

PRELIMINARY OFFICIAL STATEMENT DATED JUNE 19, 2024

NEW ISSUE – BOOK-ENTRY-ONLY

RATING: Moody's: "Aa2"

In the opinion of McManimon, Scotland & Baumann, LLC, Bond Counsel, assuming compliance by the County (as defined herein) with certain tax covenants described herein, under existing law, interest on the Bonds (as defined herein) is excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and interest on the Bonds is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax; however, interest on the Bonds is included in the "adjusted financial statement income" of certain corporations that are subject to alternative minimum tax under Section 55 of the Code. Based upon existing law, interest on the Bonds and any gain on the sale thereof are not included in gross income under the New Jersey Gross Income Tax Act. See "TAX MATTERS" herein.

COUNTY OF MERCER, NEW JERSEY

**\$4,060,000* COUNTY COLLEGE BONDS, SERIES 2024
(County College Bond Act, P.L. 1971, c. 12, as Amended)
(Callable)**

Dated: Date of Delivery

Due: July 1, as shown on inside front cover hereof

The \$4,060,000* County College Bonds, Series 2024 (County College Bond Act, P.L. 1971, c. 12, as amended) (the "Bonds"), are being issued by the County of Mercer, New Jersey (the "County"), to (i) finance various county college projects at the Mercer County Community College and (ii) provide for the costs incurred in connection with the authorization, sale and issuance of the Bonds. See "AUTHORIZATION AND PURPOSE OF THE BONDS" herein.

Interest on the Bonds will be payable semiannually on the first day of January and July in each year until maturity or earlier redemption, commencing January 1, 2025. The principal of and interest due on the Bonds will be paid to DTC (as defined herein) by the County, as paying agent. Interest on the Bonds will be credited to the DTC Participants (as defined herein) as listed on the records of DTC as of each next preceding December 15 and June 15 (the "Record Dates") for the payment of interest on the Bonds.

The Bonds constitute valid and legally binding obligations of the County and, unless paid from other sources, are payable from *ad valorem* taxes levied upon all the taxable property within the County for the payment of the principal of and interest due on the Bonds, without limitation as to rate or amount. See "SECURITY FOR THE BONDS" herein.

The Bonds are subject to optional redemption prior to their stated maturities. See "THE BONDS – Redemption" herein.

The Bonds will be issued as one fully registered bond for each maturity of each series of the Bonds and in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), Brooklyn, New York, an automated depository for securities and clearing house for securities transactions. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form only (without certificates) in denominations of \$5,000 or any integral multiple of \$1,000 in excess thereof. Purchasers will not receive certificates representing their interest in the Bonds purchased. As long as Cede & Co. is the registered owner of the Bonds, as nominee for DTC, reference herein to the registered owner shall mean Cede & Co. and shall not mean Beneficial Owners (as defined herein) of the Bonds. See "THE BONDS – Book-Entry-Only System" herein.

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

The Bonds are offered when, as and if issued and delivered to the Underwriter (as defined herein), subject to prior sale, to withdrawal or modification of the offer without notice and to approval of legality by the law firm of McManimon, Scotland & Baumann, LLC, Roseland, New Jersey, Bond Counsel, and certain other conditions described herein. NW Financial Group, LLC, Bloomfield, New Jersey, is serving as municipal advisor to the County in connection with the issuance of the Bonds. Delivery of the Bonds in definitive form through DTC in Brooklyn, New York, is anticipated to occur on or about July 11, 2024.

**ELECTRONIC SUBMISSIONS WILL BE RECEIVED VIA PARITY ON WEDNESDAY, JUNE 26, 2024.
FOR MORE DETAILS ON HOW TO BID ELECTRONICALLY,
VIEW THE NOTICE OF SALE POSTED AT WWW.I-DEALPROSPECTUS.COM.**

* Preliminary; subject to change.

COUNTY OF MERCER, NEW JERSEY

**\$4,060,000* COUNTY COLLEGE BONDS
(County College Bond Act, P.L. 1971, c. 12, as Amended)**

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

<u>Year*</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP Number</u> ◇
2025	\$170,000	%	%	
2026	180,000			
2027	185,000			
2028	190,000			
2029	200,000			
2030	210,000			
2031	215,000			
2032	225,000			
2033	235,000			
2034	245,000			
2035	255,000			
2036	265,000			
2037	275,000			
2038	285,000			
2039	295,000			
2040	310,000			
2041	320,000			

* Preliminary; subject to change.

◇ Registered trademark of American Bankers Association. CUSIP numbers are provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. The CUSIP numbers listed above are being provided solely for the convenience of Bondholders only at the time of the issuance of the Bonds, and the County 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 various subsequent actions, including, but not limited to, a refunding in whole or in part of such maturity or the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

No dealer, broker, salesperson or other person has been authorized by the County to give any information or to make any representations, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. 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 by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The information set forth herein has been provided by the County and by other sources that the County believes to be reliable, but the information provided by such other sources is not guaranteed as to accuracy or completeness by the County. Certain information concerning DTC is contained in this Official Statement. Such information has been furnished by DTC. The County has not confirmed the accuracy or completeness of any information relating to DTC, and the County disclaims any responsibility for the accuracy or completeness thereof.

Any statements contained in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. All estimates and assumptions herein have been made on the best information available and are believed to be reliable, but no representations whatsoever are made that such estimates or assumptions are correct or will be realized. This Official Statement is not to be construed as a contract or agreement between the County and the purchasers or holders of any of the Bonds. This Official Statement is submitted in connection with the sale of the Bonds and may not be reproduced or used, in whole or in part, for any other purpose.

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, this document, as the same may be supplemented or amended by the County from time to time (collectively, the "*Official Statement*"), may be treated as a "Final Official Statement" with respect to the Bonds described herein that is deemed final as of the date hereof (or of any such supplement or amendment) by the County.

Where the Constitution or statutes of the State of New Jersey are referred to, references should be made to such Constitution or statutes for a complete statement of the matters referred to. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County since the date hereof.

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

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

COUNTY OFFICIALS

County Executive

Daniel Benson

Board of County Commissioners

John A. Cimino, Chairperson
Kristin L. McLaughlin, Vice Chairperson
Samuel T. Frisby
Cathleen M. Lewis
Nina D. Melker
Terrance Stokes
Lucylle R.S. Walter

Clerk of the Board of County Commissioners

Jerlene H. Worthy

County Administrator

Christopher R. Marion

Chief Financial Officer

Nicola Trasente

County Counsel

Paul R. Adezio

Bond Counsel

McManimon, Scotland & Baumann, LLC
Roseland, New Jersey

Auditor

PKF O'Connor Davies, LLP
Cranford, New Jersey

Municipal Advisor

NW Financial Group, LLC
Bloomfield, New Jersey

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OFFICIAL STATEMENT

RELATING TO

COUNTY OF MERCER, NEW JERSEY

\$4,060,000* COUNTY COLLEGE BONDS, SERIES 2024 (County College Bond Act, P.L. 1971, c. 12, as Amended)

INTRODUCTION

The purpose of this Official Statement, including the front and inside front cover pages hereof and appendices attached hereto (the "*Official Statement*"), is to set forth information concerning the County of Mercer (the "*County*"), New Jersey (the "*State*"), in connection with the sale and issuance by the County of its \$4,060,000* County College Bonds, Series 2024 (County College Bond Act, P.L. 1971, c. 12, as amended) (the "*Bonds*"). The presentation of information in this Official Statement is intended to show recent historic information and is not necessarily indicative of future continuing trends in the financial position or other affairs of the County.

This Official Statement is "deemed final", as of its date, within the meaning of Rule 15c2-12 of the Securities and Exchange Commission.

THE BONDS

General

The Bonds will be dated their date of delivery and will mature on July 1 in the years and in the principal amounts set forth on the inside front cover page hereof. The Bonds will bear interest from their dated date payable on January 1 and July 1 of each year until maturity or earlier redemption, commencing January 1, 2025, at the rates per annum set forth on the inside front cover page hereof.

As long as The Depository Trust Company, Brooklyn, New York ("*DTC*"), or its nominee, Cede & Co., is the registered owner of the Bonds, payments of the principal of and interest due on the Bonds will be made directly to Cede & Co., as nominee for DTC. Disbursements of such payments to the participants of DTC (the "*DTC Participants*") are the responsibility of DTC, and disbursements of such payments to the hereinafter defined Beneficial Owners of the Bonds are the responsibility of the DTC Participants. For additional information, see "THE BONDS – Book-Entry-Only System" herein.

Redemption

The Bonds maturing prior to July 1, 2033 are not subject to redemption prior to their respective maturity dates. The Bonds maturing on or after July 1, 2033 are subject to redemption in whole or in part on any date on or after July 1, 2032, at the option of the County, at one hundred percent (100%) of the principal amount of the Bonds being redeemed (the "*Redemption Price*"), plus in each case accrued interest thereon to the date fixed for redemption.

* Preliminary; subject to change.

Notice of Redemption

Notice of redemption shall be given by first class mail in a sealed envelope with postage prepaid to the registered owners of such Bonds at their respective addresses as they last appear on the registration books kept for that purpose by the County, at least thirty (30) but not more than sixty (60) days before the date fixed for redemption. However, so long as DTC (or any successor thereto) acts as securities depository for the Bonds, notice of redemption shall be sent to such securities depository and shall not be sent to the beneficial owners of the Bonds, and will be done in accordance with DTC procedures. Any failure of such securities depository to advise any of its participants or any failure of any participant to notify any beneficial owner of any notice of redemption shall not affect the validity of the redemption proceedings. If the County determines to redeem a portion of the Bonds of a maturity, such Bonds shall be selected by the County by lot. If notice of redemption has been given as described herein, the Bonds, or the portion thereof called for redemption, shall be due and payable on the date fixed for redemption at the Redemption Price, together with accrued interest to the date fixed for redemption. Payment shall be made upon surrender of the Bonds redeemed.

So long as Cede & Co., as nominee for DTC, is the registered owner of the Bonds, the County shall send redemption notices only to Cede & Co.

Book-Entry-Only System

The following description of the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal of and interest and other payments due on the Bonds to DTC Participants or Beneficial Owners defined below, 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 concerning these matters.

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 each series of the Bonds, in the aggregate principal amount of such maturity, 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 ("*Indirect Participants*"). DTC has a Standard & Poor's rating of AA+. The DTC Rules

applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Bonds 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.

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 its paying agent, if any, as soon as possible after the applicable record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the applicable record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, if applicable, 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 its paying agent, if any, on the payable dates in accordance with their respective holdings shown on DTC's records.

Payments by Direct and Indirect 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 Direct or Indirect Participant and not of DTC, the 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, if applicable, 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 its paying agent, if any, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the County believes to be reliable, but the County does not take any responsibility for the accuracy thereof.

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

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

Discontinuance of Book-Entry-Only System

If the County, in its sole discretion, determines that DTC is not capable of discharging its duties, or if DTC discontinues providing its services with respect to the Bonds at any time, the County will attempt to locate another qualified securities depository. If the County fails to find such a securities depository, or if the County determines, in its sole discretion, that it is in the best interest of the County or that the interest of the Beneficial Owners might be adversely affected if the book-entry-only system of transfer is continued (the County undertakes no obligation to make an investigation to determine the occurrence of any events that would permit it to make such determination), the County shall notify DTC of the termination of the book-entry-only system.

SECURITY FOR THE BONDS

General

The Bonds are valid and legally binding obligations of the County, and the County has pledged its full faith and credit for the payment of the principal of and interest due on the Bonds. The County is required by law to levy *ad valorem* taxes upon all the taxable property within the County for the payment of the principal of and interest due on the Bonds without limitation as to rate or amount.

County College Bond Act (P.L. 1971, c. 12, as Amended)

The Bonds are entitled to the benefits of the County College Bond Act (P.L.1971, c. 12, as amended) (the "*County College Bond Act*"). Pursuant to the provisions of the County College Bond Act, the State is obligated, subject to annual appropriation, to appropriate and pay annually on behalf of the County an amount equal to one-half of the amount of principal of and interest due on the Bonds in each year. The amounts paid by the State pursuant to the County College Bond Act are paid directly to the County, as paying agent, for the Bonds and must be used for the payment of principal of and interest due on such Bonds. The Bonds are not a debt or liability of the State. In the event that State appropriations for the payment of the principal of and interest due on the Bonds are not made, the County will be responsible for appropriating amounts necessary to pay such principal of and interest due on the Bonds.

AUTHORIZATION AND PURPOSE OF THE BONDS

The Bonds have been authorized by and are being issued pursuant to the laws of the State, including the Local Bond Law, and Bond Ordinance #2024-5 finally adopted by the Board of County Commissioners pursuant to the Local Bond Law on April 25, 2024, and entitled, "Bond Ordinance of the County of Mercer, New Jersey, Providing for Various Capital Improvements to Mercer County Community College, in and by the County, Appropriating \$4,060,957 Therefor and Authorizing the Issuance of \$4,060,957 Bonds or Notes of the County to Finance the Cost Thereof".

Proceeds from the sale and issuance of the Bonds will be used by the County to (i) provide \$4,060,000 in new money proceeds to fund various capital improvements at the Mercer County Community College and (ii) pay the costs associated with the authorization, sale and issuance of the Bonds.

INFECTIOUS DISEASE OUTBREAK – COVID-19 PANDEMIC AND ONGOING CONCERNS

In early March of 2020, the World Health Organization declared a pandemic following the global outbreak of COVID-19, a respiratory disease caused by a newly discovered strain of coronavirus. On March 13, 2020, the President of the United States declared a national public health emergency to unlock federal funds and assistance to help states and local governments fight the pandemic. The Governor of the State declared a state of emergency and a public health emergency on March 9, 2020. In response to the COVID-19 pandemic, federal and State legislation and executive orders were implemented to, among other things, provide relief to state and local governments, including the American Rescue Plan Act of 2021 (the "*Plan*"). The pandemic and certain mitigation measures, which altered the behavior of businesses and people, have had and may continue to have negative impacts on regional, State and local economies. The national public health emergency and the State public health emergency have since ended, while the state of emergency declared by the State and several executive orders signed by the Governor remain to manage COVID-19 on an endemic level.

