **GENERAL FIXED ASSETS**

## STATEMENT OF GENERAL FIXED ASSETS - REGULATORY BASIS

	Balance Dec. 31, 2013
General Fixed Assets:	
Land	\$ 25,184,891.83
Buildings	56,385,584.00
Equipment	15,529,113.99
Motor Vehicles	9,107,859.28
	<u>\$ 106,207,449.10</u>
Investment in General Fixed Assets	<u>\$ 106,207,449.10</u>

See accompanying notes and accountant's compilation report.

## **NOTES TO FINANCIAL STATEMENTS**

**COUNTY OF GLOUCESTER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013**

**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
- Gloucester County College
- Gloucester County Institute of Technology
- Gloucester County Special Services School District
- Gloucester County Housing Authority
- 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.

**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.

**COUNTY OF GLOUCESTER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013**

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

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

**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 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.

**COUNTY OF GLOUCESTER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013**

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

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

**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 \$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.

**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.



**COUNTY OF GLOUCESTER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013**

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

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

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 67, "Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25." This statement, which is effective for fiscal periods beginning after June 15, 2013, is not anticipated to have any effect on the County's financial reporting.

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 68, "Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27." This statement, which is effective for fiscal periods beginning after June 15, 2014, will not have any effect on the County's financial reporting.

In January 2013, the Governmental Accounting Standards Board (GASB) issued Statement No. 69, "Government Combinations and Disposals of Government Operations." This statement, which is effective for fiscal periods beginning after December 15, 2013, will not have any effect on the County's financial reporting.

In April 2013, the Governmental Accounting Standards Board (GASB) issued Statement No. 70, "Accounting and Financial Reporting for Nonexchange Financial Guarantees." This statement is effective for fiscal periods beginning after June 15, 2013, will not have any effect on the County's financial reporting.

In November 2013, the Governmental Accounting Standards Board (GASB) issued Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68." The provisions of this statement are required to be applied simultaneously with the provisions of Statement 68 which is effective for periods beginning after June 15, 2014. The impact of this statement on the County's financial reporting is not presently determinable.

**NOTE 2: BUDGETARY INFORMATION**

The County adopts an annual budget in accordance with NJSA 40A:4, et al. 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 following budget amendments were approved as follows:

**COUNTY OF GLOUCESTER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013**

**NOTE 2: BUDGETARY INFORMATION (CONTINUED)**

Authorized budget amendments were approved as follows:

Special Item of Revenue:

Various Grants	\$ 9,385,042.00
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**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 New Jersey Statutes NJSA 40A:5-15.1(a) that are treated as cash equivalents. At December 31, 2013, the carrying amount of the County's deposits was \$82,303,106.32. As of December 31, 2013, \$0 of the municipality's bank balance of \$84,000,306.82 was exposed to Custodial Credit Risk.

**NOTE 4: INVESTMENTS**

As of December 31, 2013 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.

**COUNTY OF GLOUCESTER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013**

**NOTE 5: FUND BALANCES APPROPRIATED**

Year	Balance December 31	Utilized in Budget of Succeeding Year
2013	\$ 30,115,924.50	\$ 20,250,698.00
2012	40,267,708.54	26,183,268.00
2011	43,721,682.34	19,647,317.00
2010	46,794,975.00	18,465,853.00
2009	49,526,859.00	15,500,671.00

**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, 2013, was \$6,285,474.00. The County has appropriated \$100,000.00 in the 2014 introduced budget to fund a reserve for accumulated absences. The accumulated absence trust has a reserve balance of \$3,648.46.

**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, 2013:

	Balance Dec. 31, 2012	Additions	Deletions	Balance Dec. 31, 2013
Land	\$ 37,152,255.08		\$ 11,967,363.25	\$ 25,184,891.83
Buildings	56,385,584.00			56,385,584.00
Equipment	14,785,342.90	\$ 832,578.86	88,807.77	15,529,113.99
Motor Vehicles	9,934,037.94	943,269.52	1,769,448.18	9,107,859.28
	<u>\$ 118,257,219.92</u>	<u>\$ 1,775,848.38</u>	<u>\$ 13,825,619.20</u>	<u>\$ 106,207,449.10</u>

**NOTE 8: ECONOMIC DEPENDENCY**

The County of Gloucester is not economically dependent on any one business or industry within the County.

**COUNTY OF GLOUCESTER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013**

**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 or can be accessed on the internet at <http://www.state.nj.us/treasury/pensions/actuarial-rpts.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. Enrollment is required for permanent, full-time employees appointed to positions of law enforcement or firefighting in the State of New Jersey.

**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 members and employer contributions may be amended by State of New Jersey legislation. PERS provides for employee contributions of 6.64% to 6.78% of employees' annual compensation, as defined. Subsequent increases will be phased in over 7 years (each July 1) to bring the total pension contribution rate to 7.5% as of July 1, 2018. PFRS provides for employee contributions of 10.00% of employees' annual compensation, as defined. Employers are required to contribute at an actuarial determined rate in PERS and PFRS. The PERS and PFRS employer rates in effect for 2013 are 11.21% and 25.14%, respectively, of covered payroll as reported on June 30, 2011. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

The County's contributions to PERS for the years ending December 31, 2013, 2012 and 2011, were \$5,516,988.95, \$5,380,978.42, and \$5,523,505.41, respectively, equal to the required contributions for each year. The County's contributions to PFRS for the years ending December 31, 2013, 2012 and 2011, were \$3,856,064.50, \$3,674,314.00, and \$3,945,183.00, respectively, equal to the required contributions for each year.

**COUNTY OF GLOUCESTER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013**

**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. The County's contributions to DCRP for the years ending December 31, 2013, 2012 and 2011, were \$34,715.06, \$17,053.71 and \$15,846.70, respectively, equal to the required contributions for each year.

**NOTE 10: POST-EMPLOYMENT HEALTHCARE PLAN**

**Plan Description** - The County of Gloucester contributes to the State Health Benefits Program (SHBP), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under 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. 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/pdf/financial/gasb-43-aug2011.pdf](http://www.state.nj.us/treasury/pensions/pdf/financial/gasb-43-aug2011.pdf).

**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 contribution to SHBP for the year ended December 31, 2013, was \$5,787,493.12, which equaled the required contributions for the year.

**COUNTY OF GLOUCESTER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013**

**NOTE 11: 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 employees until termination, retirement, death, or unforeseeable emergency. The administrators of the plans are Lincoln Financial Group and MetLife.

**NOTE 12: LONG-TERM DEBT**

**Summary of County Debt Service**

Long-term debt as of December 31, 2013, consisted of the following:

	Year 2013	Year 2012	Year 2011
Bonds, Notes and Loans Issued	\$ 269,641,983.92	\$ 268,672,530.05	\$ 270,136,641.58
Bonds and Notes Authorized but not Issued	5,568,661.13	3,331,207.24	25,291,300.00
Net Bonds, Notes and Loans Issued and Authorized but not Issued	<u>\$ 275,210,645.05</u>	<u>\$ 272,003,737.29</u>	<u>\$ 295,427,941.58</u>

	Balance 12/31/2012	Increased	Retired/ Reduction	Balance 12/31/2013	Due Within One Year
Issued					
General:					
Serial Bonds Payable	\$ 174,864,894.68	\$ 27,080,000.00	\$ 17,094,894.68	\$ 184,850,000.00	\$ 15,650,000.00
Bond Anticipation Notes	6,500,000.00		6,500,000.00		
Green Trust Loans Payable	412,699.14		201,500.51	211,198.63	201,970.75
NJ Infrastructure Loans Payable	5,204,936.23		529,150.94	4,675,785.29	537,035.29
Gloucester County Improvement Authority Loan Payable	81,690,000.00		1,785,000.00	79,905,000.00	1,865,000.00
Authorized But Not Issued					
General:					
Bond Anticipation Notes	3,331,207.24	24,758,055.00	22,520,601.11	5,568,661.13	
	<u>\$ 272,003,737.29</u>	<u>\$ 51,838,055.00</u>	<u>\$ 48,631,147.24</u>	<u>\$ 275,210,645.05</u>	<u>\$ 18,254,006.04</u>

\$2,000,000.00 County College Bonds dated August 19, 1996, payable in annual installments through July 2015. Interest is paid semi annually at a rate of 5.45% per annum. The balance remaining at December 31, 2013, was \$260,000.00.

\$12,090,000.00 General Obligation Refunding Bonds dated July 15, 2003, payable in annual installments through July 2015. Interest is paid semi annually at a rate of 4.00% per annum. The balance remaining at December 31, 2013, was \$1,190,000.00.

**COUNTY OF GLOUCESTER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013**

**NOTE 12: LONG-TERM DEBT (CONTINUED)**

**Summary of County Debt Service (Continued)**

\$24,927,000.00 General Obligation Bonds dated August 1, 2006, payable in annual installments through August 2019. Interest is paid semi annually at a rate of 4.25% per annum. The balance remaining at December 31, 2013, was \$13,182,000.00.

\$23,265,000.00 General Obligation Refunding Bonds dated March 1, 2007, payable in annual installments through July 2021. Interest is paid semi annually at a rate of 4.00% per annum. The balance remaining at December 31, 2013, was \$13,785,000.00.

\$1,132,500.00 County College Bonds dated January 15, 2009, payable in annual installments through January 2019. Interest is paid semi annually at a rate of 2.00% - 3.00% per annum. The balance remaining at December 31, 2013, was \$740,000.00.

\$1,132,500.00 County College Bonds dated January 15, 2009, payable in annual installments through January 2019. Interest is paid semi annually at a rate of 2.00% - 3.00% per annum. The balance remaining at December 31, 2013, was \$740,000.00.

\$39,990,000.00 General Obligation Bonds dated January 15, 2009, payable in annual installments through October 2022. Interest is paid semi annually at a rate of 2.00% - 3.50% per annum. The balance remaining at December 31, 2013, was \$30,685,000.00.

\$1,176,500.00 County College Bonds dated October 15, 2009, payable in annual installments through October 2019. Interest is paid semi annually at a rate of 2.50% - 3.00% per annum. The balance remaining at December 31, 2013, was \$761,500.00.

\$1,176,500.00 County College Bonds dated October 15, 2009, payable in annual installments through October 2019. Interest is paid semi annually at a rate of 2.50% - 3.00% per annum. The balance remaining at December 31, 2013, was \$761,500.00.

\$36,000,000.00 General Obligation Bonds dated October 15, 2009, payable in annual installments through October 2029. Interest is paid semi annually at a rate of 2.00% - 4.00% per annum. The balance remaining at December 31, 2013, was \$30,300,000.00.

\$34,300,000.00 General Obligation Bonds dated September 30, 2010, payable in annual installments through September 2025. Interest is paid semi annually at a rate of 2.00% - 3.00% per annum. The balance remaining at December 31, 2013, was \$29,450,000.00.

\$6,495,000.00 General Obligation Refunding Bonds dated October 1, 2011, payable in annual installments through October 2024. Interest is paid semi annually at a rate of 2.00% - 5.00% per annum. The balance remaining at December 31, 2013, was \$16,280,000.00.

\$12,986,000.00 General Obligation Bonds dated June 28, 2012, payable in annual installments through March 2027. Interest is paid semi annually at a rate of 2.25% - 3.00% per annum. The balance remaining at December 31, 2013, was \$12,485,000.00.

**COUNTY OF GLOUCESTER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013**

**NOTE 12: LONG-TERM DEBT (CONTINUED)**

**Summary of County Debt Service (Continued)**

\$7,551,000.00 County College Bonds dated June 28, 2012, payable in annual installments through March 2012. Interest is paid semi annually at a rate of 2.00% - 2.50% per annum. The balance remaining at December 31, 2013, was \$7,150,000.00.

\$25,580,000.00 General Obligation Refunding Bonds dated June 28, 2013, payable in annual installments through March 2028. Interest is paid semi annually at a rate of 1.00% - 3.00% per annum. The balance remaining at December 31, 2013, was \$25,580,000.00.

\$1,500,000.00 County College Bonds dated June 28, 2013, payable in annual installments through March 2018. Interest is paid semi annually at a rate of 1.00% - 2.00% per annum. The balance remaining at December 31, 2013, was \$1,500,000.00.

\$3,000,000.00 Green Trust Loan dated December 23, 1994, payable in semi-annual installments through September 2014. Interest is paid semi annually at a rate of 2.00% per annum. The balance remaining at December 31, 2013, was \$183,788.15.

\$299,765.06 Green Trust Loan dated June 23, 1995, payable in semi-annual installments through March 2015. Interest is paid semi annually at a rate of 2.00% per annum. The balance remaining at December 31, 2013, was \$27,410.47.

\$8,251,790.00 New Jersey Environmental Infrastructure Loan dated November 10, 2005, payable in semi-annual installments through March 2021. Interest is paid semi annually. The balance remaining at December 31, 2013, was \$4,675,785.29.

\$86,650,000.00 County Guaranteed Loan Revenue Bonds dated April 1, 2009, payable in annual installments through April 2038. Interest is paid semi annually at a rate of 4.00% - 5.00% per annum. The balance remaining at December 31, 2013, was \$79,905,000.00.

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

Year Ended	Principal	Interest	Total
2014	\$ 18,254,006.04	\$ 9,846,206.66	\$ 28,100,212.70
2015	18,642,320.99	9,193,242.30	27,835,563.29
2016	18,567,105.81	8,628,093.77	27,195,199.58
2017	19,084,362.51	8,062,043.77	27,146,406.28
2018	19,632,669.98	7,451,806.27	27,084,476.25
2019-2023	85,706,518.59	27,609,721.92	113,316,240.51
2024-2028	45,265,000.00	15,391,175.00	60,656,175.00
2029-2033	20,885,000.00	8,391,125.00	29,276,125.00
2034-2038	23,605,000.00	3,068,625.00	26,673,625.00
	<u>\$ 269,641,983.92</u>	<u>\$ 97,642,039.69</u>	<u>\$ 367,284,023.61</u>



**COUNTY OF GLOUCESTER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013**

**NOTE 12: LONG-TERM DEBT (CONTINUED)**

**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 .996%.

	Gross Debt	Deductions	Net Debt
General Debt	\$ 410,211,010.00	\$ 145,762,650.24	\$ 264,448,359.76

Net Debt \$264,448,359.76/Equalized Valuation Basis per NJSA 40A:2-2 as amended  
\$26,560,221,950.33 = .996%.

**Borrowing Power Under NJSA 40A:2-6 as Amended**

2% of Equalized Valuation Basis	\$ 531,204,439.01
Net Debt	264,448,359.76
Remaining Borrowing Power	\$ 266,756,079.25

**NOTE 13: CAPITAL LEASE OBLIGATIONS**

The County had lease agreements in effect at December 31, 2013, for various capital improvements.

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

	Total	Principal	Fees/Interest
2014	\$ 6,669,574.24	\$ 4,382,500.00	\$ 2,287,074.24
2015	6,285,727.91	4,150,000.00	2,135,727.91
2016	6,356,297.06	4,385,000.00	1,971,297.06
2017	6,303,164.96	4,515,000.00	1,788,164.96
2018	6,302,398.83	4,700,000.00	1,602,398.83
2019-2023	23,923,014.48	18,650,000.00	5,273,014.48
2024-2028	12,690,450.04	10,770,000.00	1,920,450.04
2029-2030	4,406,000.00	4,155,000.00	251,000.00
	\$ 72,936,627.52	\$ 55,707,500.00	\$ 17,229,127.52

**NOTE 14: 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, 2013, is \$182,185,785.29, of which, \$134,635,785.29 is included in the County's obligations, leaving a net amount of debt guaranteed by the County in the amount of \$47,550,000.00.

**COUNTY OF GLOUCESTER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013**

**NOTE 14: UNDERLYING DEBT AND OTHER OBLIGATIONS (CONTINUED)**

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, 2013, is \$37,395,364.95.

**NOTE 15: 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.

It is the County of Gloucester Counsel's opinion; there exists no litigation or contingent liability that may be pending against the County of Gloucester that would have an adverse effect on the financial position in the future.

**NOTE 16: 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 maintains commercial insurance coverage for property, liability and surety bonds. Any potential liability of the County with respect to loss claims would be equal to the deductibles associated with policies and an event, which may exceed coverage limits. There have not been any significant reductions in insurance coverage amounts.

**NOTE 17: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS**

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2013, the following deferred charges are shown on the balance sheets of the various funds:

	Balance Dec. 31, 2013	2014 Budget Appropriation	Balance to Succeeding Budgets
Special Emergency:			
Revaluation of Properties	\$ 4,406,362.00	\$ 1,569,297.00	\$ 2,837,065.00

AUDITED FINANCIAL STATEMENTS

COUNTY OF GLOUCESTER

DECEMBER 31, 2012

# PETRONI & ASSOCIATES LLC

Certified Public Accountants • Registered Municipal Accountants  
102 West High Street, Suite 100 • P.O. Box 279 • Glassboro, NJ 08028  
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## INDEPENDENT AUDITOR'S REPORT

Honorable Director and Members of the  
Board of Chosen Freeholders  
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, 2012 and 2011, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2012, 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, 2012 and 2011, 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, 2012 and 2011, 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, 2012, 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 Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the schedule of expenditures of state financial assistance as required by NJ OMB 04-04 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 Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the schedule of expenditures of state financial assistance as required by NJ OMB 04-04 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 Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the schedule of expenditures of state financial assistance as required by NJ OMB 04-04 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 June 4, 2013, 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, and 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

June 4, 2013

**CURRENT FUND**

## COMPARATIVE BALANCE SHEET - CURRENT FUND - REGULATORY BASIS

	Ref.	Balance Dec. 31, 2012	Balance Dec. 31, 2011
<b>ASSETS</b>			
Regular Fund			
Cash - Chief Financial Officer	A-4	\$ 49,529,620.43	\$ 53,164,376.96
Change Fund	A-5	1,000.00	1,000.00
		<u>49,530,620.43</u>	<u>53,165,376.96</u>
Receivables and Other Assets with Full Reserves:			
Taxes Receivable-Added & Omitted Taxes	A-7:A-8	673,271.65	821,129.52
Revenue Accounts Receivable	A-11	517,242.73	626,617.73
Due from Federal and State Grant Fund	A	1,354,287.17	1,811,396.70
		<u>2,544,801.55</u>	<u>3,259,143.95</u>
Deferred Charges:			
Emergency Authorization	A-19	6,575,659.00	4,919,812.00
		<u>\$ 58,651,080.98</u>	<u>\$ 61,344,332.91</u>
Federal and State Grant Fund			
Federal Grants Receivable	A-12	\$ 15,083,721.63	\$ 15,578,156.72
State Grants Receivable	A-13	3,578,832.53	10,444,051.24
		<u>18,662,554.16</u>	<u>26,022,207.96</u>
		<u>\$ 77,313,635.14</u>	<u>\$ 87,366,540.87</u>

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, 2012	Balance Dec. 31, 2011
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
Regular Fund			
Liabilities:			
Appropriation Reserves	A-3:A-16	\$ 11,084,761.35	\$ 10,711,306.23
Encumbrances Payable	A-17	3,246,934.88	1,991,005.65
Accounts Payable		316,575.00	743,493.57
Payroll Taxes Payable		853,683.26	802,950.87
Reserve for Revaluations		334,616.40	111,240.17
Reserve for Local Grants	A-10	2,000.00	3,510.13
		<u>15,838,570.89</u>	<u>14,363,506.62</u>
Reserve for Receivables		2,544,801.55	3,259,143.95
Fund Balance	A-1	40,267,708.54	43,721,682.34
		<u>\$ 58,651,080.98</u>	<u>\$ 61,344,332.91</u>
Federal and State Grant Fund			
Reserve for Federal Grants - Appropriated	A-14	\$ 13,044,539.76	\$ 12,281,285.07
Reserve for State Grants - Appropriated	A-15	1,629,774.80	8,750,891.06
Encumbrances Payable	A-18	2,633,952.43	3,178,635.13
Due to Current Fund	A	1,354,287.17	1,811,396.70
		<u>\$ 18,662,554.16</u>	<u>\$ 26,022,207.96</u>
		<u>\$ 77,313,635.14</u>	<u>\$ 87,366,540.87</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 2012	Year 2011
<b>Revenue and Other Income Realized</b>			
Fund Balance Utilized	A-2	\$ 19,647,317.00	\$ 18,465,853.00
Miscellaneous Revenue Anticipated	A-2	52,044,773.62	45,297,429.64
Receipts from Current Taxes	A-2	139,975,000.00	144,125,000.00
Non-Budget Revenue	A-2	8,759,855.33	12,003,357.25
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-16	5,949,670.44	6,250,744.15
Close Reserve for Social Services			1,380,400.46
Grant Reserve - Canceled	A-14:A-15	7,636,915.99	402,852.51
Interfunds Returned		457,186.00	
Prior Period Adjustment		39,421.00	
Total Income		<u>\$ 234,510,139.38</u>	<u>\$ 227,925,637.01</u>
<b>Expenditures</b>			
Budget and Emergency Appropriations:			
Operations:			
Salaries and Wages	A-3	\$ 79,159,917.00	\$ 78,426,606.00
Other Expenses	A-3	86,188,280.00	85,903,180.00
Capital Improvements	A-3	500,900.00	123,287.00
Debt Service	A-3	31,020,158.19	33,047,573.75
Deferred Charges and Statutory Expenditures	A-3	16,558,824.00	16,281,782.00
Grant Receivable Canceled	A-12:A-13	7,676,336.99	402,852.51
Interfund Loan Advanced			1,811,396.70
Prior Period Adjustment			1,000,000.00
Total Expenditures		<u>\$ 221,104,416.18</u>	<u>\$ 216,996,677.96</u>
Excess in Revenue		13,405,723.20	10,928,959.05
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which are By Statute			
Deferred Charges to Budget of Succeeding Year	A-3	2,787,620.00	4,463,600.00
Statutory Excess to Fund Balance		16,193,343.20	15,392,559.05
<b>Fund Balance</b>			
Balance January 1	A	43,721,682.34	46,794,976.29
		59,915,025.54	62,187,535.34
Decreased by:			
Utilization as Anticipated Revenue	A-1	19,647,317.00	18,465,853.00
Balance December 31	A	<u>\$ 40,267,708.54</u>	<u>\$ 43,721,682.34</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 2012	Special NJSA 40A:4-87		
Fund Balance Anticipated	A-1	\$ 19,647,317.00		19,647,317.00	
Miscellaneous Revenues:					
County Clerk	A-11	\$ 1,792,000.00		2,322,575.85	\$ 530,575.85
Surrogate	A-11	126,000.00		127,753.75	1,753.75
Sheriff	A-11	172,000.00		144,836.70	(27,163.30)
Motor Vehicle Fines	A-11	3,300,000.00		3,300,000.00	
Interest on Investments and Deposits	A-11	261,000.00		111,494.46	(149,505.54)
Title IV D Incentive Program	A-11	1,733,000.00		2,017,760.15	284,760.15
County Golf Course	A-11	1,126,000.00		1,276,154.93	150,154.93
Interlocal Services Agreement Salem/Camden Counties	A-11	1,094,000.00		1,154,675.69	60,675.69
Soil Safe Inc. Impact Fee	A-11	365,000.00		447,876.21	82,876.21
County College Bonds (NJSA 18A:64A-22.6)	A-11	1,456,188.00		1,456,188.75	0.75
Reimbursement of Mandated Election Costs	A-11	232,000.00		233,710.50	1,710.50
Supplemental Social Security Income	A-11	541,172.00		465,749.00	(75,423.00)
Social Services Administrative	A-11	10,546,760.00		10,070,015.03	(476,744.97)
Improvement Authority Lease - Unspent Proceeds Applied to Debt Service	A-11	2,318,837.00		2,318,837.00	
NJ Department of Health and Senior Services					
Alcohol and Drug Abuse	A-12:A-13	579,984.00		579,984.00	
Area Planning Grant	A-12:A-13	1,455,100.00	44,328.00	1,499,428.00	
Local Core Capacity Infrastructure for Bio-Terrorism	A-12		354,184.00	354,184.00	
PEER Grouping	A-13		105,784.00	105,784.00	
Right-to-Know	A-13		10,798.00	10,798.00	
Special Child Health Case Management	A-12		167,373.00	167,373.00	
Senior Farmer's Market Nutrition Program	A-12		1,000.00	1,000.00	
WIC Program	A-12		755,200.00	755,200.00	
Special Initiative Transportation	A-12		48,764.00	48,764.00	
National Association of County & City Health Officials					
Prevention of Teen Pregnancy	A-13	1,000.00		1,000.00	
Prevention Planning	A-13		300,000.00	300,000.00	