To date, the overall finances and operations of the County have not been materially adversely affected by the COVID-19 pandemic. Nonetheless, there can be no assurance regarding the extent to which the COVID-19 pandemic, or any other national health crisis or pandemic, may impact the national, State or local economies in the future, nor how any such event may materially adversely impact municipalities, including the County. The County cannot quantify any such impacts at this time.

The Plan, signed into law on March 12, 2021, provided \$1.9 trillion in relief designed to provide funding to address the COVID-19 pandemic and alleviate the economic and health effects of the COVID-19 pandemic. The County has received \$71,368,970.00 from the Plan. The deadline to obligate the funds is December 31, 2024, and such funds can only be spent on certain allowable uses as set forth in the Plan.

PROVISIONS FOR THE PROTECTION OF GENERAL OBLIGATION DEBT

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

The Local Bond Law generally governs the issuance of bonds and bond anticipation notes by local units to finance certain capital expenditures. Among its provisions are requirements that bonds must mature within the statutory period of usefulness of the projects bonded and that bonds be retired in serial installments. A 5% cash down payment is generally required toward the financing of capital expenditures. All bonds and bond anticipation notes issued by the County are general full faith and credit obligations.

Debt Limits

The authorized bonded indebtedness of the County is limited by statute, subject to the exceptions noted below, to an amount equal to 2% of its average equalized assessed valuation. 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 property within the County and improvements thereon as stated in the annual debt statement or revision thereof.

Exceptions to Debt Limits – Extensions of Credit

The debt limit of the County may be exceeded with the approval of the Local Finance Board in the Division of Local Government Services, Department of Community Affairs, State of New Jersey (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 must 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 ability of the County to meet its obligations or to provide essential services, or makes other statutory determinations, approval is granted. In addition, debt in excess of the debt limit may be issued by the County under N.J.S.A. 40A:2-7(g) for purposes permitted under the Local Bond Law if the amount of such obligations (exclusive of utility and assessment obligations) and all others authorized pursuant to such a provision during the then current fiscal year do not exceed an amount equal to 2/3 of the amount budgeted for the retirement of outstanding obligations.

The County's net debt, as of December 31, 2023, was 1.157% compared to the statutory debt limit of 2.00%.

Short-Term Financing

The County may sell short-term "bond anticipation notes" to temporarily finance a capital improvement or project in anticipation of the issuance of bonds if the bond ordinance or a subsequent resolution so provides. Bond anticipation notes for capital improvements may be issued in an aggregate amount not exceeding the amount specified in the bond ordinance creating such capital expenditure, as it may be amended and supplemented. Bond anticipation notes may be issued for periods not greater than one year. Generally, bond anticipation notes may not be outstanding for longer than ten years. An additional period is available following the tenth anniversary date equal to the period from the bond anticipation notes' maturity to the end of the tenth fiscal year in which the bond anticipation notes mature plus 4 months (May 1) in the next following fiscal year from the date of original issuance. Beginning in the third year, the amount of bond anticipation notes that may be issued is decreased by the minimum amount required for the first year's principal payment for a bond issue.

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

The foundation of the New Jersey local finance system is the annual budget. Every local unit must adopt an operating budget in the form required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "*Division*"). Items of revenue and appropriation are regulated by law and must be certified by the Director of the Division (the "*Director*") prior to final adoption of the budget. The local budget law requires each local unit to appropriate sufficient funds for payment of current debt service, and the Director is required to review the adequacy of such appropriations.

Tax anticipation notes are limited in amount by law and must be paid off in full by a county not later than June 30th of the succeeding fiscal year. The County has no tax anticipation notes outstanding and presently does not anticipate issuing such tax anticipation notes.

The Director has no authority over individual operating appropriations unless a specific amount is required by law, but the review function, focusing on anticipated revenue, serves to protect the solvency of all local units.

The budgets of local units must be in balance, *i.e.*, the total of anticipated revenues must equal the total of appropriations (N.J.S.A. 40A:4-22). If in any year a county's expenditures exceed its realized revenues for that year, then such excess (deficit) must be raised in the succeeding year's budget.

Limitations on Expenditures (N.J.S.A. 40A:4-45.1 *et seq.*)

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

Additionally, legislation constituting P.L. 2010, c. 44, approved July 13, 2010 and applicable to the next local budget year following enactment, limits tax levy increases for those local units to 2% with exceptions only for capital expenditures including debt service, increases in pension contributions and accrued liability for pension contributions in excess of 2%, certain healthcare increases, extraordinary costs directly related to a declared emergency and amounts approved by a simple majority of voters voting at a special election.

Neither the tax levy limitation nor the Cap Law limits the obligation of the County to levy *ad valorem* taxes upon all taxable property within the County to pay debt service on its bonds, including the Bonds, or bond anticipation notes.

Miscellaneous Revenues

N.J.S.A. 40A:4-26 provides that: "[n]o miscellaneous revenues from any source shall be included as an anticipated revenue in the budget in an amount in excess of the amount actually realized in cash from the same source during the next preceding fiscal year, unless the [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."

No budget or amendment thereof shall be adopted unless the Director shall have previously certified his approval thereof with the exception of the inclusion of categorical grants-in-aid contracts for their face amounts with an offsetting appropriation.

Deferral of Current Expenses

Emergency appropriations made under N.J.S.A. 40A:4-46, after the adoption of the budget and the determination of the tax rate, may be authorized by the Board of County Commissioners. However, with minor exceptions set forth below, such appropriations must be included in full in the following year's budget.

Under the amended "CAP" law, emergency appropriations aggregating less than 3% of the previous year's final current operating appropriations may be raised in that portion of the budget outside the "CAP" if approved by at least two-thirds of the members of the Board of County Commissioners and the Director. Emergency appropriations that aggregate more than 3% of the previous year's final current operating appropriations must be raised within the "CAP". Emergency appropriations for debt service, capital improvements, the County's share of federal or State grants and other statutorily permitted items are outside the "CAP".

The exceptions are certain enumerated quasi-capital projects such as ice, snow and flood damage to streets, roads and bridges, which may be amortized over three years, and tax map preparation, revision and codification of ordinances, master plan preparation, drainage map preparation for flood control purposes and contractually required severance liabilities, 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 (line items) within an appropriation are not subject to the same year-end transfer restriction, they are subject to internal review and approval.

The Board of County Commissioners may by resolution, adopted by 2/3 vote of the full membership, transfer appropriations from accounts with an excess of funds to those with insufficient funds. However, the statute prohibits the use of appropriations for contingent expenses, deferred charges, cash deficit of preceding year, reserve for uncollected taxes, down payments, capital improvement fund or interest and redemption charges.

Capital Budget

In accordance with the Local Budget Law, each local unit must adopt and annually revise a capital program budget for a period not greater than the next ensuing six years. The capital budget, when adopted, does not constitute the approval or appropriation of funds, but sets forth a plan of the possible capital expenditures that the local unit may contemplate over the six years. Expenditures for capital purposes may be made either by ordinances adopted by the Board of County Commissioners setting forth the items and the method of financing or from the annual operating budget if the items were detailed (see "County of Mercer Capital Improvement Program" in Appendix A hereto).

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

This law regulates the non-budgetary financial activities of local governments. The chief financial officer of every local unit must file annually with the Director a verified statement of the financial condition of the local unit. The County's statement is also on file with the Clerk of the Board of County Commissioners.

An independent examination of the County's financial statements must be performed annually by a registered municipal accountant of New Jersey. The audit, conforming to the Division of Local Government Services' "Requirements of Audit", includes recommendations for improvement of the local unit's financial procedures and must be filed with the Director prior to June 30 of each year. A synopsis of the audit report, together with all recommendations made, must be published in a local newspaper within 30 days of its completion.

LITIGATION

To the knowledge of Paul R. Adezio, Esq., County Counsel, there is no litigation of any nature, now pending or threatened, restraining or enjoining the issuance or delivery of the Bonds, or the levy or collection of any taxes to pay the principal of or interest on the Bonds, or in any manner questioning the authority or the proceedings for the issuance of the Bonds or for the levy or collection of taxes, or contesting the corporate existence or boundaries of the County or the title of any of the present officers. Moreover, to the knowledge of the County Counsel, no litigation is presently pending or threatened that, in the opinion of the County Counsel, would have a material adverse impact on the financial condition of the County if adversely decided.

There are the usual matters of litigation pending against the County, such as workers compensation claims (which are covered by insurance), negligence claims (which are covered or appear to be covered by liability insurance), administrative actions and similar matters, all of which would appear to have a negligible effect, if any, upon the County's financial condition.

APPROVAL OF LEGAL PROCEEDINGS

All legal matters incident to the authorization, issuance, sale and delivery of the Bonds are subject to the approval of McManimon, Scotland & Baumann, LLC, Roseland, New Jersey, Bond Counsel to the County, whose approving legal opinion will be delivered with the Bonds substantially in the form set forth as Appendix C. Certain legal matters will be passed upon for the County by the County Counsel, Paul R. Adezio, Esq., Trenton, New Jersey.

TAX MATTERS

Exclusion of Interest on the Bonds from Gross Income for Federal Tax Purposes

The Internal Revenue Code of 1986, as amended (the "*Code*"), imposes certain requirements that must be met on a continuing basis subsequent to the issuance of the Bonds in order to assure that interest on the Bonds will be excluded from gross income for federal income tax purposes under Section 103 of the Code. Failure of the County to comply with such requirements may cause interest on the Bonds to lose the exclusion from gross income for federal income tax purposes, retroactive to the date of issuance of the Bonds. The County will make certain representations in its Arbitrage and Tax Certificate, which will be executed on the date of issuance of the Bonds, as to various tax requirements. The County has covenanted to comply with the provisions of the Code applicable to the Bonds and has covenanted not to take any action or fail to take any action that would cause interest on the Bonds to lose the exclusion from gross income under Section 103 of the Code. Bond Counsel (as defined herein) will rely upon the representations made in the Arbitrage and Tax Certificate and will assume continuing compliance by the County with the above covenants in rendering its federal income tax opinions with respect to the exclusion of interest on the Bonds from gross income for federal income tax purposes and with respect to the treatment of interest on the Bonds for the purposes of alternative minimum tax.

Assuming the County observes its covenants with respect to compliance with the Code, McManimon, Scotland & Baumann, LLC, Bond Counsel to the County ("*Bond Counsel*"), is of the opinion

that, under existing law, interest on the Bonds is excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code, and interest on the Bonds is not an item of tax preference under Section 57 of the Code for purposes of computing the alternative minimum tax; however, interest on the Bonds is included in the "adjusted financial statement income" of certain corporations that are subject to alternative minimum tax under Section 55 of the Code.

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

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

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

Original Issue Discount

Certain maturities of the Bonds may be sold at an initial offering price less than the principal amount payable on such Bonds at maturity (the "*Discount Bonds*"). The difference between the initial public offering price of the Discount Bonds at which a substantial amount of each of the Discount Bonds was sold and the principal amount payable at maturity of each of the Discount Bonds constitutes the original issue discount. Bond Counsel is of the opinion that the appropriate portion of the original issue discount allocable to the original and each subsequent owner of the Discount Bonds will be treated for federal income tax purposes as interest not includable in gross income under Section 103 of the Code to the same extent as stated interest on the Discount Bonds. Under Section 1288 of the Code, the original issue discount on the Discount Bonds accrues on the basis of economic accrual. The basis of an initial purchaser of a Discount Bond acquired at the initial public offering price of the Discount Bonds will be increased by the amount of such accrued discount. Owners of the Discount Bonds should consult their own tax advisors with respect to the determination for federal income tax purposes of the original issue discount properly accruable with respect to the Discount Bonds and the tax accounting treatment of accrued interest.

Original Issue Premium

Certain maturities of the Bonds may be sold at an initial offering price in excess of the amount payable at the maturity date (the "*Premium Bonds*"). The excess, if any, of the tax basis of the Premium Bonds to a purchaser (other than a purchaser who holds such Premium Bonds as inventory, as stock-in-trade or for sale to customers in the ordinary course of business) over the amount payable at maturity is amortizable bond premium, which is not deductible from gross income for federal income tax purposes. Amortizable bond premium, as it amortizes, will reduce the owner's tax cost of the Premium Bonds used to

determine, for federal income tax purposes, the amount of gain or loss upon the sale, redemption at maturity or other disposition of the Premium Bonds. Accordingly, an owner of a Premium Bond may have taxable gain from the disposition of the Premium Bond, even though the Premium Bond is sold, or disposed of, for a price equal to the owner's original cost of acquiring the Premium Bond. Bond premium amortizes over the term of the Premium Bonds under the "constant yield method" described in regulations interpreting Section 1272 of the Code. Owners of the Premium Bonds should consult their own tax advisors with respect to the calculation of the amount of bond premium that will be treated for federal income tax purposes as having amortized for any taxable year (or portion thereof) of the owner and with respect to other federal, state and local tax consequences of owning and disposing of the Premium Bonds.

Bank-Qualification

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

The Code denies the interest deduction for certain indebtedness incurred by banks, thrift institutions and other financial institutions to purchase or to carry tax-exempt obligations. The denial to such institutions of 100% of the deduction for interest paid on funds allocable to tax-exempt obligations applies to those tax-exempt obligations acquired by such institutions after August 7, 1986. For certain issues that are eligible to be designated, and that are designated, by the issuer as qualified under Section 265 of the Code, 80% of such interest may be deducted as a business expense by such institutions.