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 2012	Special NJSA 40A:4-87		
New Jersey Department of Human Services					
Abused and Missing Children	A-12	3,234.00		3,234.00	
Mental Health Administration	A-13		12,000.00	12,000.00	
County Interagency Coordinating Grant	A-13	38,442.00		38,442.00	
Human Services Planning Grant	A-12	62,770.00		62,770.00	
Personal Attendant Services Program	A-13	435,000.00		435,000.00	
Social Services for the Homeless	A-13	287,766.00		287,766.00	
Disaster Liaison Program	A-13		1,900.00	1,900.00	
Title XX Transportation	A-12	60,733.00		60,733.00	
Federal Emergency Management Agency (FEMA)					
National Emergency Food and Shelter Program	A-12	10,000.00		10,000.00	
New Jersey Department of Law and Public Safety					
Body Armor Replacement	A-13		11,095.00	11,095.00	
Body Armor Replacement	A-13		8,118.00	8,118.00	
Body Armor Replacement	A-13		3,477.00	3,477.00	
Byrne Memorial	A-12		12,575.00	12,575.00	
Sexual Assault Nurse Examiner	A-12		73,000.00	73,000.00	
Electronic Crimes Task Force	A-12	10,000.00	6,000.00	16,000.00	
Narcotic Strike Task Force	A-12		76,723.00	76,723.00	
Community Justice	A-12		75,000.00	75,000.00	
Enforcing the Underage Drinking Laws	A-12		24,200.00	24,200.00	
DWI Sobriety Checkpoint	A-12		24,000.00	24,000.00	
Megan's Law	A-12		8,678.00	8,678.00	
Insurance Fraud Reimbursement Program	A-13		170,238.00	170,238.00	
Comprehensive Traffic Safety	A-12		47,450.00	47,450.00	
Victims of Crimes Act	A-12		169,648.00	169,648.00	
Stop Violence Against Women	A-12	21,391.00		21,391.00	
Homeland Security-Urban Areas	A-12		502,376.00	502,376.00	
New Jersey Department of Labor					
Work First New Jersey	A-12:A-13		1,803,515.00	1,803,515.00	
Workforce Investment Board	A-13		11,764.00	11,764.00	
Workforce Investment Act	A-12		1,900,089.00	1,900,089.00	
Workforce Learning Link	A-13		36,000.00	36,000.00	
Workforce Development Program	A-13	14,263.00	14,249.00	28,512.00	

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 2012	Special NJSA 40A:4-87		
New Jersey Department of Environmental Protection					
Clean Communities	A-13		105,944.00	105,944.00	
County Environmental Health Act	A-13		173,225.00	173,225.00	
Wastewater Management Program	A-12		50,000.00	50,000.00	
United States Department of Agriculture					
Housing Preservation Program	A-12		100,000.00	100,000.00	
Governor's Council on Alcoholism and Drug Abuse					
Municipal Alliance	A-13	346,965.00		346,965.00	
New Jersey Transit Corporation					
Senior Citizens and Disabled Residents Transportation	A-13	572,256.00		572,256.00	
Section 5311 Rural Transportation	A-12		159,745.00	159,745.00	
Job Access and Reverse Commute	A-12		249,729.00	249,729.00	
New Jersey Department of Military and Veterans Affairs					
Veterans Transportation	A-13	15,500.00	33,000.00	48,500.00	
Delaware Valley Regional Planning Commission					
Transportation Planning and Implementation	A-12		53,228.00	53,228.00	
Regionwide Transportation System GIS Program	A-12		30,000.00	30,000.00	
Supportive Regional Highway Planning	A-12		39,100.00	39,100.00	
South Jersey Transit Expansion Study	A-12		100,000.00	100,000.00	
United States Bureau of Justice					
Bulletproof Vests Partnership Program	A-12		12,162.00	12,162.00	
New Jersey Juvenile Justice Commission					
Juvenile Accountability Incentive Program	A-12		14,746.00	14,746.00	
Family Court Program	A-13	144,135.00		144,135.00	
State/Community Partnership Program	A-13	285,430.00		285,430.00	
NJ Office of Homeland Security & Preparedness					
Emergency Management Agency Assistance	A-12	55,000.00		55,000.00	
Port Security Program	A-12		187,442.00	187,442.00	
New Jersey Department of Transportation					
Hurffville Crosskeys Rd/Rt 47-Greentree	A-12		736,527.00	736,527.00	
Center Street (CR603) Mantua Twp	A-12		700,000.00	700,000.00	
Clayton Williamstown Rd CR610 Resurface	A-12		750,000.00	750,000.00	
Gloucester County Multi-Purpose Trail Ext	A-12		400,000.00	400,000.00	
Bridge 4-J-8 Barnsboro Blackwood Road	A-13		900,000.00	900,000.00	
Bridge 2 H-1 White Bridge	A-13		400,000.00	400,000.00	

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 2012	Special NJSA 40A:4-87		
State Farm					
Safe Neighbors Program	A-9	2,000.00		2,000.00	
State Farm Educational Funding	A-9		2,000.00	2,000.00	
Capital Surplus	A-11	200,000.00		200,000.00	
Reserve for Debt Service - Capital	A-11	2,900,000.00		2,900,000.00	
Open Space and Farmland Preservation Trust Fund	A-11	1,474,217.00		1,474,217.00	
Weights and Measures Trust Fund	A-11	55,000.00		55,000.00	
Emergency Medical Services	A-11	3,550,000.00		3,809,550.11	259,550.11
Increased Row Officer Fees under Chapter 370 of the Laws of 2001 - Surrogate	A-11	119,000.00		124,119.00	5,119.00
Increased Row Officer Fees under Chapter 370 of the Laws of 2001 - County Clerk	A-11	1,235,000.00		1,549,990.38	314,990.38
Increased Row Officer Fees under Chapter 370 of the Laws of 2001 - Sheriff	A-11	114,000.00		106,926.11	(7,073.89)
Total Miscellaneous Revenues		<u>\$ 39,112,143.00</u>	<u>11,976,374.00</u>	<u>52,044,773.62</u>	<u>\$ 956,256.62</u>
Amount to be Raised by Taxation	A-6:A-11	<u>\$ 139,975,000.00</u>		<u>139,975,000.00</u>	
Budget Totals		<u>\$ 198,734,460.00</u>	<u>11,976,374.00</u>	<u>211,667,090.62</u>	<u>\$ 956,256.62</u>
Non-Budget Revenue	A-2			8,759,855.33	
		<u>\$ 198,734,460.00</u>	<u>11,976,374.00</u>	<u>220,426,945.95</u>	
	Ref.	A-3	A-3		

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	92,858.50
Auction	A-11	19,441.83
Bail Forfeitures	A-11	50,015.00
CAP/Go Assisted Living	A-11	492,590.00
CSP Incentive	A-11	75,400.00
County Inmates	A-11	10,784.43
Emergency Management	A-11	225,147.85
Emergency Medical Services	A-11	8,287.65
Federal Inmate Reimbursement	A-11	10,000.00
Fire Marshall	A-11	37,172.00
Fire Safety - LEA Rebate	A-11	36,925.13
Indirect Costs	A-11	278,647.42
Inmate Admission Fee	A-11	68,361.97
Interlocal Agreement - Tax Assessor	A-11	421,648.33
Interlocal Agreement - GCIA	A-11	203,088.02
Liheap/Universal Service Fund	A-11	18,505.00
Miscellaneous Fees and Permits	A-11	936,859.43
Miscellaneous Fines	A-11	2,692.56
Miscellaneous State Aid	A-11	121,600.65
Refund of Prior Years' Expenditures	A-11	431,483.67
Rental & Maintenance Charges	A-11	19,195.80
Sales and Commissions	A-11	2,462,361.05
Serv-A-Tray	A-11	96,924.74
State Aid Debt Service	A-11	1,784,787.00
State Inmate Reimbursement	A-11	39,675.75
Veterans Interment Allowance	A-11	55,100.00
Added & Omitted Taxes	A-7:11	760,301.55
	A-2	<u>8,759,855.33</u>

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

## STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Paid or Charged	Expended		Canceled
	Budget	Budget After Modifications		Encumbered	Reserved	
<b>OPERATIONS</b>						
<b>GENERAL GOVERNMENT FUNCTIONS</b>						
County Administrator						
Salaries & Wages	\$ 560,896.00	563,396.00	538,586.00		24,810.00	
Other Expenses	19,675.00	19,675.00	4,883.55	659.10	14,132.35	
Department of Human Resources						
Salaries & Wages	684,630.00	696,630.00	665,796.59		30,833.41	
Other Expenses	96,392.00	84,392.00	67,420.38	6,264.31	10,707.31	
Board of Chosen Freeholders						
Salaries & Wages	523,171.00	506,671.00	483,826.58		22,844.42	
Other Expenses	41,750.00	41,750.00	34,208.72	1,157.26	6,384.02	
Clerk of the Board						
Salaries & Wages	138,764.00	140,764.00	134,780.84		5,983.16	
Other Expenses	16,500.00	16,500.00	8,398.55	903.33	7,198.12	
Advertising						
Other Expenses	17,000.00	17,000.00	9,808.75	1,852.79	5,338.46	
County Clerk						
Salaries & Wages	1,490,697.00	1,450,697.00	1,386,303.66		64,393.34	
Other Expenses	340,894.00	340,894.00	284,899.96	27,075.00	28,919.04	
Superintendent of Elections						
Salaries and Wages	643,899.00	623,899.00	586,471.95		37,427.05	
Other Expenses	564,295.00	564,295.00	542,401.44	10,548.94	11,344.62	
Financial Administration						
Salaries & Wages	653,434.00	674,434.00	645,697.90		28,736.10	
Other Expenses	61,762.00	61,762.00	30,800.58	30,078.50	882.92	
Purchasing Department						
Salaries & Wages	383,519.00	363,519.00	337,099.70		26,419.30	
Other Expenses	15,222.00	15,222.00	15,017.91		204.09	
Audit Services						
Other Expenses	93,000.00	93,000.00		93,000.00		
Information Technology						
Salaries & Wages	1,127,897.00	1,177,897.00	1,131,601.35		46,295.65	
Other Expenses	646,255.00	646,255.00	449,918.07	157,239.93	39,097.00	
Board of Taxation						
Salaries and Wages	92,648.00	57,648.00	52,924.49		4,723.51	
Other Expenses	2,300.00	2,300.00			2,300.00	
County Assessor						
Salaries and Wages	1,183,907.00	1,183,907.00	979,759.26		204,147.74	
Other Expenses	586,887.00	2,774,507.00	1,644,387.72	1,059,702.85	70,416.43	

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



STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended			Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
County Counsel						
Salaries & Wages	829,092.00	869,092.00	827,671.21		41,420.79	
Other Expenses	388,220.00	388,220.00	246,382.19	19,549.17	122,288.64	
County Adjuster						
Salaries & Wages	99,775.00	102,275.00	97,857.62		4,417.38	
Other Expenses	5,274.00	5,274.00	4,293.81	248.48	731.71	
Surrogate						
Salaries and Wages	531,192.00	519,192.00	494,178.95		25,013.05	
Other Expenses	36,385.00	36,385.00	26,546.67	9,659.05	179.28	
Engineering						
Salaries and Wages	1,073,013.00	1,083,013.00	1,033,658.52		49,354.48	
Other Expenses	59,025.00	659,025.00	467,670.45	95,392.21	95,962.34	
Economic Development						
Salaries & Wages	194,316.00	173,316.00	144,782.40		28,533.60	
Other Expenses	37,440.00	37,440.00	31,145.37	599.44	5,695.19	
Historical Society						
Other Expenses	12,000.00	12,000.00	6,000.00	6,000.00		
Cultural and Heritage Commission						
Salaries and Wages	1.00	1.00			1.00	
Other Expenses	1.00	1.00			1.00	
<b>LAND USE ADMINISTRATION</b>						
County Planning Board (NJSA 40:55 D-1)						
Salaries and Wages	268,810.00	288,810.00	269,031.46		19,778.54	
Other Expenses	75,188.00	75,188.00	35,087.95	3,569.32	36,530.73	
Construction Board of Appeals (NJSA 52:27 D-127)						
Salaries and Wages	47,510.00	47,510.00	42,786.69		4,723.31	
Other Expenses	1,775.00	1,775.00	88.93	210.00	1,476.07	
<b>CODE ENFORCEMENT &amp; ADMINISTRATION</b>						
Consumer Protection						
Salaries & Wages	359,163.00	371,163.00	355,298.89		15,864.11	
Other Expenses	4,313.00	4,313.00	3,164.77	369.90	778.33	
<b>INSURANCE</b>						
Liability Insurance	2,800,000.00	2,800,000.00	2,730,421.35	175.00	69,403.65	
Workmen's Compensation Insurance	1,600,000.00	1,600,000.00	1,457,173.78	15,741.32	127,084.90	
Group Insurance Plans For Employees	20,967,617.00	20,967,617.00	18,615,007.46	12,553.50	2,340,056.04	
Health Benefit Waiver	32,383.00	32,383.00	32,383.00			
Unemployment Compensation Insurance	175,000.00	175,000.00	175,000.00			

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

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Paid or Charged	Expended		Canceled
	Budget	Budget After Modifications		Encumbered	Reserved	
<b>PUBLIC SAFETY FUNCTIONS</b>						
Emergency Response						
Salaries & Wages	14,853,576.00	15,453,576.00	14,716,747.87		736,828.13	
Other Expenses	904,650.00	904,650.00	519,591.23	252,788.76	132,270.01	
County Medical Examiner						
Salaries and Wages	923,299.00	938,299.00	889,535.85		48,763.15	
Other Expenses	146,898.00	136,898.00	98,307.52	19,083.59	19,506.89	
Sheriff's Department						
Salaries and Wages	7,441,110.00	7,351,110.00	7,103,161.64		247,948.36	
Other Expenses	144,685.00	144,685.00	84,403.29	57,844.57	2,437.14	
Prosecutor's Office						
Salaries & Wages	7,220,504.00	7,207,304.00	6,901,331.36		305,972.64	
Other Expenses	303,303.00	316,503.00	266,023.99	29,030.71	21,448.30	
Department of Corrections						
Salaries and Wages	12,631,578.00	12,756,578.00	12,223,227.66		533,350.34	
Other Expenses	4,038,130.00	3,913,130.00	2,653,125.20	427,574.75	832,430.05	
<b>PUBLIC WORKS FUNCTIONS</b>						
Roads and Bridges						
Salaries and Wages	3,147,926.00	3,137,926.00	2,935,492.46		202,433.54	
Other Expenses	307,486.00	307,486.00	134,923.01	26,072.47	146,490.52	
Buildings and Grounds						
Salaries & Wages	2,917,135.00	3,029,135.00	2,890,818.34		138,316.66	
Other Expenses	910,544.00	910,544.00	738,687.94	115,624.00	56,232.06	
Fleet Management						
Salaries & Wages	603,386.00	613,386.00	588,751.53		24,634.47	
Other Expenses	546,150.00	546,150.00	373,120.86	147,560.28	25,468.86	
<b>HEALTH AND HUMAN SERVICES FUNCTIONS</b>						
County Health Services - Interlocal Agreements (40:8A-1, ET SEQ)						
Salaries and Wages	2,239,334.00	2,179,334.00	2,050,603.18		128,730.82	
Other Expenses	92,978.00	92,978.00	75,513.95	10,060.18	7,403.87	
Education & Disability Services						
Salaries and Wages	267,617.00	267,617.00	253,381.21		14,235.79	
Other Expenses	6,175.00	6,175.00	4,042.19	1,784.00	348.81	
Senior Services						
Salaries and Wages	1,073,733.00	1,073,733.00	1,006,900.79		66,832.21	
Other Expenses	230,000.00	230,000.00	225,154.08	2,528.06	2,317.86	
Human Services						
Salaries and Wages	723,261.00	843,261.00	763,593.62		79,667.38	
Other Expenses	176,890.00	176,890.00	127,978.51	37,124.21	11,787.28	

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

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended			Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
Veterans Affairs						
Salaries and Wages	369,915.00	369,415.00	353,645.90		15,769.10	
Other Expenses	19,803.00	19,803.00	18,544.73	797.81	460.46	
Commission on Women						
Other Expenses	2,800.00	2,800.00	1,530.95	483.50	785.55	
Animal Shelter						
Salaries and Wages	1,535,017.00	1,542,017.00	1,474,897.63		67,119.37	
Other Expenses	145,056.00	145,056.00	133,656.81	7,941.78	3,457.41	
Division of Social Services						
Salaries & Wages	9,367,678.00	9,367,678.00	8,799,830.64		567,847.36	
Other Expenses	6,095,382.00	6,095,382.00	5,731,354.52	86,183.46	277,844.02	
Assistance for Dependent Children - Local Share	429,380.00	429,380.00	429,380.00			
Supplemental Social Security Income	541,172.00	541,172.00	541,172.00			
Maintenance of Patients in State Institutions						
Other Expenses	1,078,160.00	1,078,160.00	823,117.43	69,364.14	185,678.43	
Cerebral Palsy Clinic						
Other Expenses	15,000.00	15,000.00	15,000.00			
Family Support Center - Contractual						
Other Expenses	82,460.00	82,460.00	71,214.00	11,246.00		
Mental Health Programs						
Other Expenses	213,500.00	213,500.00	160,125.00	53,375.00		
Gloucester County ARC						
Other Expenses	22,000.00	22,000.00	22,000.00			
Aid to Occupational Center						
Other Expenses	25,000.00	25,000.00	6,250.00	18,750.00		
Juveniles in Need of Supervision						
Other Expenses	152,900.00	152,900.00	107,533.00	45,367.00		
Support of Non-Profit Child Care Centers						
Other Expenses	39,882.00	39,882.00	38,161.50	1,720.50		
<b>PARK AND RECREATION FUNCTIONS</b>						
Parks and Recreation						
Salaries and Wages	978,516.00	1,033,516.00	988,963.03		44,552.97	
Other Expenses	173,410.00	173,410.00	108,875.43	17,360.58	47,173.99	
County Golf Course						
Salaries and Wages	368,024.00	368,024.00	352,040.44		15,983.56	
Other Expenses	158,363.00	158,363.00	129,372.77	14,566.40	14,423.83	

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	Canceled
<b>EDUCATIONAL FUNCTIONS</b>						
Gloucester County College						
Other Expenses	7,654,944.00	7,654,944.00	7,654,944.00			
Reimbursement for Residents Attending Out-of-County Two-Year Colleges	200,000.00	200,000.00	122,792.40		77,207.60	
Gloucester County Vocational School	8,000,000.00	8,000,000.00	8,000,000.00			
Reimbursement for Residents Attending Out-of-County Vocational Schools	16,000.00	16,000.00			16,000.00	
Special Services School District						
Other Expenses	1,063,078.00	1,063,078.00	1,063,078.00			
Superintendent of Schools						
Salaries and Wages	296,662.00	296,662.00	278,859.22		17,802.78	
Other Expenses	10,840.00	10,840.00	6,956.17	599.54	3,284.29	
Extension Services						
Salaries and Wages	371,085.00	337,512.00	319,095.30		18,416.70	
Other Expenses	68,420.00	69,993.00	55,168.02	13,988.67	836.31	
4-H Fair Association						
Other Expenses	4,500.00	4,500.00	4,500.00			
<b>UTILITIES EXPENSES AND BULK PURCHASES</b>						
Electricity	1,720,000.00	1,720,000.00	1,334,658.65	120,564.35	264,777.00	
Street Lighting	34,591.00	34,591.00	27,942.02	761.60	5,887.38	
Water	162,500.00	162,500.00	79,571.44	1,330.85	81,597.71	
Gas	467,831.00	295,831.00	187,038.67	19,086.66	89,705.67	
Fuel Oil	15,000.00	20,000.00	18,858.10	346.83	795.07	
Telephone	700,000.00	650,000.00	384,506.26	45,157.40	220,336.34	
Sewer	150,000.00	150,000.00	76,498.80	1,291.40	72,209.80	
Gasoline	800,000.00	800,000.00	764,789.71	4,139.45	31,070.84	
<b>LANDFILL/SOLID WASTE DISPOSAL</b>						
Contractual Obligations-Logan Township	270,000.00	270,000.00	222,392.66		47,607.34	
<b>UNCLASSIFIED</b>						
Matching Funds for Grants						
State and Federal Programs	38,870.00	38,870.00				38,870.00
Comprehensive Alcohol Program	84,492.00	84,492.00	84,492.00			
Community Justice Program	25,000.00	25,000.00				25,000.00
Juvenile Accountability Block Grant	1,638.00	1,638.00	1,638.00			
Proposed Salary and Wage Adjustment	500,000.00					
Reserve for Sick Leave	100,000.00	100,000.00	100,000.00			
Total Operations	\$ 145,997,104.00	148,784,724.00	135,849,487.90	3,214,047.90	9,657,318.20	\$ 63,870.00