Additional Federal Income Tax Consequences of Holding the Bonds

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

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

Changes in Federal Tax Law Regarding the Bonds

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

State Taxation

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

THE OPINIONS EXPRESSED BY BOND COUNSEL WITH RESPECT TO THE BONDS ARE BASED UPON EXISTING LAWS AND REGULATIONS AS INTERPRETED BY RELEVANT JUDICIAL DECISIONS AND REGULATORY CHANGES AS OF THE DATE OF ISSUANCE OF THE BONDS, AND BOND COUNSEL HAS EXPRESSED NO OPINION WITH RESPECT TO ANY LEGISLATION, REGULATORY CHANGES OR LITIGATION ENACTED, ADOPTED OR DECIDED SUBSEQUENT THERETO. PROSPECTIVE PURCHASERS OF THE BONDS SHOULD CONSULT THEIR OWN TAX ADVISORS REGARDING THE POTENTIAL IMPACT OF ANY PENDING OR PROPOSED FEDERAL OR STATE TAX LEGISLATION, REGULATIONS OR LITIGATION.

CONTINUING DISCLOSURE UNDERTAKING

The County, pursuant to a resolution duly adopted by the Board of County Commissioners on June 13, 2024 (the "*Sale Resolution*"), has covenanted for the benefit of the holders and beneficial owners of the Bonds to provide certain secondary market disclosure information pursuant to the Securities and Exchange Commission Rule 15c2-12 (the "*Rule*"). Specifically, for so long as the Bonds remain outstanding (unless the Bonds have been wholly defeased), the County will provide:

(a) On or prior to September 30 of each year, beginning September 30, 2024, electronically to the Municipal Securities Rulemaking Board's Electronic Municipal Market Access ("*EMMA*") system or such other repository designated by the Securities and Exchange Commission to be an authorized repository for filing secondary market disclosure information, if any, annual financial information with respect to the County consisting of the audited financial statements (or unaudited financial statements if audited financial statements are not then available, which audited financial statements will be delivered when and if available) of the County and certain financial information and operating data, consisting of (i) the County indebtedness, including a schedule of outstanding debt issued by the County, (ii) the County's property valuation information and (iii) tax rate, levy and collection data. The audited financial information will be prepared in accordance with generally accepted accounting principles as modified by governmental accounting standards as may be required by New Jersey law.

(b) In a timely manner not in excess of ten business days after the occurrence of the event, to EMMA, notice of any of the following events with respect to the Bonds:

- (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 holders of the Bonds, if material;
- (8) Bond calls, if material, and 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 County;
- (13) The consummation of a merger, consolidation or acquisition involving the County or the sale of all or substantially all of the assets of the County, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) Incurrence of a Financial Obligation of the County, if material, or agreement to covenants, events of default, remedies, priority rights or other similar terms of a Financial Obligation, any of which affect holders of the Bonds, if material; and
- (16) Default, event of acceleration, termination event, modification of terms or other similar events under a Financial Obligation of the County, if any such event reflects financial difficulties.

The term "*Financial Obligation*" as used in subparagraphs (b)(15) and (b)(16) above means a (i) debt obligation, (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation or (iii) guaranteed of (i) or (ii); *provided, however*, that the term "Financial Obligation" shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

(c) In a timely manner to EMMA, notice of failure of the County to provide required annual financial information on or before the date specified in the Sale Resolution.

In the event that the County fails to comply with the above-described undertaking and covenants, the County shall not be liable for any monetary damages, remedy of the beneficial owners of the Bonds being specifically limited in the undertaking to specific performance of the covenants.

The undertaking may be amended by the County from time to time, without the consent of the holders or beneficial owners of the Bonds, in order to make modifications required in connection with a change in legal requirements or change in law, which in the opinion of nationally recognized bond counsel complies with the Rule.

There can be no assurance that there will be a secondary market for the sale or purchase of the Bonds. Such factors as prevailing market conditions, financial condition or market position of firms who may make the secondary market and the financial condition of the County may affect the future liquidity of the Bonds.

In the past five (5) years, the County failed to properly file certain annual financial information and operating data for the years ended, December 31, 2018 through 2022. Specifically, although certain of the required financial information was timely filed, such financial information was not, in certain instances, appropriately linked to all CUSIPs of the County and/or linked to CUSIPs for which the County was an obligor. In addition, certain of the financial information was not timely posted as relevant data and reports had not been available to the County when such financial information was required to have been filed. Further, the County failed to timely file notices with respect to such late filings. The County also failed to timely file a notice of financial obligation for its \$151,230,000 Bond Anticipation Notes of 2023, Series A dated April 3, 2024. All required financial information and notices have since been posted by the County.

In addition to the above, the County provided notice of the failure to timely pay the principal of and interest due on February 1, 2023 in connection with the outstanding County's General Obligation Bonds, Series 2022 (the "2022 Bonds"). Timely payment of the 2022 Bonds was not made due to an administrative communication error between the County and the Depository Trust Company, as registered

owner of the 2022 Bonds. Upon resolution of the error (February 8, 2023), the County paid all amounts due and owing on the 2022 Bonds.

The County has engaged the services of NW Financial Group, LLC to assist the County in compliance with all continuing disclosure obligations in accordance with the Rule.

MUNICIPAL ADVISOR TO THE COUNTY

NW Financial Group, LLC, Bloomfield, New Jersey, has served as municipal advisor to the County with respect to the issuance of the Bonds (the "*Municipal Advisor*"). The Municipal Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement and the appendices hereto. The Municipal Advisor is a municipal advisory firm, and is not engaged in the business of underwriting, marketing or trading municipal securities or any other negotiable instrument.

RATING

Moody's Ratings ("*Moody's*") has assigned a rating of "Aa2" to the Bonds based upon the creditworthiness of the County. Such rating reflects only the view of the Moody's and an explanation of the significance of such rating may be obtained only from Moody's. The rating is not a recommendation to buy, sell or hold the Bonds and there is no assurance that the rating will be retained for any given period of time or that such rating will not be revised downward or withdrawn entirely by either of the rating agencies if, in their individual judgment, circumstances so warrant. Any such downward revision or withdrawal of either such rating may have an adverse effect on the market price or marketability of the Bonds.

UNDERWRITING

The Bonds have been purchased from the County at a public sale by _____ (the "*Underwriter*") at a price of \$ _____ (consisting of the par amount of the Bonds, *plus* [net] original issue premium in the amount of \$ _____, *less* Underwriter's discount in the amount of \$ _____). The Underwriter has purchased the Bonds in accordance with the Notice of Sale issued by the County in connection with the sale of the Bonds. The Bonds are being offered for sale at the yields or prices set forth on the inside front cover page of this Official Statement.

FINANCIAL STATEMENTS OF THE COUNTY

Included in Appendix B are audited financial statements of the County for the year ended December 31, 2022, and the Independent Auditors' Report thereon dated March 28, 2024. PKF O'Connor Davies, LLP takes responsibility for the audited financial statements presented in Appendix B to the extent specified in its Independent Auditors' Report in Appendix B.

PREPARATION OF OFFICIAL STATEMENT

The County hereby states that the descriptions and statements herein, including financial statements, are true and correct in all material respects, and it will confirm to the Underwriter by a certificate signed by the Commissioner Director and the Chief Financial Officer of the County that, to such officers' knowledge, such descriptions and statements, as of the date of this Official Statement, are true and correct in all material respects and do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained herein, in light of the circumstances under which they were made, not misleading.

PKF O'Connor Davies, LLP has not assisted in the preparation of information contained in this Official Statement and takes responsibility for the audited financial statements to the extent specified in its Independent Auditors' Report.

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

All other information has been obtained from sources that 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.

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including information additional to that contained herein, may be directed to the County's Municipal Advisor, Heather I. Litzebauer, of NW Financial Group, LLC, 522 Broad Street, Bloomfield, New Jersey 07003, (201) 656-0115, or to the County's Chief Financial Officer, Nicola Trasente, 640 S. Broad Street, P.O. Box 8068, Trenton, New Jersey 08650-0068, (609) 989-6694.

MISCELLANEOUS

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

This Official Statement has been duly executed and delivered by the Chief Financial Officer for and on behalf of the County.

COUNTY OF MERCER, NEW JERSEY

By: _____
Nicola Trasente
Chief Financial Officer

Dated: June __, 2024

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APPENDIX A

**CERTAIN GENERAL, DEMOGRAPHIC, ECONOMIC AND
FINANCIAL INFORMATION CONCERNING THE COUNTY OF MERCER**

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**COUNTY OF MERCER, NEW JERSEY
GENERAL INFORMATION**

Introduction

The County of Mercer, New Jersey (“Mercer County” or the “County”) is located in the center of the State of New Jersey (the “State”). It is bordered clockwise from North to South by the Counties of Hunterdon, Somerset, Middlesex, Monmouth and Burlington with the Delaware River on the West. Located midway between New York City and Philadelphia, Mercer County’s twelve municipalities span 226 square miles, encompassing the City of Trenton (the Capital City and County Seat), the Townships of East Windsor, Ewing, Hamilton, Hopewell, Lawrence, Washington and West Windsor, and the Boroughs of Hightstown, Hopewell, Pennington and Princeton.

Governmental Structure

The County is managed under the County Executive Plan form of government authorized pursuant to the Optional County Charter Law of 1972. This form of government, adopted in 1974 by voters of the County, provides for, among other things, the direct election of the County Executive and the Mercer County Board of County Commissioners (the “County Commissioners”), the separation of legislative power from administrative functions, and the employment of full-time professional personnel in the Departments of Administration, Public Care & Safety, Human Services and Public Works.

The County Executive is elected at-large for a four-year term. The County Executive directs the day-to-day operations of the County and is instrumental in proposing policies to the County Commissioners. The County Executive appoints the County Administrator, the Chief of Staff and, with the advice and consent of the County Commissioners, also appoints heads of departments, divisions and bureaus, and members of county boards, commissions and authorities.

Population

Mercer County’s population growth has been on par with that of the State. The pattern of growth has changed during the last five decades reflecting the shift to the suburbs assimilating the trend both nationwide and statewide. The following table shows the U.S. Census Bureau figures concerning the municipalities in Mercer County:

<u>Municipality</u>	<u>1980</u>	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2020</u>
East Windsor Township	21,041	22,353	24,919	27,190	30,045
Ewing Township	34,842	34,185	35,707	35,790	37,264
Hamilton Township	82,801	86,553	87,109	88,464	92,297
Hightstown Borough	4,581	5,126	5,216	5,494	5,900
Hopewell Borough	2,001	1,968	2,035	1,922	1,918
Hopewell Township	10,893	11,590	16,105	17,304	17,491
Lawrence Township	19,724	25,787	29,159	33,472	33,077
Pennington Borough	2,109	2,537	2,696	2,585	2,802
Princeton Borough ¹	12,035	12,016	14,203	12,307	30,681
Princeton Township ¹	13,683	13,198	16,027	16,265	
Robbinsville Township	3,487	5,815	10,275	13,642	15,476
Trenton City	92,124	88,675	85,403	84,913	90,871
West Windsor Township	8,542	16,021	21,907	27,165	29,518
TOTAL	307,863	325,824	350,761	366,513	387,340

Source: U.S. Census

¹Princeton Township and Princeton Borough consolidated into Princeton Borough on January 1, 2013

Transportation

Excellent transportation facilities provide ready access from Mercer County to all parts of the metropolitan region. The network of interstate highways provides convenient vehicular access to New York, Boston, Philadelphia, Washington D.C. and other major cities. There are two interchanges to the New Jersey Turnpike (Interchanges 7A & 8) as well as Interstates 95, 195, and 295; Routes 206, 130 and 1; and New Jersey Routes 33, 31 and 29.

Other forms of transportation facilities include three air facilities, two bus systems, and multiple railroad connections. Mercer County is on the main line of Conrail and is the hub of the Conrail System. Amtrak and Reading Railroads service the area. There are passenger train stations in Trenton, Hamilton, Princeton Junction and Princeton for New Jersey Transit, in Trenton and Princeton Junction for Amtrak all with direct service to NYC and in Trenton and West Trenton for SEPTA. The Reading Railroad Line serves as a main freight corridor through the State. Southern New Jersey Light Rail River LINE is a 34-mile passenger light rail line, which links Trenton with Camden. With 20 station stops serving communities along the Delaware River's Route 130 corridor, the light rail system connects riders to the larger transportation networks of NJ TRANSIT, Amtrak, PATCO and SEPTA.

Trenton-Mercer County Airport, purchased by the County in 1952, is a valuable terminal for passengers and freight air traffic. The airport is located in Ewing Township on 1,000 acres of County-owned land. The airport's facilities include a FAA operated control tower, three runways, six hangers and a passenger terminal operated by Frontier serving the following cities: Atlanta, Charlotte, Charleston, Chicago, Detroit, Fort Myers, Jacksonville, Miami, Minneapolis, Myrtle Beach, Nashville, Orlando, Raleigh Durham, Tampa and West Palm Beach.

Utilities Services

Electric power service in Mercer County is supplied by Public Service Electric and Gas Company (PSE&G) and Jersey Central Power and Light. PSE&G provides service to most of the County, including all of the City of Trenton, Ewing, Hamilton, and Lawrence Townships, and Princeton, Hopewell and Pennington Boroughs. PSE&G also serves most of Hopewell, Washington and West Windsor Townships. Jersey Central Power and Light provides electric power to all of East Windsor Township, Hightstown Borough and sections of Hopewell, Washington and West Windsor Townships.