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	Canceled
<b>PUBLIC AND PRIVATE PROGRAMS</b>						
<b>OFF-SET BY REVENUES</b>						
NJ Department of Health and Senior Services						
Right-to-Know		10,798.00	10,798.00			
Senior Farmer's Market Nutrition Program		1,000.00	1,000.00			
WIC Program		755,200.00	755,200.00			
Area Planning Grant	1,455,100.00	1,499,428.00	1,499,428.00			
Special Child Health Case Management		167,373.00	167,373.00			
Alcohol and Drug Abuse	579,984.00	579,984.00	579,984.00			
Local Core Capacity Infrastructure for Bio-Terrorism		354,184.00	354,184.00			
PEER Grouping		105,784.00	105,784.00			
Transportation Block Grant		48,764.00	48,764.00			
New Jersey Department of Human Services						
Title XX Transportation	60,733.00	60,733.00	60,733.00			
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			
Mental Health Administration		12,000.00	12,000.00			
Social Services for the Homeless	287,766.00	287,766.00	287,766.00			
Personal Attendant Services Program	435,000.00	435,000.00	435,000.00			
County Interagency Coordinating Grant	38,442.00	38,442.00	38,442.00			
Disaster Liaison Program		1,900.00	1,900.00			
Prevention of Teen Pregnancy	1,000.00	1,000.00	1,000.00			
Prevention Planning		300,000.00	300,000.00			
Federal Emergency Management Agency (FEMA)						
National Emergency Food & Shelter Program	10,000.00	10,000.00	10,000.00			
New Jersey Department of Law and Public Safety						
Community Justice Grant		75,000.00	75,000.00			
Byrne Memorial Assistance Grant		12,575.00	12,575.00			
Victims of Crime Act		169,648.00	169,648.00			
Homeland Security		502,376.00	502,376.00			
Enforcing the Underage Drinking Laws		24,200.00	24,200.00			
Multi-Jurisdictional Narcotics Task Force		76,723.00	76,723.00			
Emergency Management Assistance Grant	55,000.00	55,000.00	55,000.00			
Megan's Law		8,678.00	8,678.00			
Body Armor Replacement		11,095.00	11,095.00			
Body Armor Replacement		8,118.00	8,118.00			
Body Armor Replacement		3,477.00	3,477.00			
Sexual Assault Nurse Examiner Program		73,000.00	73,000.00			
Comprehensive Traffic Safety		47,450.00	47,450.00			

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STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended			
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	Canceled
Electronic Crimes Task Force	10,000.00	16,000.00	16,000.00			
Insurance Fraud Reimbursement Program		170,238.00	170,238.00			
DWI Sobriety Checkpoint		24,000.00	24,000.00			
Stop Violence Against Women	21,391.00	21,391.00	21,391.00			
New Jersey Department of Labor						
Workforce Investment Board		1,900,089.00	1,900,089.00			
Workforce Learning Link		36,000.00	36,000.00			
Workforce Investment Act		11,764.00	11,764.00			
Workforce Development Program	14,263.00	28,512.00	28,512.00			
Work First New Jersey		1,803,515.00	1,803,515.00			
New Jersey Department of Environmental Protection						
County Environmental Health Act		173,225.00	173,225.00			
Wastewater Management Program		50,000.00	50,000.00			
Clean Communities		105,944.00	105,944.00			
United States Department of Agriculture						
Housing Preservation Program		100,000.00	100,000.00			
Governor's Council on Alcoholism and Drug Abuse						
Municipal Alliance	346,965.00	346,965.00	346,965.00			
New Jersey Transit Program						
Senior Citizens and Disabled Residents Transportation	572,256.00	572,256.00	572,256.00			
Section 5311 Rural Transportation		159,745.00	159,745.00			
Job Access and Reverse Commute (JARC)		249,729.00	249,729.00			
New Jersey Department of Military and Veterans Affairs						
Veterans Transportation	15,500.00	48,500.00	48,500.00			
Delaware Valley Regional Planning Commission						
Transportation Planning and Implementation		53,228.00	53,228.00			
Regionwide Transportation System GIS Program		30,000.00	30,000.00			
Supportive Regional Highway Program		39,100.00	39,100.00			
South Jersey Transit Expansion Study		100,000.00	100,000.00			
United States Bureau of Justice						
Bulletproof Vests Partnership Program		12,162.00	12,162.00			
New Jersey Juvenile Justice Commission						
Juvenile Accountability Incentive Program		14,746.00	14,746.00			
Family Court Program	144,135.00	144,135.00	144,135.00			
State/Community Partnership Program	285,430.00	285,430.00	285,430.00			
NJ Office of Homeland Security & Preparedness						
Port Security Program		187,442.00	187,442.00			

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

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Paid or Charged	Expended		Canceled
	Budget	Budget After Modifications		Encumbered	Reserved	
New Jersey Department of Transportation						
Hurffville Crosskeys Rd/Rt 47-Greentree		736,527.00	736,527.00			
Center Street (CR603) Mantua Twp		700,000.00	700,000.00			
Clayton Williamstown Rd CR610 Resurface		750,000.00	750,000.00			
Gloucester County Multi-Purpose Trail Ext		400,000.00	400,000.00			
Bridge 4-J-8 Barnsboro Blackwood Road		900,000.00	900,000.00			
Bridge 2 H-1 White Bridge		400,000.00	400,000.00			
State Farm						
Safe Neighbors Program	2,000.00	2,000.00	2,000.00			
State Farm Educational Funding		2,000.00	2,000.00			
Total Public and Private Programs Offset by Revenue	\$ 4,400,969.00	16,377,343.00	16,377,343.00			
Contingent	250,000.00	250,000.00	37,324.29	16,776.00	195,899.71	
Total Operations Including Contingent	\$ 150,648,073.00	165,412,067.00	152,264,155.19	3,230,823.90	9,853,217.91	\$ 63,870.00
Detail:						
Salaries and Wages	78,810,690.00	79,159,917.00	75,198,991.73		3,960,925.27	
Other Expenses	71,837,383.00	86,252,150.00	77,065,163.46	3,230,823.90	5,892,292.64	63,870.00
<b>CAPITAL IMPROVEMENTS</b>						
Capital Improvement Fund Down Payments	250,000.00	250,000.00	250,000.00			
Capital Furnishings and Equipment	250,900.00	250,900.00	229,046.71	15,998.78	5,854.51	
Total Capital Improvements	\$ 500,900.00	500,900.00	479,046.71	15,998.78	5,854.51	
<b>COUNTY DEBT SERVICE</b>						
Payment of Bond Principal						
State Aid - County College Bonds	1,302,500.00	1,302,500.00	1,302,500.00			
Vocational School Bonds	262,895.00	262,895.00	262,894.74			0.26
Other Bonds	13,507,500.00	13,507,500.00	13,507,500.00			
Interest on Bonds						
State Aid - County College Bonds	153,689.00	153,689.00	153,688.75			0.25
Vocational School Bonds	7,887.00	7,887.00	7,886.84			0.16
Other Bonds	4,204,126.00	4,204,126.00	4,204,125.84			0.16
Interest on Notes	142,105.00	142,105.00	142,104.16			0.84
Green Trust Loan Program:						
Loan Repayments for Principal and Interest	212,279.00	212,279.00	212,278.81			0.19
Justice Complex Loan - Principal	1,715,000.00	1,715,000.00	1,715,000.00			
Justice Complex Loan - Interest	2,100,950.00	2,100,950.00	2,099,700.83			1,249.17
Capital Lease Obligations - Principal	4,160,000.00	4,160,000.00	4,160,000.00			
Capital Lease Obligations - Interest	2,611,614.00	2,611,614.00	2,609,944.59			1,669.41
Infrastructure Loan - Principal and Interest	646,118.00	646,118.00	642,533.63			3,584.37
Total County Debt Service	\$ 31,026,663.00	31,026,663.00	31,020,158.19			\$ 6,504.81

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

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Paid or Charged	Expended		
	Budget	Budget After Modifications		Encumbered	Reserved	Canceled
<b>DEFERRED CHARGES AND STATUTORY EXPENDITURES</b>						
Deferred Charges						
Special Emergency Appropriations	1,131,773.00	1,131,773.00	1,131,773.00			
Prior Year Bills	52,977.00	52,977.00	47,579.52	112.20	5,285.28	
Statutory Expenditures						
Contributions to:						
Public Employees' Retirement System	5,899,759.00	5,899,759.00	5,398,032.13		501,726.87	
Social Security System	5,800,000.00	5,800,000.00	5,081,324.22		718,675.78	
Police & Fire Retirement System	3,674,315.00	3,674,315.00	3,674,314.00		1.00	
Total Deferred Charges and Statutory Expenditures	\$ 16,558,824.00	16,558,824.00	15,333,022.87	112.20	1,225,688.93	
<b>TOTAL GENERAL APPROPRIATIONS</b>	<b>\$ 198,734,460.00</b>	<b>213,498,454.00</b>	<b>199,096,382.96</b>	<b>3,246,934.88</b>	<b>11,084,761.35</b>	<b>\$ 70,374.81</b>
Ref.	A-2			A-17	A	
	Ref.					
Appropriation by 40A:4-87	A-2	\$ 11,976,374.00				
Budget	A-3	198,734,460.00				
Emergency Appropriation	A-19	2,787,620.00				
		<u>\$ 213,498,454.00</u>				
Reserve for Federal Grants Appropriated	A-14		\$ 9,546,157.00			
Reserve for State Grants Appropriated	A-15		6,913,316.00			
Reserve for Local Grants Appropriated	A-10		4,000.00			
Special Emergency Appropriations	A-19		1,131,773.00			
Reserve for Revaluation			165,782.82			
Disbursed	A-4		181,335,354.14			
			<u>\$ 199,096,382.96</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	Balance
		Dec. 31, 2012	Dec. 31, 2011
<b>ASSETS</b>			
Cash - Chief Financial Officer	B-1	\$ 12,759,005.75	\$ 19,643,925.36
Due from Federal Government	B-2	3,307,661.91	4,372,769.68
		<u>\$ 16,066,667.66</u>	<u>\$ 24,016,695.04</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
Encumbrances Payable	B-3	\$ 3,361,293.42	\$ 2,945,924.61
Reserves for:			
Environmental Quality and Enforcement	B-4	121,767.87	119,973.03
County Clerk's Improvement Fund	B-5	459,412.59	421,395.22
Road Permit Funds	B-6	452,782.11	453,920.11
Weights and Measures	B-7	58,498.80	59,695.22
Bequests	B-8	7,683.49	21,469.08
Motor Vehicle Fines	B-9	1,858,465.17	3,353,855.22
Traffic Light Escrow Fund	B-10	1,321,814.51	1,295,714.51
Unemployment Insurance	B-11	143,679.32	163,829.28
Tax Appeals	B-12	66,547.17	45,180.60
Small Cities Grant	B-13	38,045.92	38,045.92
Surrogate's Improvement Fund	B-14	84,552.78	72,123.15
Federal Forfeited Funds	B-15	78,869.14	85,773.01
Forfeited Funds	B-16	45,695.23	51,547.53
Seized Assets	B-17	128,444.24	95,315.98
Asset Maintenance Account	B-18	9,243.06	12,643.19
Community Development Block Grant	B-19	1,967,069.85	2,618,826.29
Workmen's Compensation	B-20	255,620.43	403,315.43
Farmland Preservation	B-21	4,689,621.92	10,909,837.22
Sheriff's Improvement Fund	B-22	7,209.70	23,251.65
Accumulated Absence	B-23	122,651.82	61,092.37
Solid Waste Fees	B-24	20,515.34	45,095.64
Uniform Fire Safety	B-25	1,400.00	500.00
Snow Removal/Salt Regionalization	B-26	150,047.29	181,738.82
Parks and Recreation Donations	B-27	58.02	5,947.64
Animal Shelter Donations	B-28	486,885.25	487,450.90
Health & Senior Services Donations	B-29	30,919.15	18,830.26
Human Services Transportation Donations	B-30	2,976.24	2,062.00
Veterans Affairs Donations	B-31	11,975.08	14,438.47
Disability Services Donations	B-32	5,777.69	7,902.69
Emergency Response/EMS Donations	B-33	1,430.86	
Tolerance Project Donations	B-34	814.00	
Court Ordered Settlements	B-35	74,900.20	
		<u>\$ 16,066,667.66</u>	<u>\$ 24,016,695.04</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, 2012	Balance Dec. 31, 2011
<b>ASSETS</b>			
Cash - Chief Financial Officer	C-2	\$ 11,419,742.96	\$ 6,459,073.64
Grants Receivable	C-4	11,198,792.71	11,634,054.31
Amount to be Provided by Lease Payments	C-19	59,807,500.00	63,967,500.00
Traffic Light Escrow Receivable	C-16	21,920.00	
Deferred Charges to Future Taxation:			
Funded	C-5	255,285,530.05	256,222,641.13
Unfunded	C-6	9,230,807.24	31,015,400.00
Deferred Charges - State of New Jersey	C-7	7,487,400.00	8,189,900.00
		<u>\$354,451,692.96</u>	<u>\$ 377,488,569.08</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
General Serial Bonds Payable	C-13	\$174,864,894.68	\$ 170,900,789.42
Bond Anticipation Notes	C-14	6,500,000.00	9,500,000.00
Contracts Payable	C-10	4,880,707.12	6,957,906.91
Obligations Under Capital Lease	C-19	59,807,500.00	63,967,500.00
Green Trust Loans Payable	C-20	412,699.14	613,703.89
NJ Infrastructure Loans Payable	C-18	5,204,936.23	5,717,147.82
Gloucester County Improvement Authority Loan Payable	C-21	81,690,000.00	83,405,000.00
Improvement Authorizations:			
Funded	C-9	14,495,671.54	12,840,582.15
Unfunded	C-9	3,270,605.72	20,394,706.62
Traffic Light Escrow	C-17	21,920.00	
Capital Improvement Fund	C-8	267,491.31	5,592.30
Reserve for Debt Service	C-12	2,980,510.83	2,930,883.58
Fund Balance	C-1	54,756.39	254,756.39
		<u>\$354,451,692.96</u>	<u>\$ 377,488,569.08</u>

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

## EXHIBIT C-1

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

Balance December 31, 2011	Ref. C	\$ 254,756.39
Less:		
Appropriated to 2012 Budget Revenue	C-2	<u>200,000.00</u>
Balance December 31, 2012	C	<u>\$ 54,756.39</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, 2012	Balance Dec. 31, 2011
General Fixed Assets:		
Land	37,152,255.08	38,363,826.00
Buildings	56,385,584.00	62,039,052.00
Equipment	14,785,342.90	14,424,032.00
Motor Vehicles	9,934,037.94	10,470,937.00
	<u>118,257,219.92</u>	<u>125,297,847.00</u>
Investment in General Fixed Assets	<u>118,257,219.92</u>	<u>125,297,847.00</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  
YEAR ENDED DECEMBER 31, 2012**

**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
- Gloucester County College
- Gloucester County Institute of Technology
- Gloucester County Housing Authority
- Gloucester County Library Commission

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.

**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.

**COUNTY OF GLOUCESTER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012**

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

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

**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 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.

**COUNTY OF GLOUCESTER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012**

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

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

**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 \$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.

**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.

**COUNTY OF GLOUCESTER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012**

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

**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. Recent Accounting Pronouncements Not Yet Effective**

In November 2010, the Governmental Accounting Standards Board (GASB) issued Statement No. 61 "The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34." The purpose of the statement is to amend the criteria for reporting and including component units with the primary government. This statement, which is effective for fiscal periods beginning after June 15, 2012, is not anticipated to have any effect on the County's financial reporting.

In April 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 65 "Items Previously Reported as Assets and Liabilities." This statement, which clarifies the reporting requirements related to deferred assets and liabilities, is effective for fiscal periods beginning after December 15, 2012, is not anticipated to have any effect on the County's financial reporting.

In April 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 66 "Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62." This statement, which resolves conflicts between Statements No. 10 and No. 54 provides more flexibility in fund classifications for risk based activities, is effective for fiscal periods beginning after December 15, 2012, is not anticipated to have any effect on the County's financial reporting.

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 68 "Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27." This statement, which is effective for fiscal periods beginning after June 15, 2014, will not have any effect on the County's financial reporting.

In January 2013, the Governmental Accounting Standards Board (GASB) issued Statement No. 69 "Government Combinations and Disposals of Government Operations." This statement, which is effective for fiscal periods beginning after December 15, 2013, will not have any effect on the County's financial reporting.

In April 2013, the Governmental Accounting Standards Board (GASB) issued Statement No. 70 "Accounting and Financial Reporting for Nonexchange Financial Guarantees." This statement is effective for fiscal periods beginning after June 15, 2013, will not have any effect on the County's financial reporting.

**NOTE 2: BUDGETARY INFORMATION**

The County adopts an annual budget in accordance with NJSA 40A:4, et al. 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

**COUNTY OF GLOUCESTER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012**

**NOTE 2: BUDGETARY INFORMATION (CONTINUED)**

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 following budget amendments were approved as follows:

Authorized budget amendments were approved as follows:

Special Item of Revenue:	
Various Grants	11,976,374.00
Emergency Appropriations	2,787,620.00

**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 New Jersey Statutes NJSA 40A:5-15.1(a) that are treated as cash equivalents. At December 31, 2012 and 2011, the carrying amount of the County's deposits was 73,709,369.14 and \$79,268,375.96, respectively. As of December 31, 2012 and 2011, \$0 and \$0 of the municipality's bank balance of \$76,090,529.54 and \$85,280,643.08, respectively, was exposed to Custodial Credit Risk.

**NOTE 4: INVESTMENTS**

As of December 31, 2012 and 2011, 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, New Jersey Statutes NJSA 40A:5-15.1(a) limits the length of time for most investments to 397 days.

**Credit Risk** - New Jersey Statutes 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

**COUNTY OF GLOUCESTER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012**

**NOTE 4: INVESTMENTS (CONTINUED)**

**Credit Risk (Continued)** - 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
2012	40,267,708.54	26,183,268.00
2011	43,721,682.34	19,647,317.00
2010	46,794,975.00	18,465,853.00
2009	49,526,859.00	15,500,671.00
2008	37,979,723.00	14,278,482.00

**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, 2012, was \$7,407,426.00. The County has appropriated \$100,000.00 in the 2013 introduced budget to fund a reserve for accumulated absences. The accumulated absence trust has a reserve balance of \$122,651.82.

**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, 2012:

**COUNTY OF GLOUCESTER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012**

**NOTE 7: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

	Balance Dec. 31, 2011	Additions	Deletions	Balance Dec. 31, 2012
Land	38,363,826.00	3,429.08	1,215,000.00	37,152,255.08
Buildings	62,039,052.00	232,534.00	5,886,002.00	56,385,584.00
Equipment	14,424,032.00	1,245,795.93	884,485.03	14,785,342.90
Motor Vehicles	10,470,937.00	24,033.00	560,932.06	9,934,037.94
	<u>125,297,847.00</u>	<u>1,505,792.01</u>	<u>8,546,419.09</u>	<u>118,257,219.92</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 or can be accessed on the internet at <http://www.state.nj.us/treasury/pensions/actuarial-rpts.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. Enrollment is required for permanent, full-time employees appointed to positions of law enforcement or firefighting in the State of New Jersey.

**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 members and employer contributions may be amended by State of New Jersey legislation. Effective with the first payroll to be paid on or after October 1, 2011, the employee contributions for PERS increased from 5.5% of employees' annual compensation, as defined, to 6.5%. Subsequent increases will be phased in over 7 years (each July 1) to bring

**COUNTY OF GLOUCESTER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012**

**NOTE 9: PENSION FUNDS (CONTINUED)**

**Funding Policy (Continued)** - the total pension contribution rate to 7.5% as of July 1, 2018. Effective with the first payroll to be paid on or after October 1, 2011, the employee contributions for PFRS increased from 8.50% of employees' annual compensation, as defined to 10%. Employers are required to contribute at an actuarial 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.

The County's contributions to PERS for the years ending December 31, 2012, 2011 and 2010, were \$5,380,978.42, \$5,523,505.41 and \$4,028,772.00, respectively, equal to the required contributions for each year. The County's contributions to PFRS for the years ending December 31, 2012, 2011 and 2010, were \$3,674,314.00, \$3,945,183.00 and \$3,281,858.00, respectively, equal to the required contributions for each year.

**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. The County's contributions to DCRP for the years ending December 31, 2012, 2011 and 2010, were \$17,053.71, \$15,846.70 and \$10,906.00, respectively, equal to the required contributions for each year.

**NOTE 10: POST-EMPLOYMENT HEALTHCARE PLAN**

In 2007, the County implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other than Pensions*. GASB Statement 45 requires governmental units to disclose the actuarially determined liability for all Other Post-Employment Benefits (OPEB). OPEB are non-pension benefits that a government has contractually or otherwise agreed to provide employees once they have retired.

**Plan Description** - Gloucester County, New Jersey Postemployment Healthcare Benefit Plan (GCHBP) is a single-employer defined benefit healthcare plan administered by Connor Strong, Inc. GCHBP provides fully-insured medical and prescription drug coverage to eligible retirees and their spouses.

**Funding Policy** - The contribution requirements of the County are established by negotiated labor contracts and County Administrative Code, Section PER 3-1. The required contribution is based on projected pay-as-you-go financing requirements. For calendar year 2012 the County contributed \$6,541,807.39 to the plan for current premiums. Plan members receiving benefits are not required to make contributions.

**Annual OPEB Cost and Net OPEB Obligation** - The County's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the county's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the county's net OPEB obligation (dollar amounts in thousands):



**COUNTY OF GLOUCESTER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012**

**NOTE 10: POST-EMPLOYMENT HEALTHCARE PLAN (CONTINUED)**

Annual Required Contribution (Thousands)	\$ 17,692
Interest on Net OPEB Obligation	
Adjustment to Annual Required Contribution	655
Annual OPEB Cost (Expense) (Thousands)	\$ 18,347
Contributions Made (Thousands)	6,541
Increase in Net OPEB Obligation (Thousands)	\$ 11,806
Net OPEB Obligation - Beginning of Year	43,822
Net OPEB Obligation - End of Year	\$ 55,628

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012 follows (dollars amounts in thousands):

Calendar Year Ended	Annual OPEB Cost (Thousands)	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Thousands)
12/31/2012	\$18,347	35.70%	\$55,628

**Funded Status and Funding Progress** - As of December 31, 2012, the County is considered to be an unfunded plan. There are no plan assets. The retiree benefits are paid annually on a cash basis.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend.

The Actuarial Accrued Liability ("AAL") is the present value of all future expected post-retirement medical payments and administrative costs which are attributable to past service. The County's unfunded AAL is calculated to be \$228,092 (thousands) as of December 31, 2011.

**Actuarial Methods and Assumptions** - Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The December 31, 2011, actuarial valuation, utilized the projected unit credit method with amortization on a straight line basis was utilized, for a period of 30 years.

**NOTE 11: 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 until future years. The deferred compensation is not available

**COUNTY OF GLOUCESTER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012**

**NOTE 11: DEFERRED COMPENSATION PLAN (CONTINUED)**

to employees until termination, retirement, death, or unforeseeable emergency. The administrators of the plans are Lincoln Financial Group and MetLife.

**NOTE 12: LONG-TERM DEBT**

**Summary of County Debt Service**

Long-term debt as of December 31, 2012, consisted of the following:

	Year 2012	Year 2011	Year 2010
Bonds, Notes and Loans Issued	268,672,530.05	270,136,641.58	292,800,026.00
Bonds and Notes Authorized But Not Issued	3,331,207.24	25,291,300.00	28,281,500.00
<b>Net Bonds, Notes and Loans Issued and Authorized But Not Issued</b>	<b>272,003,737.29</b>	<b>295,427,941.58</b>	<b>321,081,526.00</b>

  

	Balance 12/31/2011	Increased	Retired/ Reduction	Balance 12/31/2012
Issued				
General:				
Serial Bonds Payable	170,900,789.42	20,537,000.00	16,572,894.74	174,864,894.68
Bond Anticipation Notes	9,500,000.00		3,000,000.00	6,500,000.00
Green Trust Loans Payable	613,703.89		201,004.75	412,699.14
NJ Infrastructure Loans Payable	5,717,148.27		512,211.59	5,204,936.68
Gloucester County Improvement Authority Loan Payable	83,405,000.00		1,715,000.00	81,690,000.00
Authorized But Not Issued				
General:				
Bond Anticipation Notes	25,291,300.00		21,960,092.76	3,331,207.24
	<u>295,427,941.58</u>	<u>20,537,000.00</u>	<u>43,961,203.84</u>	<u>272,003,737.74</u>

\$4,995,000.00 Vocational School Loan Assistance Program dated August 18, 1993, payable in annual installments through July 2013. Interest is paid semi annually at a rate of 1.50% per annum. The balance remaining at December 31, 2012, was \$262,894.68.