PSE&G provides the majority of natural gas service in Mercer County. Its service area includes East Windsor, Ewing, Hamilton and Washington Townships, Trenton, Princeton and Hightstown Boroughs, and major sections of Lawrence and West Windsor Townships. The Elizabethtown Gas Company provides natural gas service to Hopewell and Pennington Boroughs and portions of Lawrence and Hopewell Townships.

Water service in Mercer County is provided by nine different water companies, municipal departments and utility authorities. Sewerage service is provided according to municipal boundaries as well as on a regional approach with boundaries reflecting watershed lines. Sewerage systems in Mercer County and their service territories are outlined as follows:

Sewerage Service in Mercer County

<u>Utility</u>	<u>Service Area</u>
Trenton Sewer Division	City of Trenton and parts of Hamilton, Ewing and Lawrence Townships.
Hamilton Township Sanitary Sewer Department	Hamilton Township
Hopewell Township Municipal Utilities Authority	Hopewell Township
Ewing-Lawrence Sewerage Authority	Ewing and Lawrence Townships
Hightstown Borough Department of Public Works	Borough of Hightstown
Stony Brook Regional Sewerage Authority	Pennington and Hopewell Boroughs, and parts of Hopewell Township, Princeton Borough, Princeton Township and West Windsor Township.
East Windsor Municipal Utilities Authority	East Windsor Township
Robbinsville Township Municipal Utilities Authority	Robbinsville Township

Business Services

Seventeen commercial banking organizations serve Mercer County and offer the full range of services required by business clients, including corporate trust services, payroll and accounting plans, lock box collections, commercial and custodial accounts, commercial loans, certificates of deposit, pension and profit sharing plans, and other full service aids to business.

All leading Mercer County banks maintain correspondent relationships with other major banks throughout the U.S. and overseas. Sixteen savings and loan institutions maintain offices in Mercer County providing additional business and consumer financial services to the community.

Mercer County businesses provide most of the supply and support facilities required by new industry. Computer sales, leasing, software and maintenance services are available from the nation's leading computer manufacturers. IBM, Unisys and Digital Equipment maintain offices in Mercer County. All of the major manufacturers of copy equipment, calculators and other office machines have local sales and service facilities in or near Mercer County. The Princeton area houses one of the nation's greatest concentrations of data processing, market and opinion research, management consulting, engineering and architectural services to business.

Educational Environment

Mercer County enjoys the distinction of being one of the nation's leading educational centers. Its public school system includes ninety primary and secondary schools, the two-year Mercer County Community College, four vocational-technical schools, three adult education schools and five special education schools. Institutions of higher learning located in Mercer County include Princeton University, the Institute for Advanced Study, Rider University, The College of New Jersey and Thomas A. Edison College.

Rutgers University and Douglas College are located in neighboring New Brunswick. Nearby Philadelphia-based colleges include the University of Pennsylvania, Temple, Drexel, St. Joseph's, LaSalle and Villanova Universities. Some of the oldest and most distinguished private preparatory schools in the country are located in Mercer County such as the Lawrenceville School, Peddie School, Princeton Day School, Hun School, Stuart Country Day School and the Boy Choir School of Princeton.

The Mercer County Area Vocational-Technical Schools provide occupational training to high school students in the County as well as post-secondary training to upgrade skills in a worker's present occupation or to train for a new job. Courses are offered in a variety of fields, including advanced business machines, design drafting, welding, electronics, graphic arts, health occupations, and secretarial office procedures. Programs can be tailored to meet the specific skill requirements of new and existing industry. A Cooperative Industrial Education (CIE) program provides Mercer County area firms with qualified trainees having a head start in job development through vocational classroom instruction.

Health Care Services

Five licensed general hospitals provide medical services in Mercer County. All are fully accredited by the Joint Committee on Accreditation and offer a complete range of diagnostic and therapeutic health care services. Private hospitals are: Robert Wood Johnson University Hospital at Hamilton (280 beds); Capital Health System at Fuld (271 beds); Capital Health System at Mercer (223 beds and 30 bassinets); and St. Francis Medical Center (238 beds).

Recreation and Cultural Amenities

The recreation and cultural attractions in Mercer County make its quality-of-life highly attractive. Countering steady urbanization trends, preservation of open space has assumed a high priority in Mercer County. Approximately 11,000 acres have been set aside in permanent open space and agricultural development master plan. Recreational facilities operated by the Mercer County Park Commission include four 18-hole championship golf courses, indoor tennis facilities, an equestrian center, a wildlife center and the Howell Living History Farm. In addition, the Commission operates four parks including the Mercer County Park, a 2,500-acre park featuring a modern sports complex for team sports, tennis, an ice skating center, and a 300-acre recreational lake. State parks in Mercer County include Washington Crossing State Park, Princeton Battlefields State Park and the Delaware and Raritan Canal State Park.

Minor league baseball came to Mercer County in 1994, with the opening of Mercer County Waterfront Park along the historic Delaware River in Trenton. The 6,600 seat stadium is home to the Trenton Thunder, an AA affiliate of the New York Yankees. The park not only adds to the recreational diversity of the area, but also the economy received an approximate \$9 million boost according to a study conducted by the New Jersey Economic Development Authority (the "NJEDA").

The CURE Insurance Arena at Mercer County (the "Arena"), which opened to the public in October of 1999, accommodates various sporting events, musical concerts, exhibitions, trade shows and conventions. The Arena contains seating of 8,100 for hockey, 8,600 for basketball and up to 10,500 for concerts and special events, including 34 luxury suites and 1,150 club seats. The Arena is managed by Global Spectrum Limited Partnership.

Major metropolitan area attractions in New York and Philadelphia, including a variety of major league sports, are readily accessible to Mercer County residents. The coastal beaches are within an hour's drive of Mercer County. Atlantic City is within a two-hour drive. Popular skiing resorts in the Pocono Mountains area of Pennsylvania and in northwestern New Jersey are within a two-hour drive of Mercer County.

Cultural activities are extensive in Mercer County. The County is one of the nation's most richly endowed historic areas. It abounds in historic landmarks. In addition to the County's historical significance, its colleges, galleries, theaters and proximity to activities in New York and Philadelphia contribute to the many cultural pursuits available to interested residents. Trenton houses the Trenton Symphony and the State Cultural complex, which includes the New Jersey State Museum with galleries, a planetarium, an auditorium, foreign films and lectures, and the New Jersey State Library. The Princeton University area provides a wealth of cultural activities, including the nationally known McCarter Theatre and a number of prominent art associations and historical societies.

Economic Development Highlights

There are five colleges within the county, which produce a large, well-educated work force, and provide research facilities and expertise for area business. The most attractive is Princeton University, which serves unmatched as a focus of technological endeavor in the New York-Philadelphia area. The infusion of corporate hotels and conference centers, such as the Princeton Hyatt Regency, National Conference Center, Henry Chauncey Conference Center at ETS and AT&T complexes, has further supported vital business activity in the County. As a consequence of these offerings, Mercer County now has more than 125 businesses classified as "high-tech" in fields such as telecommunications, electronics manufacturing, pharmaceutical, biogenetics, robotics, aerospace and energy. Supporting these industries are over 3,000 hotel, motel and resort rooms in 72 hotel facilities.

Other factors that induce development within Mercer County include the interstate highways traveling both north-south and east-west that intersect in Mercer County and the availability of commuter service from Mercer County Airport to major regional centers.

The County has a comprehensive Land Development Strategy that further expands the revenue to the County from land leases and site improvements. That strategy includes the recent expansion of the Foreign Trade Zone program from 71 acres to more than 1,600 acres in the County of Mercer. The Foreign Trade Zone, approved as of March 1993, is intended to stimulate trade activities while deferring custom duties. In 2004, the Foreign Trade Zone was expanded to include the business communities of East Windsor, Ewing, Hamilton, Washington Township, and the City of Trenton. The designation of Mercer County Airport as a General Purpose Foreign Trade Zone allows Mercer County to join approximately 185 other U.S. communities in meeting the opportunities that a new Global World offers. The zone offers Mercer County businesses the opportunity to enhance their global competitiveness by providing financial advantages to companies who operate under Foreign Trade Zone procedures. The County government, through the Office of Economic Development and Sustainability, actively encourages balanced growth. Since 1980, when the office was reorganized, economic development has focused in the area of business retention, business attraction, job retention and creation.

Another measure of the area's vitality is reflected in the work of the NJEDA, which provides financing assistance in the form of tax-exempt and taxable bonds, guarantees, and loans to new and expanding businesses. In the last ten years, the NJEDA has provided over \$2.46 billion in assistance to 108 projects in Mercer County. This assistance has leveraged more than \$3.4 billion in total public/private investment and has led to the creation of an estimated 4,853 new jobs, 4,905 construction jobs and the retention of 3,204 jobs.

While several industrial and technological firms reside in the County, the foundation of Mercer County business is its smaller companies. The Office of Economic Development and Sustainability in cooperation with the County Community College has educated small business personnel through conferences, mailings, and forums in the myriad of economic incentives available to them. These incentives include not only traditional economic development aids such as low-interest loans and employee training programs but also the means to increase sales opportunities and productivity.

Median Family Income

The median household income in the County was \$22,972 in 1980, \$48,490 in 1990, \$68,494 in 2000, \$89,887 in 2010 and \$83,306 in 2020.

Source: United States Bureau of the Census

Per Capita Personal Income

<u>Year</u>	<u>Mercer County</u>	<u>New Jersey</u>	<u>United States</u>
2022	\$75,098	\$70,894	\$65,470
2021	77,911	77,016	63,444
2020	71,990	71,505	59,147
2019	68,721	68,438	55,724
2018	65,376	64,914	53,817
2017	62,920	62,465	51,573
2016	61,855	60,533	49,613
2015	61,091	59,175	48,725
2014	60,154	57,065	46,887
2013	56,544	54,813	44,798
2012	58,021	54,574	44,548

Source: Bureau of Economic Analysis and New Jersey Department of Labor and Workforce Development, June 2024. 2023 Data is not yet available.

Employment

Largest Private Employers Mercer County

<u>Employer</u>	<u>Municipality</u>	<u>Number of Employees</u>
1. Princeton University	Princeton	7,300
2. Bristol-Myers Squibb Co	Princeton	6,000
3. Bank of America	Hopewell*	4,000
4. Amazon**	Robbinsville	4,000
5. Capital Health Systems Inc.	Hopewell/Trenton	2,651
6. NJ Manufacturing Insurance Co.	Ewing	2,500
7. Educational Testing Services	Lawrence	2,277
8. McGraw-Hill Co's Inc	Hightstown	2,000
9. Syneos Health	Princeton	2,000
10. RWJ University Hospital	Hamilton	1,960
11. The College of New Jersey	Ewing	1,631
12. Mercer County Community College	Trenton	1,500
13. Presbyterian Homes & Services	Hightstown	1,343
14. Aecom	Princeton	1,145
15. Janssen Pharmaceutical Inc	Titusville	1,100
16. St. Francis Medical Center	Trenton	1,100

Source: Mercer County Office of Economic Development and Sustainability
 *Main Campus is in Hopewell and all other Mercer County locations are included
 **Amazon employs an additional 2,000 season employs
 ***As of 2021. 2022 and 2023 data not yet available

Unemployment

Listed below is a compilation of average annual unemployment figures for Mercer County, the State of New Jersey and the United States of America for the years 2013 through 2023.

<u>Year</u>	<u>New Jersey</u>	<u>Mercer County</u>	<u>United States</u>
2023	4.4%	3.9%	3.7%
2022	3.9	3.3	3.5
2021	6.3	5.2	5.3
2020	9.8	7.4	8.1
2019	3.6	3.2	3.9
2018	4.1	3.7	3.9
2017	4.6	4.1	4.4
2016	5.0	4.4	4.9
2015	5.8	5.0	5.3
2014	6.8	5.9	6.2
2013	8.2	7.3	7.4

Source: New Jersey Department of Labor and Workforce Development, Bureau of Labor Statistics;

Housing and Construction Values

The United States Census Bureau lists 2020 Census housing units in the County at 145,125, compared to the 2010 census housing units of 143,169, an increase of 1.37 percent. The following tables compare the County with the State relative to building permits and residential construction values.

Residential Building Permits

<u>Year</u>	<u>Mercer County</u>	<u>New Jersey</u>	<u>Mercer County % of State Permits</u>
2023	969	32,840	2.95%
2022	646	37,546	1.72
2021	609	38,248	1.59
2020	832	36,146	2.30
2019	538	37,082	1.45
2018	501	27,942	1.79
2017	605	28,501	2.12
2016	711	26,793	2.65
2015	896	30,560	2.93
2014	368	28,155	1.31

Source: U.S. Census Bureau; May 2024 data New Jersey Department of Labor and Workforce Development

Residential Construction Values (Thousands)

<u>Year</u>	<u>Mercer County</u>	<u>New Jersey</u>	Mercer County
			% of State Construction Value
2023	\$127,034	\$5,160,514	2.46%
2022	49,738	6,139,820	0.81
2021	58,349	5,328,484	1.10
2020	115,256	4,796,438	2.40
2019	52,640	4,508,386	1.45
2018	54,986	4,220,431	1.30
2017	84,976	4,141,681	2.05
2016	81,984	4,028,688	5.04
2015	107,633	4,051,996	2.66
2014	60,726	4,069,959	1.50
2013	121,735	3,211,185	3.79

Source: U.S. Census Bureau; May 2024 data New Jersey Department of Labor and Workforce Development

COUNTY 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 Boards of Taxation located in each county. These County Boards of Taxation fix and determine 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 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 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 of New Jersey experience 100% tax collection. The following schedule shows the County’s property tax rate and the net valuation on which such county taxes were apportioned.