\$2,000,000.00 County College Bonds dated August 19, 1996, payable in annual installments through July 2015. Interest is paid semi annually at a rate of 5.40% - 5.45% per annum. The balance remaining at December 31, 2012, was \$390,000.00.

\$300,000.00 County College Bonds dated July 7, 1998, payable in annual installments through June 2013. Interest is paid semi annually at a rate of 4.85% per annum. The balance remaining at December 31, 2012, was \$25,000.00.

**COUNTY OF GLOUCESTER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012**

**NOTE 12: LONG-TERM DEBT (CONTINUED)**

**Summary of County Debt Service (Continued)**

\$300,000.00 County College Bonds dated July 7, 1998, payable in annual installments through June 2013. Interest is paid semi annually at a rate of 4.85% per annum. The balance remaining at December 31, 2012, was \$25,000.00.

\$12,090,000.00 General Obligation Refunding Bonds dated July 15, 2003, payable in annual installments through July 2015. Interest is paid semi annually at a rate of 4.00% - 4.50% per annum. The balance remaining at December 31, 2012, was \$1,800,000.00.

\$26,580,000 General Obligation Refunding Bonds dated October 1, 2004, payable in annual installments through October 2013. Interest is paid semi annually at a rate of 4.00% per annum. The balance remaining at December 31, 2012, was \$1,210,000.00.

\$24,927,000.00 General Obligation Bonds dated August 1, 2006, payable in annual installments through August 2019. Interest is paid semi annually at a rate of 4.25% per annum. The balance remaining at December 31, 2012, was \$15,077,000.00.

\$12,225,000.00 County College Bonds dated August 1, 2006, payable in annual installments through August 2013. Interest is paid semi annually at a rate of 4.00% per annum. The balance remaining at December 31, 2012, was \$980,000.00.

\$12,225,000.00 County College Bonds dated August 1, 2006, payable in annual installments through August 2013. Interest is paid semi annually at a rate of 4.00% per annum. The balance remaining at December 31, 2012, was \$980,000.00.

\$23,265,000.00 General Obligation Refunding Bonds dated March 1, 2007, payable in annual installments through July 2021. Interest is paid semi annually at a rate of 4.00% - 5.00% per annum. The balance remaining at December 31, 2012, was \$17,445,000.00.

\$1,132,500.00 County College Bonds dated January 15, 2009, payable in annual installments through January 2019. Interest is paid semi annually at a rate of 2.00% - 3.00% per annum. The balance remaining at December 31, 2012, was \$845,000.00.

\$1,132,500.00 County College Bonds dated January 15, 2009, payable in annual installments through January 2019. Interest is paid semi annually at a rate of 2.00% - 3.00% per annum. The balance remaining at December 31, 2012, was \$845,000.00.

\$39,990,000.00 General Obligation Bonds dated January 15, 2009, payable in annual installments through October 2022. Interest is paid semi annually at a rate of 2.00% - 3.50% per annum. The balance remaining at December 31, 2012, was \$33,390,000.00.

\$1,176,500.00 County College Bonds dated October 15, 2009, payable in annual installments through October 2019. Interest is paid semi annually at a rate of 2.00% - 3.00% per annum. The balance remaining at December 31, 2012, was \$871,500.00.

\$1,176,500.00 County College Bonds dated October 15, 2009, payable in annual installments through October 2019. Interest is paid semi annually at a rate of 2.00% - 3.00% per annum. The balance remaining at December 31, 2012, was \$871,500.00.

**COUNTY OF GLOUCESTER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012**

**NOTE 12: LONG-TERM DEBT (CONTINUED)**

**Summary of County Debt Service (Continued)**

\$36,000,000.00 General Obligation Bonds dated October 15, 2009, payable in annual installments through October 2029. Interest is paid semi annually at a rate of 2.00% - 4.00% per annum. The balance remaining at December 31, 2012, was \$31,800,000.00.

\$34,300,000.00 General Obligation Bonds dated September 30, 2010, payable in annual installments through September 2025. Interest is paid semi annually at a rate of 2.00% - 3.00% per annum. The balance remaining at December 31, 2012, was \$31,200,000.00.

\$6,495,000.00 General Obligation Refunding Bonds dated October 1, 2011, payable in annual installments through October 2024. Interest is paid semi annually at a rate of 2.00% - 5.00% per annum. The balance remaining at December 31, 2012, was \$16,310,000.00.

\$7,551,000.00 County College Bonds dated June 28, 2012, payable in annual installments through March 2012. Interest is paid semi annually at a rate of 2.00% - 2.50% per annum. The balance remaining at December 31, 2012, was \$7,551,000.00.

\$12,986,000.00 General Obligation Bonds dated June 28, 2012, payable in annual installments through March 2027. Interest is paid semi annually at a rate of 2.25% - 3.00% per annum. The balance remaining at December 31, 2012, was \$12,986,000.00.

\$114,000.00 Green Trust Loan dated July 22, 1993, payable in semi-annual installments through April 2013. Interest is paid semi annually at a rate of 2.00% per annum. The balance remaining at December 31, 2012, was \$3,509.36.

\$3,000,000.00 Green Trust Loan dated December 23, 1994, payable in semi-annual installments through September 2014. Interest is paid semi annually at a rate of 2.00% per annum. The balance remaining at December 31, 2012, was \$363,954.98.

\$299,765.06 Green Trust Loan dated June 23, 1995, payable in semi-annual installments through March 2015. Interest is paid semi annually at a rate of 2.00% per annum. The balance remaining at December 31, 2012, was \$45,234.80.

\$8,251,790.00 New Jersey Environmental Infrastructure Loan dated November 10, 2005, payable in semi-annual installments through March 2021. Interest is paid semi annually. The balance remaining at December 31, 2012, was \$5,204,936.23.

\$86,650,000.00 County Guaranteed Loan Revenue Bonds dated April 1, 2009, payable in annual installments through April 2038. Interest is paid semi annually at a rate of 4.00% - 5.00% per annum. The balance remaining at December 31, 2012, was \$81,690,000.00.

**COUNTY OF GLOUCESTER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012**

**NOTE 12: LONG-TERM DEBT (CONTINUED)**

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

Year Ended	Principal	Interest	Total
2013	19,610,546.14	9,740,851.61	29,351,397.75
2014	16,504,006.04	8,973,412.91	25,477,418.95
2015	16,812,320.99	8,481,117.30	25,293,438.29
2016	16,617,105.81	7,963,218.77	24,580,324.58
2017	17,119,362.51	7,450,643.77	24,570,006.28
2018-2022	83,539,189.01	28,484,453.19	112,023,642.20
2023-2027	41,900,000.00	16,502,800.00	58,402,800.00
2028-2032	22,410,000.00	9,484,875.00	31,894,875.00
2033-2037	22,455,000.00	4,220,125.00	26,675,125.00
2038	5,205,000.00	130,125.00	5,335,125.00
	<u>262,172,530.50</u>	<u>101,431,622.55</u>	<u>363,604,153.05</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 1.00%.

	Gross Debt	Deductions	Net Debt
General Debt	<u>413,149,695.94</u>	<u>153,838,294.88</u>	<u>259,311,401.06</u>

Net Debt \$259,311,401.06 / Equalized Valuation Basis per NJSA 40A:2-2 as amended \$27,450,637,185.33 = .945%.

**Borrowing Power Under NJSA 40A:2-6 as Amended**

2% of Equalized Valuation Basis	549,012,743.71
Net Debt	<u>259,311,401.06</u>
Remaining Borrowing Power	<u>289,701,342.65</u>

**NOTE 13: CAPITAL LEASE OBLIGATIONS**

The County had lease agreements in effect at December 31, 2012, for various capital improvements.

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

**APPENDIX C**

**Form of Bond Counsel's Opinion**



June 27, 2014

Board of Chosen Freeholders of  
the County of Gloucester  
2 South Broad Street  
Woodbury, New Jersey

**RE: \$4,974,000 COUNTY OF GLOUCESTER, NEW JERSEY, GENERAL OBLIGATION BONDS, SERIES 2014**

**\$4,250,000 COUNTY OF GLOUCESTER, NEW JERSEY, COUNTY COLLEGE BONDS (CHAPTER 12), SERIES 2014**

**\$4,997,000 COUNTY OF GLOUCESTER, NEW JERSEY, COUNTY COLLEGE BONDS (BUILDING OUR FUTURE BOND ACT), SERIES 2014**

Ladies and Gentlemen:

We have served as Bond Counsel in connection with the authorization, issuance, sale and delivery of: (i) \$4,974,000 aggregate principal amount of General Obligation Bonds, Series 2014 ("2014 County Bonds"); (ii) \$4,250,000 aggregate principal amount of County College Bonds (Chapter 12), Series 2014 ("2014 Chapter 12 Bonds"); and (iii) \$4,997,000 aggregate principal amount of County College Bonds (Building Our Future Bond Act), Series 2014 ("2014 Building Our Future Bonds", together with the 2014 County Bonds and the 2014 Chapter 12 Bonds, the "Bonds"), by the County of Gloucester, New Jersey ("County").

The Bonds are authorized to be issued pursuant to: (i) the Local Bond Law, constituting Chapter 169 of the Laws of 1960 of the State of New Jersey, as amended and supplemented ("Local Bond Law"); (ii) bond ordinances 47701, 48011 and 48341 (collectively, the "Bond Ordinances"), each duly and finally adopted by the Board of Chosen Freeholders ("Board") and published in accordance with the requirements of the Local Bond Law; and (iii) a resolution adopted by the Board on May 21, 2014 ("Resolution").

The 2014 County Bonds are dated June 27, 2014, mature on March 1 in each of the years and in the respective principal amounts set opposite each such year in the table below and bear interest at the interest rate per annum below, payable initially on March 1, 2015 and semi-annually thereafter on September 1 and March 1 in each year until maturity.

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2015	\$449,000	1.500%	2020	\$600,000	2.000%
2016	475,000	1.500	2021	600,000	2.000
2017	500,000	1.500	2022	625,000	2.250
2018	525,000	1.750	2023	650,000	2.375
2019	550,000	2.000			

**COUNSEL WHEN IT MATTERS.<sup>SM</sup>**



The 2014 Chapter 12 Bonds are dated June 27, 2014, mature on March 1 in each of the years and in the respective principal amounts set opposite each such year in the table below and bear interest at the interest rate per annum below, payable initially on March 1, 2015 and semi-annually thereafter on September 1 and March 1 in each year until maturity.

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2015	\$300,000	1.500%	2020	\$500,000	2.000%
2016	325,000	1.500	2021	500,000	2.000
2017	350,000	2.000	2022	500,000	2.250
2018	375,000	2.000	2023	500,000	2.500
2019	400,000	2.000	2024	500,000	2.500

The 2014 Building Our Future Bonds are dated June 27, 2014, mature on March 1 in each of the years and in the respective principal amounts set opposite each such year in the table below and bear interest at the interest rate per annum below, payable initially on March 1, 2015 and semi-annually thereafter on September 1 and March 1 in each year until maturity.