<u>Year</u>	County Tax Rate Per \$1,000	Net Valuation on which Apportioned
2023	\$5.480	\$53,112,919,365
2022	5.480	48,944,366,684
2021	5.740	46,936,086,309
2020	5.775	46,689,673,854
2019	5.879	45,867,977,111
2018	5.927	45,027,446,078
2017	5.901	44,481,750,219
2016	5.896	43,530,574,277
2015	5.786	43,252,162,508
2014	5.971	42,062,499,475

Source: County of Mercer

2023 TEN LARGEST TAXPAYERS

Bristol-Myers Squibb	\$480,250,500
Trustees of Princeton University	228,312,900
American Blvd SPV3 c/o Northridge	108,762,500
SSC Nassau Park Pavilion NJ LLC	100,418,100
Town Court Owner TIC LLC	100,082,400
Educational Testing Service	93,351,200
Cole Hopewell Township c/o Ryan	92,400,000
Janssen Pharmaceutical/K Odonnell	91,230,100
JDN Real Estate	87,526,200
Princeton Junction	85,397,300

Source: County of Mercer

NET VALUATION TAXABLE

The previously mentioned valuations on which the county taxes are based are comprised of the aggregate of similar net valuations as determined by each of the twelve municipalities located within the County as follows:

<u>Municipality</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
East Windsor Township	\$3,591,794,531	\$3,200,361,000	\$2,986,376,712	\$3,047,818,651
Ewing Township	3,918,836,832	3,474,797,318	3,312,126,262	3,260,294,095
Hamilton Township	10,744,564,634	9,649,373,161	9,297,753,993	9,215,832,854
Hightstown Borough	539,620,935	500,442,806	460,059,096	463,643,730
Hopewell Borough	373,336,976	360,725,595	344,714,367	336,227,707
Hopewell Township	4,716,126,208	4,304,996,070	4,061,465,387	4,182,000,782
Lawrence Township	5,529,123,056	5,305,130,874	5,098,442,388	4,929,959,519
Pennington Borough	615,345,499	566,764,145	524,584,340	520,493,227
Princeton	3,038,075,527	2,626,616,487	2,414,378,601	2,417,569,647
Trenton City	3,272,199,762	3,012,970,159	2,833,191,067	2,829,896,321
Robbinsville	7,560,236,072	6,979,819,512	6,830,510,523	6,793,345,684
West Windsor Township	9,213,659,333	8,962,369,557	8,772,483,573	8,692,861,637
Total County	\$53,112,919,365	\$48,944,366,684	\$46,936,086,309	\$46,689,943,854

Source: NJ Department of the Treasury, Abstract of Ratables, 2023

REAL PROPERTY ASSESSMENTS

The County Board of Taxation annually ascertains and determines the general ratio or percentage of true value at which the 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 2023 tax year, the County Board of Taxation filed with the State on behalf of the twelve municipalities the following aggregate assessed values and true values:

<u>Municipality</u>	<u>Aggregate Assessed Value</u>	<u>Real Property Ratio Of Aggregate Assessed And Aggregate True Value</u>	<u>Aggregate True Value</u>
East Windsor Township	\$2,862,969,000	79.90%	\$3,591,794,531
Ewing Township	3,330,077,160	85.74%	3,918,836,832
Hamilton Township	8,868,318,900	83.39%	10,744,564,634
Hightstown Borough	395,713,300	73.49%	539,620,935
Hopewell Borough	318,522,900	85.59%	373,336,976
Hopewell Township	3,988,214,565	84.74%	4,716,126,208
Lawrence Township	4,706,352,200	85.45%	5,529,123,056
Pennington Borough	527,334,700	85.78%	615,345,499
Trenton City	2,226,768,010	74.89%	3,038,075,527
Robbinsville	2,671,287,102	81.68%	3,272,199,762
West Windsor Township	6,121,219,100	81.05%	7,560,236,072
Princeton	7,120,124,709	77.40%	9,213,659,333
Total County	\$43,136,901,646		\$53,112,919,365

Source: NJ Department of the Treasury County Board of Taxation, Abstract of Ratables, 2023

SUMMARY OF COUNTY BUDGET

	2024	2023	2022	2022
	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>	<u>Actual</u>
Appropriations				
Administrative	\$43,185,580	\$39,466,285	\$42,567,988	\$34,086,343
Law & Justice	47,333,948	42,470,574	42,062,207	43,452,380
Infrastructure & Transportation	16,134,457	16,287,915	15,060,092	11,904,503
Public Safety	41,133,921	34,190,440	34,681,690	30,125,993
Human Services	12,169,034	9,314,416	11,280,340	7,478,026
Unclassified	144,461,130	139,777,344	130,093,758	75,197,372
State and Federal Programs				
Offset with Revenues	28,722,245	29,433,393	16,313,604	16,313,604
Capital Improvements	2,000,000	1,697,000	3,000,000	3,000,000
Debt Service	48,029,749	35,748,114	33,422,664	33,422,664
Deferred Charges and				
Statutory Expenses	<u>42,079,936</u>	<u>35,360,955</u>	<u>28,908,771</u>	<u>28,861,929</u>
Total General Appropriations:	\$425,250,000	\$399,525,000	\$357,391,114	\$283,842,812
	2024	2023	2022	2022
	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>	<u>Actual</u>
Revenues				
Miscellaneous Revenues:				
Local Revenue	\$31,784,000	\$33,432,000	26,624,765	31,191,134
State Aid	830,365	1,757,944	1,441,070	440,949
Social, Welfare &				
Psychiatric	1,723,796	1,307,534	23,359,162	23,460,265
Revenue Offset with				
Appropriations	28,522,245	37,031,719	16,313,604	16,313,604
Other Special Items	<u>9,879,063</u>	<u>21,834,243</u>	<u>14,877,383</u>	<u>14,102,263</u>
Total Miscellaneous Revenues:	72,739,649	95,363,440	89,151,064	85,508,215
Surplus Anticipated	30,003,642	19,726,196	6,535,080	6,535,080
Amount to be Raised by				
Taxation	<u>322,506,708</u>	<u>278,775,364</u>	<u>268,240,050</u>	<u>268,240,050</u>
Total General Revenues	\$425,250,000	\$399,525,000	\$357,391,114	\$360,283,345

Source: County of Mercer Finance Office
 *2024 Introduced Budget; 2024 Budget has not been adopted

DISCUSSION OF FINANCIAL OPERATIONS

Basis of Accounting

The accounting policies of the County conform to the accounting principles applicable to counties which have been prescribed by the Division, but which differ in certain respects from generally accepted accounting principles applicable to local government units. 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 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 other funds are not offset by reserves.

Fixed Assets – Property and equipment purchased by the Current Fund and the General Capital 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 calendar year.

The Audited financial statements of the County for the year ended December 31, 2020, are included in Appendix A of the Official Statement.

General Expenditures

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 County's various departments.

COUNTY REVENUES AND TAX RECEIPTS

Year	Total Revenues	County Purpose Tax Revenues	Taxes as a % of Revenues	Other Revenues
2023	\$417,977,788	\$283,922,221	67.93%	\$134,055,567
2022	463,072,447	268,037,645	57.88	195,034,802
2021	433,889,779	269,105,136	62.03	164,784,643
2020	365,347,328	269,313,952	73.71	81,808,350
2019	353,192,574	270,444,302	76.57	82,748,272
2018	339,168,858	266,728,736	78.64	72,440,122
2017	352,552,547	261,494,546	74.17	91,058,001
2016	331,112,912	255,982,160	77.31	75,130,752
2015	323,281,418	249,921,779	77.31	73,359,639
2014	322,109,729	250,890,815	77.89	71,218,914
2013	312,677,299	243,809,898	77.97	68,867,401
2012	311,726,864	236,244,521	75.79	75,482,343

Source: County of Mercer, 2022 Audit, 2023 Unaudited Financial Statements

COUNTY STATUTORY NET DEBT
as of December 31, 2023

Gross Debt: Issued and Outstanding:		
Bonds		\$306,778,000
Notes		191,607,277
Installment Purchase Agreements		9,883,000
EDA & NJEIT Loans Payable		-
Total Issued and Outstanding		508,268,277
Authorized but not Issued		110,185,142
Gross Debt		618,453,419
Statutory Deductions		5,774,809
Net Debt		\$612,678,610
Equalized Valuation of Real Property		
	Year 2021	48,334,840,452
	Year 2022	52,390,650,162
	Year 2023	58,197,916,266
Average Equalized Valuation		\$52,974,468,960
Percentage of Gross Debt to Average Equalized Valuation		1.167%
Percentage of Net Debt to Average Equalized Valuation		1.157%
Gross Debt Per Capita (2020 Population)		\$1,596.67
Net Debt Per Capita (2020 Population)		\$1,581.76
Gross Debt as Percentage of 2023 Equalized Valuation		1.063%
Net Debt as Percentage of 2023 Equalized Valuation		1.053%
Total Borrowing Power as of December 31, 2023		\$1,059,489,379
Less Net Debt		<u>612,678,610</u>
Remaining Borrowing Power		\$446,810,769

Source: County of Mercer Finance Office, 2023 Annual Debt Statement

**COUNTY OF MERCER
ANNUAL DEBT STATEMENTS**

	31-Dec	31-Dec	31-Dec	31-Dec	31-Dec
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Gross Debt:					
Issued and Outstanding					
General	\$ 299,027,000	\$ 330,507,000	\$ 293,944,000	\$ 254,105,000	\$225,339,000
County College	7,751,000	6,440,000	9,080,000	11,655,000	14,165,000
Vocational School					
Sub-Total	306,778,000	336,947,000	303,024,000	265,760,000	239,504,000
Authorized But Not Issued					
General	94,397,642	172,778,504	223,113,881	219,118,805	222,294,995
County College	15,787,500	19,937,500	16,037,500	20,997,500	20,997,500
Vocational School					
Sub-Total	110,185,142	192,716,004	239,151,381	240,116,304	243,292,495
Bond Anticipation Notes					
General	191,607,277	104,824,238	99,026,777	163,830,061	148,851,836
Sub-Total	191,607,277	104,824,238	99,026,777	163,830,061	148,851,836
Miscellaneous Loans Payable					
IPAs	9,883,000	9,883,000	9,883,000	9,883,000	9,883,000
Green Trust Program	-	-	-	-	-
EDA	-	-	-	-	-
NJEIT	-	-	35,382	95,277	155,172
Lease/Rental Obligations	123,160,000	102,985,000	111,205,000	118,380,000	127,120,000
Sub-Total	133,043,000	112,868,000	121,123,382	128,358,277	137,158,172
Bonds Issued by Another Public					
Body Guaranteed by the County	36,330,336	45,385,629	53,576,127	61,194,065	67,463,510
Gross Debt:	\$777,943,755	\$792,740,871	\$815,901,667	\$870,978,869	\$836,270,013
Statutory Deductions					
Reserves to Pay					
County Bonds	5,774,809	6,401,821	10,901,821	11,720,162	6,319,891
Bonds Issued by Another Public					
Body Guaranteed by the County	36,330,336	45,385,629	53,576,127	179,574,065	194,583,510
Sub-Total	62,379,954	51,787,450	64,477,948	191,294,227	200,903,401
Net Debt	\$715,569,801	\$637,968,421	\$640,218,719	\$667,964,480	\$635,366,612

Source: County of Mercer, Annual Debt Statements and Audits

SUMMARY OF OUTSTANDING INDEBTEDNESS
As of December 31, 2023

The outstanding general obligation indebtedness (bonded debt only) of the County as of December 31, 2023 (unaudited) is shown on the following table.

Issue	Maximum Interest Rate	Amount Outstanding
General Obligation Bonds, Series 2010	5.00%	1,180,000
General Improvement Bonds, Series 2011	4.92	3,400,000
Open Space Bonds, Series 2011	3.00	15,625,000
County College Bonds, Series 2013	3.00	2,020,000
General Obligation Bonds, Series 2013	3.36	1,200,000
County College Bonds, Series 2014	3.13	1,950,000
General Obligation Bonds, Series 2015	3.00	20,405,000
General Obligation Bonds, Series 2016	2.00	23,500,000
Open Space of 2016	2.00	400,000
General Obligation Refunding Bonds, Series 2019	2.536	23,220,000
General Improvement Bonds, Series 2019	2.00	45,000,000
Open Space Bonds, Series 2019	2.00	10,089,000
General Improvement Bonds, Series 2020	3.00	41,307,000
General Improvement Bonds of 2021	3.00	49,516,000
Open Space of 2021	3.00	5,585,000
General Improvement Bonds of 2022	4.00	58,600,000
County College Bonds of 2023	4.00	3,781,000
		\$306,778,000

SCHEDULE OF GENERAL OBLIGATION DEBT SERVICE
As of December 31, 2023*

<u>Year</u>	<u>OUTSTANDING BONDS</u>			<u>BONDS ENTITLED TO STATE AID</u>			<u>Aggregate Debt Service</u>
	<u>Principal</u>	<u>Interest</u>	<u>Debt Service</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt Service</u>	
2024	\$32,617,000	\$7,639,414	\$40,256,414	\$1,050,000	\$178,039	\$1,228,039	\$41,484,454
2025	33,528,000	6,831,228	40,359,228	1,108,000	139,608	1,247,608	41,606,836
2026	34,217,500	5,999,056	40,216,556	1,132,500	106,001	1,238,501	41,455,056
2027	35,841,500	5,077,529	40,919,029	457,500	82,151	539,651	41,458,679
2028	35,841,000	4,063,895	39,904,895	475,000	68,163	543,163	40,448,058
2029	28,675,000	3,029,495	31,704,495	490,000	53,469	543,469	32,247,964
2030	28,860,000	2,130,745	30,990,745	145,000	43,000	188,000	31,178,745
2031	25,960,000	1,375,195	27,335,195	150,000	37,100	187,100	27,522,295
2032	20,352,500	884,068	21,236,568	157,500	30,950	188,450	21,425,018
2033	13,392,500	566,583	13,959,083	162,500	24,550	187,050	14,146,133
2034	7,270,000	281,400	7,551,400	170,000	17,900	187,900	7,739,300
2035	977,500	123,950	1,101,450	177,500	10,950	188,450	1,289,900
2036	985,000	92,700	1,077,700	185,000	3,700	188,700	1,266,400
2037	800,000	64,500	864,500				864,500
2038	800,000	39,000	839,000				839,000
2039	800,000	13,000	813,000				813,000
	\$300,917,500	\$38,211,757	\$339,129,257	\$5,860,500	\$795,580	\$6,656,080	\$345,785,338

Bonds Authorized But Not Issued

As of December 31, 2023, the County of Mercer, New Jersey had the following Bonds authorized but not issued:

2023-9	\$3,610,000
Capital of 2022	14,018,000
2013 Capital	200
2019 Capital	48,148,046
2020-2 Capital Program	3,653,355
2015-8 Lease Revenue Bond Annex	5,280,000
2016-10 County College	4,150,000
2016-9 County College	1,837,500
2016-11 County College	3,200,000
2015 Capital Program	61
2017 Capital	4,150,000
2018-1 2017 Capital	15,537,980
2018 County College	6,600,000

Total Bonds Authorized but not Issued: \$ 110,185,142

Source: County of Mercer Finance Office

Bond Anticipation Notes Outstanding

On April 3, 2024, the County of Mercer issued \$151,260,000 in Bond Anticipation Notes of 2024, Series A which mature on April 2, 2025.

OTHER COUNTY OBLIGATIONS

Outstanding as of December 31, 2023

	Par Amount Outstanding:
Outstanding Notes:	
Bond Anticipation Notes	\$191,607,277
Installment Purchase Agreements:	9,883,000
Other Obligations:	
EDA Loans Payable	
NJEIT Loans Payable	-
Subtotal:	<u>\$201,490,277</u>
Loan Obligations:	
County of Mercer Guaranteed Revenue Refunding Bonds (County Courthouse Project), Series 2019	<u>51,015,000</u>
Subtotal:	51,015,000
Lease Rental Obligations:	
Equipment Lease/ Open Space Refunding Series 2019	19,180,000
Mercer County Special Services School District Refunding	620,000
County Guaranteed Revenue Refunding Bonds, Series 2012A	1,375,000
County Courthouse Annex Project, Series 2015	<u>23,995,000</u>
Subtotal:	45,170,000
Bonds for which the Full Faith and Credit of the County Guaranteed:	
Taxable Revenue Bonds (Arena Project), Series 1999 ¹	20,610,000
Renewable Energy Program Lease Revenue Refunding Bonds, Series 2021A (Federally Taxable)	<u>7,210,000</u>
Subtotal:	<u>27,820,000</u>
Total Other County Obligations:	\$ 124,005,000

Source: County of Mercer, Finance Office

¹The County is currently providing and anticipates continuing to provide net unreimbursed subsidy payments to equal the full amount of the debt service on such bonds. The County annually budgets for such payments.

CAPITAL IMPROVEMENT PROGRAM

The Capital Budget and Capital Improvement Program is part of the 2023 Annual Budget pursuant to N.J.A.C. 5:30-4. It does not in itself confer any authorization to raise or expend funds. It is a document used as part of the county planning and management program. Specific authorization to expend funds for purposes in the Capital Budget must be granted elsewhere by a separate bond ordinance, by inclusion of line item in the Capital Improvement section of the County Annual Budget, by resolution taking money from the Capital Improvement Fund, or other lawful means.

Mercer County's six-year (2024-2029) Capital Improvement Program provides for a wide range of community services, improvements to the County's road network, bridge system, airport and park facilities. The estimated total cost of this six-year program as proposed is consistent with the Administration's approach to the County Capital Program; this program balances much needed infrastructure repairs and improvements with the need to maintain fiscal stability.

COUNTY OF MERCER 6 YEAR CAPITAL PROGRAM 2024-2029

	Estimated Total Cost
Department of Administration	\$35,358,191
Constitutional Offices	11,774,293
Department of Transportation & Infrastructure	140,027,426
Unclassified	81,808,867
<hr/>	
	\$268,968,777

Source: County of Mercer, Finance Office 2024 Introduced Budget

**COUNTY OF MERCER, NEW JERSEY
CURRENT FUND
COMPARATIVE BALANCE SHEETS**

	Unaudited Dec. 31 2023	Audited Dec. 31 2022	Audited Dec. 31, 2021	Audited Dec. 31, 2020	Audited Dec. 31, 2019
ASSETS					
Cash in Banks, Regular	\$129,485,096	\$153,390,359	\$51,605,493	\$32,008,846	\$32,119,276
Investments	<u>28,758,907</u>	<u>30,007,809</u>	<u>32,794,015</u>	<u>35,730,463</u>	<u>42,515,718</u>
Total Cash and Investments	158,244,003	183,398,168	84,399,508	67,739,309	74,634,994
Due from State of NJ – Special Election	392,644	392,644	392,644	220,567	220,567
Federal and State Grant Receivable		138,962,833	68,040,284	53,908,912	34,016,896
Added and Omitted Taxes	2,109,361	3,340,766	1,636,433	996,447	867,274
Due from Library		804,113	0		
Due from Park Commission Trust		46,689			
Taxes Receivable	513,142	0	(4,838)	(4,838)	
Due from General Trust	1,165,898	0	9,842,033		
Due from Capital		0	17,127,618		
Revenue Accounts Receivable	1,970,528	1,789,484	2,761,296	2,023,386	1,534,777
Deferred Charges	5,596,072	5,289,538	541,898	10,396	-
Interfunds		3,905,136	32,063,066	2,167,839	5,016,005
Prepaid School Tax	5,057,846	5,057,846	5,057,846	3,621,045	1,041,622
Due from Open Space		0	0	920,331	
Other		0	308,311	225,539	8,985
Security Deposit	5,000	5,000			
Due from MClA	<u>0</u>	<u>0</u>	<u>765,005</u>	<u>765,005</u>	<u>765,005</u>
	16,810,491	159,594,049	138,531,596	64,854,629	43,467,146
Total Assets	<u>\$175,054,495</u>	<u>\$342,992,217</u>	<u>\$222,931,103</u>	<u>\$132,593,938</u>	<u>\$118,106,125</u>
LIABILITIES, RESERVES AND FUND BALANCE					
Encumbrances Payable	12,815,294	9,398,379	8,755,890	10,319,145	7,977,871
Appropriation Reserves	24,520,978	31,474,280	10,769,386	11,144,986	13,254,823
Accounts Payable	3,137,263	2,079,832	3,410,754	2,534,097	2,818,283
Interfunds Payable		96,305,040	0	0	0
Due to Seized Trust/Prosecutor's Forfeiture Trust		0	22,692	575,989	679,105
Other	2,114,525	0	6,671,319	60,499	60,501
Reserves for Grant Interest	355,124	355,123	355,124	355,124	355,124
Due to Grant Fund	40,404,149	0	32,063,066	2,167,840	5,016,006
Other/Deferred Revenue		60,580	60,580	8,497	33,917
Due to Library	3,825,764	0	3,837	-	18,259
Reserve for Hurricane Sandy		0	375,465	375,465	375,465
Reserve for Retro Payroll		1,600,000			
Reserve for Opioid Funds	166,887	139,321	0	0	0
Due to Trust- Insurance	1,868,653	0	336,209	1,528,467	1,920,990
Due to Capital Fund	12,915,800	0	-	1,912,864	1,766,344
Reserve for Receivables	10,821,776.	14,949,035	37,493,705	8,546,914	4,217,663
Fund Balance	62,108,282	47,667,794	25,943,173	36,987,299	40,578,872
Federal and State Grant Appropriated		<u>138,962,833</u>	<u>100,103,350</u>	<u>56,076,751</u>	<u>39,032,902</u>
Total Liabilities, Reserves and Fund Balance	<u>\$175,054,495</u>	<u>\$342,992,217</u>	<u>\$222,931,103</u>	<u>\$132,593,936</u>	<u>\$118,106,125</u>

Source: County of Mercer, 2019-2022 Audited Financial Statements, 2023 Unaudited Financial Statements

COUNTY OF MERCER, NEW JERSEY
Revenues, Expenditures and Changes in Fund Balance
Budget and Actual – Current Fund
December 31, 2023

	Budget as Modified	Actual	Variance
Revenues			
Fund Balance Utilized	\$19,726,196	\$19,726,196	\$ -
Miscellaneous Revenues Anticipated	119,246,006	114,329,370	(4,916,636)
Receipts from Current Taxes	284,435,364	283,922,221	(513,142)
Total Revenues	<u>423,407,566</u>	<u>417,977,777</u>	<u>(5,429,778)</u>
Expenditures			
Budget Appropriation			
Salaries and Wages			
Other Expenses	114,415,406	112,696,439	1,718,967
Debt Service	236,186,091	199,843,849	36,342,242
Capital Improvements	35,748,114	26,172,388	9,575,726
Deferred Charges and Statutory Expenditures	1,697,000	1,036,982	660,018
Reserve for Receivables & Interfunds	35,360,955	34,372,878	988,077
Advanced			
Payments for Delinquent Payroll Taxes	-	-	-
Overexpenditure of Appropriation Reserves	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$423,407,566</u>	<u>\$374,122,536</u>	<u>\$49,285,030</u>
Excess in Revenue		34,166,685	
Fund Balance - January 1		<u>47,667,794</u>	
Excess Resulting from FY2023 Operations		<u>34,166,685</u>	
Subtotal		\$81,834,478	
Less: Amount Utilized as Anticipated Revenue		<u>(19,726,196)</u>	
Fund Balance – December 31		<u>\$62,108,282</u>	

Source: 2023 Unaudited Annual Financial Statements, 2024 Mercer County Introduced Budget

FUTURE FINANCINGS

MCIA Refinancings - The Mercer County Improvement Authority (the “MCIA” or “Authority”) may undertake one or more refundings of existing bonds, either through the County or directly, for the purpose of achieving debt service savings for which the County is currently obligated or has provided or will provide its guarantee for the payment thereof. Such refundings, if undertaken by the MCIA, may occur from time to time.

County Bonds –The County expects to periodically issue notes or bonds from time to time to finance various capital improvements and may from time to time issue refunding bonds for the purpose of achieving debt service savings related to certain outstanding County bonds.

THE COUNTY SOLID WASTE SYSTEM

The Authority has established regulatory flow control over certain solid waste generated within the geographic boundaries of the County. Such regulatory flow control provides for the direct delivery of such solid waste to the Authority’s transfer station and, after processing, for transportation to and disposal to landfills.

The Authority enforces the regulatory waste flow provisions of the Mercer County District Solid Waste Management Plan (“Solid Waste Management Plan”) and charges and collects solid waste service charges that are sufficient to provide for payment of the Authority’s operating and debt service costs. Notwithstanding the County’s programs enforcing the flow of solid waste generated within the County, if the County is unable to enforce the waste flow provisions of the Solid Waste Management Plan, revenues of the Authority necessary to provide for, among other things, debt service on the Authority bonds, may be reduced. If such revenues are significantly reduced, then the County would likely be required to make payments under the County guarantees, which payments could have a material adverse effect on the finances of the County.

The amount of revenues that the Authority can generate through the provision of disposal services by the solid waste system is largely dependent upon the tonnage of solid waste that is serviced by the solid waste system and the per ton charge imposed upon each ton of solid waste which is managed by the solid waste system. The Authority is authorized to charge and collect certain charges, commonly referred to as “tipping fees,” from any governmental unit or person that uses the solid waste system. Those fees are the Authority’s primary source of revenue. The Authority’s annual debt service is reduced to a level that the Authority believes can be serviced by the current tipping fees.

Transfer Station and Landfill

Waste disposal collections from the County are tipped and weighed at the Authority's Transfer Station and transported to the G.R.O.W.S. landfill site. The Authority charges waste haulers on a per ton basis for waste tipped. Rates charged by the Authority are approved by the New Jersey Department of Environmental Protection. Disposal revenues for waste tipped at the Transfer Station during the years ended December 31, 2021 and 2020, amounted to \$27,357,671 and \$27,023,364, respectively. The Authority is billed by G.R.O.W.S. for waste disposal costs on a per ton basis. Charges by G.R.O.W.S. for the years ended December 31, 2021 and 2020, amounted to \$19,802,563 and \$19,349,104, respectively. Recycling costs for the years ended December 31, 2021 and 2020, amounting to \$3,988,675 and \$3,919,075, respectively, are included in waste disposal costs in the statements of revenues, expenses and changes in net position.

Effective January 1, 2018, an operating lease agreement between the Authority and Ewing Realty Trust for the rent of Transfer Station has commenced. The term of the lease is ten years with seven consecutive five-year option periods. The rent is \$190,000 per year from January 1, 2018 until December 1, 2023, after which the base rent amount will be revisited.