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2015	\$352,000	1.500%	2020	\$550,000	2.000%
2016	375,000	1.500	2021	555,000	2.125
2017	400,000	2.000	2022	575,000	2.250
2018	420,000	2.000	2023	625,000	2.500
2019	500,000	2.000	2024	645,000	2.500

The Bonds are issued in fully registered book-entry-only form without coupons. The Bonds are *not* subject to redemption prior to the stated maturity dates thereof.

The 2014 County Bonds are being issued to provide funds which will be used to: (i) permanently finance the various improvements for the County for which obligations have been authorized, but not issued; and (ii) pay certain costs and expenses incidental to the issuance and delivery of the 2014 County Bonds.

The 2014 Chapter 12 Bonds are being issued by the County to provide funds which will be used to: (i) permanently finance various improvements for the County College for which obligations have been authorized, but not issued; and (ii) pay certain costs and expenses incidental to the issuance and delivery of the 2014 Chapter 12 Bonds.

The 2014 Building Our Future Bonds are being issued by the County to provide funds which will be used to: (i) permanently finance various improvements for the County College for which obligations have been authorized, but not issued; and (ii) pay certain costs and expenses incidental to the issuance and delivery of the 2014 Building Our Future Bonds.

As the basis for the opinion set forth below, we have examined such matters of law as we have deemed necessary including, *inter alia*, the Constitution of the State of New Jersey, the Internal Revenue Code of 1986, as amended ("Code"), and the Local Bond Law. We have also examined such documents, certifications and instruments as we have deemed necessary including,





without limitation, the Bond Ordinances, the Resolution, a certification of officials of the County having the responsibility for issuing the 2014 County Bonds given pursuant to the Code ("2014 County Bonds Nonarbitrage Certificate"), a certification of officials of the County and of the Gloucester County College ("County College") having the responsibility for issuing the 2014 Chapter 12 Bonds given pursuant to the Code ("2014 Chapter 12 Bonds Nonarbitrage Certificate"), a certification of officials of the County and of the County College having the responsibility for issuing the 2014 Building Our Future Bonds given pursuant to the Code ("2014 Building Our Future Bonds Nonarbitrage Certificate" and, together with the 2014 County Bonds Nonarbitrage Certificate and the 2014 Chapter 12 Bonds Nonarbitrage Certificate, the "Nonarbitrage Certificates") and the other certifications, instruments, documents and opinions listed in the closing agenda prepared in connection with the settlement of the Bonds.

In rendering the following opinion, we have relied upon the authenticity, truthfulness and completeness of all documents, instruments and certifications examined including, without limiting the generality of the foregoing, the Nonarbitrage Certificates.

Based upon and subject to the foregoing, we are of the following opinion:

1. The Bonds are legal, valid and binding obligations of the County enforceable in accordance with the respective terms thereof, except to the extent that enforcement thereof may be limited by bankruptcy, insolvency or other laws or equitable principles affecting the enforcement of creditors' rights generally ("Creditors' Rights Limitations").
2. For the payment of principal of and interest on the Bonds, the County has the power and is obligated, to the extent payment is not otherwise provided, to levy ad valorem taxes upon all taxable real property within the County without limitation as to rate or amount, except to the extent that enforcement thereof may be affected by Creditors' Rights Limitations.
3. Interest on the 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 is not a specific item of tax preference item under Section 57 of the Code for purposes of calculating the alternative minimum tax imposed on individuals and corporations pursuant to Section 55 of the Code.

The adjustment for "adjusted current earnings" set forth in Section 56(g) of the Code is required in determining a corporation's alternative minimum taxable income. Alternative minimum taxable income is increased by seventy-five percent (75%) of the excess, if any, of the "adjusted current earnings" of a corporation over the alternative minimum taxable income (determined without regard to this adjustment or the alternative tax net operating loss deduction).

Interest on tax-exempt obligations, including the Bonds, is not excludable in calculating certain corporation's "adjusted current earnings." Accordingly, a portion of the interest on the Bonds received or accrued by a corporation that owns the Bonds is included in computing such corporation's alternative minimum taxable income for such year.

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 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 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 County that it will comply with the applicable requirements of the Code, including requirements relating to, inter alia, the use and investment of proceeds of the Bonds and rebate to the United States Treasury of specified arbitrage earnings, if any, under Section 148(f) of the Code. Failure of the County to comply with such covenants could result in the interest on the Bonds being subject to federal income tax from 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 Bonds.

Ownership of the 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, 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, and 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 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 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 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 County has not designated the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

Owners of the Bonds should consult their own tax advisers 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.

4. Interest on the 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 enacted and construed on the date hereof.



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 Bonds.

The opinions expressed in the numbered paragraphs above are being rendered on the basis of federal law and the laws of the State of New Jersey, as presently enacted and construed, and we assume no responsibility to advise any party as to any changes in law or fact subsequent to the date hereof.

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 County and may not be relied upon by any other person, party, firm or organization without our prior written consent.

Very truly yours,

## **APPENDIX D**

### **Form of Continuing Disclosure Agreement**

## CONTINUING DISCLOSURE AGREEMENT

**THIS CONTINUING DISCLOSURE AGREEMENT** ("Disclosure Agreement") is made on this 27th day of June, 2014 by and between the County of Gloucester, New Jersey ("County") and the Dissemination Agent (as hereinafter defined). This Disclosure Agreement is entered into in connection with the issuance and sale by the County of its General Obligation Bonds, Series 2014, in the aggregate principal amount of \$4,974,000 ("2014 County Bonds"), its County College Bonds (Chapter 12), Series 2014, in the aggregate principal amount of \$4,250,000 ("2014 Chapter 12 Bonds"), and its County College Bonds (Building Our Future Bond Act), Series 2014 ("2014 Building Our Future Bonds", and together with the 2014 County Bonds and the 2014 Chapter 12 Bonds, the "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 Bonds (collectively, the "Bondholders") and in compliance with the provisions of Rule 15c2-12(b)(5), promulgated by the Securities and Exchange Commission ("SEC") pursuant to the Securities Exchange Act of 1934 ("Exchange Act"), as it may be amended and supplemented from time to time, including administrative or judicial interpretations thereof, as it applies to the Bonds ("Rule").

**SECTION 2. Definitions.** Capitalized terms, not otherwise defined herein, shall, for purposes of this Disclosure Agreement, 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.

**"Continuing Disclosure Information"** shall mean: (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.

**"Dissemination Agent"** shall mean Phoenix Advisors LLC, Bordentown, New Jersey, or any successor Dissemination Agent designated in writing by the County and which has filed with the County a written acceptance of such designation.

**"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 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.

**"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 SEC 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.

**"SEC Release"** shall mean Release No. 34-59062, of the SEC, dated December 5, 2008.

**SECTION 3. Provision of Annual Report.**

(a) The County shall not later than 210 days after the end of its fiscal year (currently December 31) during which any of the Bonds remain Outstanding provide to the Dissemination Agent the County's Annual Report prepared for the preceding fiscal year of the County. 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 SEC.

(b) The Dissemination Agent, promptly (within fifteen (15) Business Days) after receiving the Annual Report from the County, shall submit the Annual Report received by it to the National Repository and thereafter shall file a written report with the County certifying that the Annual Report has been provided pursuant to this Agreement, stating the date it was provided to the National Repository.

(c) If the County fails to provide the Annual Report to the Dissemination Agent by the dates required in subsection (a) of this Section 3, the Dissemination Agent shall send a notice to the County 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 in substantially the form attached as Exhibit "A" hereto.

**SECTION 4. Contents of Annual Report.** Annual Report shall mean:

(a) (i) the general financial information and operating data of the County consistent with the information set forth in the Official Statement, dated June 11, 2014, prepared in connection with the sale of the 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.

(b) The County's audited financial statements will be prepared in accordance with modified cash accounting as mandated by the State of New Jersey statutory principles or with generally accepted accounting principles as modified by governmental accounting standards if required by New Jersey law, as such principles, standards and requirements exist at the time of the filing of the particular annual audited financial statement.

**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 Bonds, or other material events affecting the tax status of the Bonds;
- (7) modifications to the rights of Bondholders, if material;
- (8) 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 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.

(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 of a Listed Event specified 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.

(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.

**SECTION 6. Termination of Disclosure Agreement.** This Disclosure Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds or when the County is no longer an Obligated Person (as defined in the Rule) with respect to the Bonds.

**SECTION 7. Amendment; Waiver.** Notwithstanding any other provision of this Disclosure Agreement, the County and the Dissemination Agent may amend this Disclosure Agreement and any provision of this Disclosure Agreement may be waived, if such amendment or

waiver (supported by an Opinion of Counsel) is: (a) made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the County, or type of business conducted; (b) the undertaking, as amended or waived, would have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and (c) the amendment or waiver does not materially impair the interests of Bondholders. The County 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 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 any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure 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. Prior Compliance with the Rule.** The County previously failed to timely file its annual financial information in accordance with SEC Rule 15c2-12 for year-end financials for fiscal years ending December 31, 2008, 2009, 2010, 2011 and 2012. In addition, the County failed to file its most current adopted budget in a timely manner for the fiscal years ending December 31, 2009, 2010, 2011, 2012 and 2013.

The County previously failed to file material event notices in connection with: (i) certain bond insurer downgrades in 2008, 2009, and 2011 along with an upgrade in 2013; and (ii) a rating change for Moody's Investors Service in 2010.

As of June 10, 2014, the County is in compliance with its previous undertakings with regard to continuing disclosure for prior obligations issued, including the filing of any required late notices and material event notices.

**SECTION 10. Default and Remedies.** In the event of a failure of the County to comply with any provision of this Disclosure Agreement, the Dissemination Agent or any Bondholder may (and, at the written request of Bondholders of at least twenty-five percent (25%) of the outstanding Bonds and provision of indemnity and security for expenses satisfactory to it, shall) 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. 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. A failure of the County to comply with any provision of this Disclosure Agreement shall not be deemed to be a default under the Bonds.

**SECTION 11. 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  
Gloucester County Treasurer Office - 3<sup>rd</sup> Floor  
2 South Broad, PO Box 337  
Woodbury, New Jersey 08096  
Attention: Treasurer

(ii) If to the Dissemination Agent:

Phoenix Advisors, LLC  
4 West Park Street  
Bordentown, New Jersey 08505

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 11 for the giving of notice.

**SECTION 12. Beneficiaries.** This Disclosure Agreement shall inure solely to the benefit of the County, the Dissemination Agent and the Bondholders and nothing herein contained shall confer any right upon any other person.

**SECTION 13. 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 14. Compensation.** 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.

**SECTION 15. 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 16. 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 17. 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 18. 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 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 executed this Disclosure Agreement as of the date first above written.

**COUNTY OF GLOUCESTER, NEW JERSEY**

By: \_\_\_\_\_  
**GARY M. SCHWARZ, Treasurer**

**PHOENIX ADVISORS, LLC,  
as Dissemination Agent**

By: \_\_\_\_\_  
**SHERRY L. TRACEY, Managing Director**

**EXHIBIT A**

**NOTICE TO THE NATIONAL REPOSITORY OF  
FAILURE TO FILE AN ANNUAL REPORT**

Name of Issuer: County of Gloucester, New Jersey

Name of Bond Issues Affected: \$4,974,000 General Obligation Bonds, Series 2014 & \$4,250,000 Chapter 12 Bonds, Series 2014 & \$4,997,000 Building Our Future Bonds, Series 2014

Date of Issuance of the Affected Bond Issue: June 27, 2014

NOTICE IS HEREBY GIVEN that the Issuer 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 June 27, 2014, between the County and the Dissemination Agent. [TO BE INCLUDED ONLY IF THE DISSEMINATION AGENT HAS BEEN ADVISED OF THE EXPECTED FILING DATE - The Issuer anticipates that such Annual Report will be filed by \_\_\_\_\_].

Dated:

**PHOENIX ADVISORS, LLC,  
Dissemination Agent**

cc: County of Gloucester, New Jersey