Historical data reflecting certain financial information relating to the Solid Waste System is set forth in the table below:

	Year Ended December 31, 2022	Year Ended December 31, 2021	Year Ended December 31, 2020	Year Ended December 31, 2019	Year Ended December 31, 2018
Waste Disposal Revenues	\$ 27,746,044	\$ 27,357,671	\$ 27,023,364	\$ 30,448,046	\$ 29,542,787
Recycling Revenues	<u>4,314,750</u>	<u>4,194,691</u>	<u>4,093,018</u>	<u>3,991,978</u>	<u>3,066,019</u>
Operating Revenues	32,060,794	31,552,362	31,116,383	34,440,024	32,608,806
Waste disposal costs	<u>(20,440,351)</u>	<u>(19,802,563)</u>	<u>(19,349,104)</u>	<u>(20,847,915)</u>	<u>(18,815,631)</u>
Gross Operating Profit	11,620,443	11,749,799	11,767,279	13,592,109	13,793,175
Project costs reimbursement	570,807	436,726	395,868	437,459	354,031
Interest on Investments	630,479	48,510	432,668	827,913	637,880
Operating Expenses	(5,560,997)	(5,039,777)	(5,237,727)	(5,898,895)	(6,346,546)
Lessee Lease Interest Expense	(158,487)	(159,871)			
Depreciation & Amortization	<u>(606,546)</u>	<u>(503,170)</u>	<u>(399,749)</u>	<u>(375,505)</u>	<u>(390,118)</u>
NET OPERATING INCOME	6,495,699	6,532,217	6,958,339	8,583,081	8,048,423
REVENUES AVAILABLE FOR DEBT SERVICE	<u>6,495,699</u>	<u>6,532,217</u>	<u>6,958,339</u>	<u>8,583,081</u>	<u>8,048,423</u>
Total Non-Operating Expenses	(1,418,098)	(2,875,312)	(1,085,101)	(2,362,681)	(2,588,051)
Change in Net Position – Sports Arena	<u>11,764,806</u>	<u>7,266,046</u>	<u>251,566</u>	<u>1,671,572</u>	<u>2,564,581</u>
NET POSITION, BEGINNING OF YEAR	<u>38,391,343</u>	<u>27,468,392</u>	<u>22,260,738</u>	<u>14,368,766</u>	<u>6,343,813</u>
NET POSITION, END OF YEAR	<u>\$ 55,233,750</u>	<u>\$ 38,391,343</u>	<u>\$ 28,385,543</u>	<u>\$ 22,260,738</u>	<u>\$ 14,368,766</u>

Source: Mercer County Improvement Authority Audited Financial Statements; 2023 audit is not yet available

Resource Recovery

The Mercer County Board of County Commissioners has designated the Authority as its agent in connection with the development and implementation of a Solid Waste Management Plan. In this capacity, the Authority is to provide for (1) improvement to the existing Ewing-Trenton Transfer Station and related start-up costs; (2) the acquisition of landfill disposal rights; (3) the construction of a countywide recycling facility; and (4) the construction of a resource recovery facility. At December 31, 2021 and 2020, the net amounts of \$0 and \$0, respectively, constitute the carrying value of the project. Resource recovery costs were depreciated over the term of the bonds issued to finance these costs. The resource recovery facility project was terminated in November 1996 as a result of the occurrence of significant changes in the legal powers of the Authority to control the flow of waste and additional environmental regulatory requirements. By December 31, 2017, resource recovery costs were fully amortized.

APPENDIX B

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

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INDEPENDENT AUDITORS' REPORT

**Honorable County Executive and Members
of the Board of County Commissioners
County of Mercer
Trenton, New Jersey**

Report on the Audit of the Regulatory Basis Financial Statements

Opinions on Regulatory Basis Financial Statements

We have audited the regulatory basis financial statements of the various funds and governmental fixed assets of the County of Mercer, New Jersey ("County"), which comprise the balance sheets as of December 31, 2022, and the related statements of operations and changes in fund balance for the year then ended, the statements of changes in fund balance, the statements of revenues and statements of expenditures for the year ended December 31, 2022 and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying regulatory basis financial statements present fairly, in all material respects, the regulatory basis balance sheets of the County as of December 31, 2022, and the regulatory basis statement of operations and changes in fund balances for the year then ended, the regulatory basis statement of changes in fund balance, the regulatory basis statement of revenues and the regulatory basis statement of expenditures for the year ended December 31, 2022 and the related notes to the financial statements, in accordance with the financial reporting provisions of the Department of Community Affairs, Division of Local Government Services, State of New Jersey ("Division") described in Note 2. The regulatory basis financial statements of the County as of and for the year ended December 31, 2021 were audited by other auditors whose report dated April 3, 2023 expressed an unmodified opinion on those regulatory basis financial statements.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of this report, the financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the County as of December 31, 2022, or its revenues, expenditures and changes in fund balance thereof for the year then ended.

**The Honorable County Executive and Members
of the Board of County Commissioners
County of Mercer
Trenton, New Jersey**

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Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (“GAAS”) and requirements prescribed by the Division, issued by the Comptroller General of the United States. Our responsibilities under those standards and requirements are further described in the Auditors’ Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2 of the financial statements, the financial statements are prepared by the County on the basis of the financial reporting provisions of the Division (regulatory basis), which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the Division. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Change in Accounting Policy

We draw attention to Note 10 in the notes to financial statements which disclose the effects of the County’s adoption of the provisions of Governmental Accounting Standards Board (“GASB”) Statement No. 87, “Leases”. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions of the Division. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

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

**The Honorable County Executive and Members
of the Board of County Commissioners
County of Mercer
Trenton, New Jersey**

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Auditors' Responsibility for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and requirements prescribed by the Division we:

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

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

PKF O'Connor Davies, LLP
Cranford New Jersey
March 28, 2024

Robert E. Provat

Registered Municipal Accountant, No. 582

COUNTY OF MERCER, NEW JERSEY
CURRENT AND GRANT FUNDS
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2022 AND 2021

<u>ASSETS</u>	<u>2022</u>	<u>2021 (As Restated)</u>
Current Fund:		
Cash and Cash Equivalents	\$ 153,385,345.54	\$ 51,605,493.00
Petty Cash	5,013.94	
Investments in Bond Anticipation Notes	30,007,809.00	32,794,015.00
Due from State - Special Election	392,643.71	392,644.00
Total Current Fund Assets	183,790,812.19	84,792,152.00
Receivables and Other Assets with Full Reserves:		
Taxes Receivable		(4,838.00)
Added and Omitted Taxes Receivable	3,340,765.84	1,636,433.00
Due from Library	804,113.86	
Due from Park Commission Trust	46,689.15	10,976.00
Interfunds Receivable	3,905,135.61	27,261,986.00
Accounts Receivable - School Payments	5,057,846.20	5,057,846.20
Due from MCIJA		765,005.45
Security Deposit	5,000.00	5,000.00
Revenue Accounts Receivable	1,789,484.01	2,761,296.00
Total Receivables and Other Assets with Full Reserves	14,949,034.67	37,493,704.65
Deferred Charges:		
Overexpenditure of Appropriation Reserves	541,897.58	541,897.58
Overexpenditure of Budget Appropriations	4,747,640.17	
Total Deferred Charges	5,289,537.75	541,897.58
Total Regular Fund	204,029,384.61	122,827,754.23
Grants Fund:		
State and Federal Grants Receivable	78,722,888.69	74,192,093.00
Deferred Charge - Overexpenditure of Grants Appropriations	1,640,152.76	
Accounts Receivable - Mercer County Board of Social Services	3,411,240.79	3,411,240.79
Interfunds Receivable	55,188,550.52	38,351,225.43
Total Grants Fund	138,962,832.76	115,954,559.22
Total Assets	\$ 342,992,217.37	\$ 238,782,313.45
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Current Fund:		
Liabilities:		
Appropriation Reserves	\$ 31,474,280.92	\$ 10,769,386.00
Reserve for Encumbrances	9,398,379.18	8,755,890.00
Accounts Payable	2,079,831.59	3,410,754.00
Unearned Revenue	60,580.22	60,580.22
Interfunds Payable	96,305,040.13	50,719,547.87
Due to Library		3,837.00
Reserve for Retro Payroll	1,600,000.00	2,447,641.00
Reserve for Hurricane Sandy		375,465.00
Reserve for Opioid Funds	139,320.51	
Reserve for Grant Interest	355,123.63	355,123.63
Total Liabilities and Reserves	141,412,556.18	76,898,224.72
Reserve for Receivables	14,949,034.67	37,493,704.65
Fund Balance	47,667,793.76	8,435,824.86
Total Liabilities, Reserves and Fund Balance - Regular Fund	204,029,384.61	122,827,754.23
Reserve for Federal and State Grants:		
Appropriated	122,317,296.11	105,124,385.43
Unappropriated	1,869,463.53	
Interfunds Payable	42,307.47	
Payable to the Federal Government	3,411,240.79	3,411,240.79
Reserve for Encumbrances	11,322,524.86	7,418,933.00
Total Liabilities, Reserves and Fund Balance - Grants Fund	138,962,832.76	115,954,559.22
Total Liabilities, Reserves and Fund Balance	\$ 342,992,217.37	\$ 238,782,313.45

See accompanying notes to the financial statements

COUNTY OF MERCER, NEW JERSEY
CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021 (As Restated)
Revenues and Other Income Realized:		
Fund Balance Utilized	\$ 6,535,080.00	\$ 14,255,026.00
Miscellaneous Revenue Anticipated	145,186,779.46	136,176,544.00
Receipts from Current Taxes	268,037,645.41	269,105,136.00
Miscellaneous Revenues Not Anticipated	6,208,507.39	3,859,119.25
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	11,392,844.81	8,461,375.00
Reserve for Hurricane Sandy Cancelled	375,465.00	
Accounts Payable Cancelled	3,384,842.23	2,032,579.00
Reserve for Retro Payroll Cancelled	1,458,818.27	
Prior Year Interfunds Returned	20,492,464.49	
	<u>463,072,447.06</u>	<u>433,889,779.25</u>
Total Revenue and Other Income		
Expenditures:		
Budget Appropriations:		
Salaries and Wages	97,204,031.78	89,441,752.00
Other Expenses	256,733,079.72	265,637,096.00
Debt Service	31,380,140.00	28,901,124.00
Capital Improvements	3,000,000.00	2,800,000.00
Deferred Charges and Statutory Expenditures	28,979,848.21	28,044,195.00
Other Debits to Income:		
Reserve for Receivables and Interfunds Advanced	4,755,938.62	11,354,711.00
Payments for Delinquent Payroll Taxes		4,500,000.00
Overexpenditure of Appropriation Reserves		541,898.00
	<u>422,053,038.33</u>	<u>431,220,776.00</u>
Total Expenditures		
Excess in Revenue over Expenditures	41,019,408.73	2,669,003.25
Adjustments to Income Before Fund Balance:		
Expenditures Included Above Which are by Statute		
Deferred Charges to Succeeding Year	4,747,640.17	541,897.48
Statutory Excess to Fund Balance	45,767,048.90	3,210,900.73
Fund Balance, January 1	8,435,824.86	19,479,950.13
	54,202,873.76	22,690,850.86
Decreased By:		
Utilization as Anticipated Revenue	6,535,080.00	14,255,026.00
Fund Balance, December 31	<u>\$ 47,667,793.76</u>	<u>\$ 8,435,824.86</u>

See accompanying notes to the financial statements

COUNTY OF MERCER, NEW JERSEY
CURRENT FUND
STATEMENT OF REVENUES-REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2022

	<u>ADOPTED BUDGET</u>	<u>ADDED BY N.J.S.A. 40A:4-87</u>	<u>REALIZED</u>	<u>EXCESS (DEFICIT)</u>
Fund Balance Anticipated	\$ 6,535,080.00		\$ 6,535,080.00	
Local Revenues:				
County Clerk	6,800,000.00		7,821,519.92	\$ 1,021,519.92
Surrogate	663,097.00		636,822.84	(26,274.16)
Sheriff	1,209,122.00		1,432,690.63	223,568.63
Mercer Oaks Golf Course	3,700,000.00		3,814,976.08	114,976.08
Sherif Airport Coverage	800,000.00		800,000.00	
Interest on Invests. and Deposits	800,000.00		731,329.00	(68,671.00)
Princeton Country Club	926,546.00		893,724.93	(32,821.07)
Indoor Tennis Center	670,000.00		738,758.79	68,758.79
Skating Rink	100,000.00		361,017.05	261,017.05
Mountainview Golf Course	1,600,000.00		1,562,614.95	(37,385.05)
Airport Income	5,800,000.00		8,271,611.60	2,471,611.60
EMS Dispatch	425,000.00		227,345.00	(197,655.00)
Rental of Property	290,000.00		344,445.22	54,445.22
Motor Vehicle Fines	941,000.00		1,047,113.40	106,113.40
Park Commission Recreation League	600,000.00		1,340,402.81	740,402.81
Board of State Prisoners	1,300,000.00		1,461,871.56	161,871.56
State Aid:				
County College Bonds (N.J.S.A. 18:64A-22.6)	1,290,070.00		1,290,070.00	
Franchise Tax on Stock Insurance Companies	151,000.00		440,948.74	289,948.74
State Assumption of Costs:				
Social and Welfare Services (C. 66, P.L. 1990):				
Supplemental Social Security Income	1,038,202.00		1,139,305.00	101,103.00
COVID Revenue Replacement	22,320,960.00		22,320,960.00	
Federal and State Revenues Offset with Appropriations:				
Area plan Grant Title IIIB	1,476.00		1,476.00	
Body Armor - Corr (2020)	15,232.00		15,232.00	
NJ Council on the Arts (2022)	288,840.00		288,840.00	
Body Armor Sheriff (2021)	5,584.00		5,584.00	
Body Armor Pros (2021)	2,824.00		2,824.00	
Right to Know (2022)	13,247.00		13,247.00	
Region Wide Transportation System (2022)	34,000.00		34,000.00	
Sexual Assault Team SANE/SART	88,920.00		88,920.00	
Victim of Crime (2021)	598,704.00		598,704.00	
Sexual Assault Team SANE/SART (2022)	88,714.00		88,714.00	
Supportive Regional Highway Planning (2022)	34,130.00		34,130.00	
Supportive Regional Transit Planning (2022)	33,284.00		33,284.00	
EM Homeland Security & Preparedness (2022)	263,372.00		263,372.00	
Future Needs Bridge	3,199,086.00		3,199,086.00	
HOME ARP (2022)	2,369,704.00		2,369,704.00	
Airport State Taxiway F (2021)	540,000.00		540,000.00	
FAA American Rescue Plan (2021)	5,461,196.00		5,461,196.00	
Body Armor - Correction Center (2021)	9,215.00		9,215.00	
Child Advocacy (2021)	213,790.00		213,790.00	
Operation Helping Hand (2022)	52,632.00		52,632.00	
Area Plan State Match Title III E (2021)	211.00		211.00	
Area Plan Title III B (2021)	1,303.00		1,303.00	
Area Plan Title III C1	2,448.00		2,448.00	
Area Plan Title III D (2021)	78.00		78.00	
Area Plan Title III E (2021)	704.00		704.00	
Area Plan NSIP (2021)	372.00		372.00	
Area Plan Stat Match Title III B_D (2021)	281.00		281.00	
USF (2021)	306,280.00		306,280.00	

COUNTY OF MERCER, NEW JERSEY
CURRENT FUND
STATEMENT OF REVENUES-REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2022

	ADOPTED <u>BUDGET</u>	ADDED BY <u>N.J.S.A. 40A:4-87</u>	<u>REALIZED</u>	<u>EXCESS (DEFICIT)</u>
Overdose Fatality Review (2022)	\$ 100,000.00		\$ 100,000.00	
NFWFDWC Living Sore JRM Park	150,000.00		150,000.00	
Stop Violence 41-18/EMAA Salary Assist (2020)	55,000.00		55,000.00	
Stop Violence 41-19 (2021)	60,282.00		60,282.00	
Stop Violence 41-20 (2022)	57,039.00		57,039.00	
JDAI 201F 11	20,518.00		20,518.00	
Body Worn Camera Prosecutor (2021)	81,520.00		81,520.00	
Juvenile Training Prosecutor (2021)	6,656.00		6,656.00	
Body Worn Camera Sheriff (2021) possible duplicate	226,218.00		226,218.00	
Consumer Bowl	450.00		450.00	
Services to Homeless (2021)	130,000.00		130,000.00	
Jail MAT (2022)		\$ 449,974.00	449,974.00	
County Innovation Project (2022)		140,490.00	140,490.00	
NJ Transit - Rural (2022)		66,165.00	66,165.00	
Personal Attendant Services (2022)		67,374.00	67,374.00	
WIA SYEPP (youth) (2022)		338,800.00	338,800.00	
Road Safety Improvements (2022)		954,351.00	954,351.00	
MC Rise (222)		25,000.00	25,000.00	
NJ Arts Historical Commission (2022)		69,000.00	69,000.00	
Jail Mat (2021)		450,000.00	450,000.00	
Healthy Adolescents (2022)		40,000.00	40,000.00	
CIACC/YIP (2022)		37,243.00	37,243.00	
Consumer Bowl Donations (2022)		1,350.00	1,350.00	
CEHA (2022)		190,178.00	190,178.00	
Insurance Fraud Program (2022)		250,000.00	250,000.00	
Trenton System Monitoring (2022)		40,000.00	40,000.00	
Municipal Alliance (2022)		206,361.00	206,361.00	
JDAI - Juvenile Detention Alternative (2022)		56,760.00	56,760.00	
LIHEAP ARP (2022)		105,924.00	105,924.00	
TB (2022)		95,816.00	95,816.00	
LIHEAP # 190226 (2022)		423,695.00	423,695.00	
Healthy Adolescents (2021)		40,000.00	40,000.00	
Mercer Meadows Steward (2022)		50,000.00	50,000.00	
WIOA Data Reporting and Analysis (2020)		12,971.00	12,971.00	
CR 606 Cr 619 (2022)		1,085,309.00	1,085,309.00	
NJ Transit - rural (2021)		66,292.00	66,292.00	
Personal Assistance Service (2021)		34,974.00	34,974.00	
Coronavirus SLFR Second Tranche (2021)		35,684,485.00	35,684,485.00	
Howell Living Farm Curator (2021)		25,046.00	25,046.00	
USF		306,280.00	306,280.00	
DCA Block Grant see below		232,189.00	232,189.00	
National Opioid Litigation		228,449.81	228,449.81	
CIACC		10,000.00	10,000.00	
County Environmental Health Act (2022)		190,178.00	190,178.00	
Sr. Vaccination Services (2021)		350,000.00	350,000.00	
Sr Vaccination Services (2022)	350,000.00		350,000.00	
CSOC		10,000.00	10,000.00	
NACCHO		10,000.00	10,000.00	
Right to Know (2021)		13,247.00	13,247.00	
Title III C Covid 19 (2021)		2,683.00	2,683.00	
Title III E Covid 19 (2022)		79,018.00	79,018.00	
Family Crisis Intervention Unit (2022)	83,958.00		83,958.00	
Covid Vaccine 5 (2022)		51,729.00	51,729.00	
Home Delivered Meals (2022)		389.00	389.00	
CAA and CRRSA APS (2022)		51,857.00	51,857.00	
Trade SSBG (2022)		573,727.00	573,727.00	

COUNTY OF MERCER, NEW JERSEY
CURRENT FUND
STATEMENT OF REVENUES-REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2022

	<u>ADOPTED BUDGET</u>	<u>ADDED BY N.J.S.A. 40A:4-87</u>	<u>REALIZED</u>	<u>EXCESS (DEFICIT)</u>
State Community Partnership (2022)	\$ 369,995.00		\$ 369,995.00	
Family Court (2022)	203,434.00		203,434.00	
Comprehensive Alcohol (2022)	685,221.00	\$ 200,000.00	885,221.00	
Area Planning Grant (2022)		428,997.00	428,997.00	
CSBG (2022)	107,686.00	206,671.00	314,357.00	
WIA Adult (2022)		751,266.00	751,266.00	
WIA Dislocated Worker (2022)		873,886.00	873,886.00	
WIOA Youth Out of School (2022)		827,945.00	827,945.00	
WIOA - Learning Link (2022)		44,000.00	44,000.00	
WIOA Work First - GA (2022)		862,470.00	862,470.00	
Workforce Data Reporting (2022)		12,971.00	12,971.00	
Work First TANF (2022)		1,998,003.00	1,998,003.00	
Workfirst Case Mgmt (2022)		325,792.00	325,792.00	
Title III C2 (2022)		555,752.00	555,752.00	
Nj Transit Trade (2022)		752,690.00	752,690.00	
Title III D (2022)		54,426.00	54,426.00	
FAA (2022)		3,031,051.00	3,031,051.00	
Title III - E (2022)		333,324.00	333,324.00	
Youth Leadership (2022)		43,874.00	43,874.00	
NSIP (2022)		140,663.00	140,663.00	
Title III B-D (2022)		71,902.00	71,902.00	
Area Plan State COLA (2022)		208,891.00	208,891.00	
Covid 19 Vaccine (2022)		22,504.00	22,504.00	
Public Health Worker (2022)		78,610.00	78,610.00	
Covid Cares Area Plan (2022)		41,200.00	41,200.00	
Area Plan Title III B (2022)		654,762.00	654,762.00	
Area Plan Title III C1 (2022)		658,988.00	658,988.00	
State Airport (2020)		900,000.00	900,000.00	
Covid Cares Title III B (2022)		2,927.00	2,927.00	
Other Special Items:				
Weights and Measures Fines	52,000.00		44,960.00	(7,040.00)
Library Indirect Cost Study	920,000.00		920,000.00	
Court Reimbursement	65,000.00		46,434.76	(18,565.24)
Added and Omitted Taxes	1,880,383.00		1,903,554.13	23,171.13
Equestrian Center	160,000.00		168,314.24	8,314.24
County Clerk - Special Legislation	1,300,000.00		1,411,515.00	111,515.00
Capital Surplus	6,000,000.00		6,000,000.00	
Reserve to Pay Bonds	4,500,000.00		4,500,000.00	
Total Miscellaneous Revenues	82,615,984.00	57,200,869.81	145,186,779.46	5,369,925.65

COUNTY OF MERCER, NEW JERSEY
CURRENT FUND
STATEMENT OF REVENUES-REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2022

	<u>ADOPTED BUDGET</u>	<u>ADDED BY N.J.S.A. 40A:4-87</u>	<u>REALIZED</u>	<u>EXCESS (DEFICIT)</u>
Amount to be Raised by Taxation: County Purpose Tax	\$ 268,240,050.00		\$ 268,037,645.41	\$ (202,404.59)
Budget Totals	357,391,114.00	\$ 57,200,869.81	419,759,504.87	5,167,521.06
Non-Budget Revenue: Miscellaneous Revenue Not Anticipated			6,208,507.39	6,208,507.39
Total Revenue	<u>\$ 357,391,114.00</u>	<u>\$ 57,200,869.81</u>	<u>\$ 425,968,012.26</u>	<u>\$ 11,376,028.45</u>

Non-Budget Revenue:			
Miscellaneous Revenue Not Anticipated:			
Elections		\$ 178,446.88	
Salary and Benefit Reimbursements		384,284.31	
HV Golf Course		890,434.40	
Sale of Assets		16,497.37	
Vending Machines		29,131.72	
Inmate Social Security		26,400.00	
Road Openings		33,970.00	
Police Academy		56,116.00	
Hospital Tax		2,372,309.41	
Miscellaneous		78,402.90	
PILOT		188,516.10	
FEMA Reimbursement		1,953,998.30	
Total Miscellaneous Revenues Not Anticipated		<u>\$ 6,208,507.39</u>	

See accompanying notes to the financial statements

COUNTY OF MERCER, NEW JERSEY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2022

	ADOPTED BUDGET	ADDED BY NEW JERSEY STATUTE 40A:4-87	BUDGET AFTER MODIFICATION	EXPENDED 2022			CANCELLED	OVEREXPENDED
				EXPENDED	ENCUMBERED	RESERVED		
GENERAL GOVERNMENT								
ADMINISTRATION AND EXECUTIVE:								
County Executive:								
Salaries and Wages	\$ 334,921.00		\$ 351,921.00	\$ 351,920.27		\$ 0.73		
Other Expenses	31,000.00		31,000.00	10,304.96	\$ 1,864.28	18,830.76		
Audit Services:	108,202.00		108,202.00	30,000.00	17,700.00	60,502.00		
Board of County Commissioners:								
Salaries and Wages	863,164.00		863,164.00	803,159.42		60,004.58		
Other Expenses	117,000.00		117,000.00	50,328.39	889.18	65,782.43		
Chief of Staff:								
Salaries and Wages	414,802.00		435,802.00	434,599.77		1,202.23		
Other Expenses	10,000.00		10,000.00	1,370.49		8,629.51		
Public Information Office:								
Salaries and Wages	252,884.00		291,884.00	291,395.15		488.85		
Other Expenses	3,800.00		3,800.00	3,800.00				
Veterans Administration:								
Salaries and Wages	221,278.00		221,278.00	220,515.50		762.50		
Other Expenses	54,580.00		54,580.00	50,598.61	1,491.84	2,489.55		
Consumer Affairs:								
Salaries and Wages	512,455.00		512,455.00	429,250.26		83,204.74		
Other Expenses	19,625.00		19,625.00	5,622.93	6,473.23	7,528.84		
Clerk of the Board:								
Salaries and Wages	485,404.00		488,404.00	485,507.53		2,896.47		
Other Expenses	59,500.00		59,500.00	44,891.83	873.88	13,734.29		
County Adjuster's Office:								
Salaries and Wages	231,269.00		231,269.00	209,283.53		21,985.47		
Other Expenses	33,050.00		33,050.00	3,155.33	6,677.13	23,217.54		
DM&H County Share - - COVID Replacement Revenue	5,268,305.00		5,268,305.00	5,255,525.00		12,780.00		
County Administrator:								
Salaries and Wages	674,889.00		763,889.00	763,620.36		268.64		
Other Expenses	357,540.00		357,540.00	169,954.93	13,013.23	174,571.84		
County Counsel:								
Salaries and Wages	606,043.00		606,043.00	507,790.74		98,252.26		
Other Expenses	627,000.00		627,000.00	325,517.32	301,482.68			
Treasury:								
Salaries and Wages	1,256,246.00		1,256,246.00	1,151,907.99		104,338.01		
Other Expenses	1,038,698.00		1,038,698.00	1,626,127.42	105,232.90			\$ (692,662.32)
Employee Relations:								
Salaries and Wages	1,227,575.00		1,227,575.00	704,120.61		523,454.39		
Other Expenses	835,000.00		835,000.00	284,337.64	131,299.30	419,363.06		
Medical Examiner:								
Other Expenses - COVID Replacement Revenue	1,800,000.00		1,800,000.00	1,600,000.00		200,000.00		
Insurance and Property:								
Salaries and Wages	310,857.00		310,857.00	301,888.09		8,968.91		
Other Expenses	543,150.00		543,150.00	371,339.11	158,590.99	13,219.90		
Emergency Management:								
Salaries and Wages	265,799.00		265,799.00	257,884.89		7,914.11		
Other Expenses	55,050.00		55,050.00	17,009.77	25,060.00	12,980.23		

COUNTY OF MERCER, NEW JERSEY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2022

EXHIBIT A-3
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	ADOPTED BUDGET	ADDED BY NEW JERSEY STATUTE 40A:4-87	BUDGET AFTER MODIFICATION	EXPENDED 2022			CANCELLED	OVEREXPENDED
				EXPENDED	ENCUMBERED	RESERVED		
GENERAL GOVERNMENT								
ADMINISTRATION AND EXECUTIVE (continued):								
OIT:								
Salaries and Wages	\$ 696,719.00		\$ 696,719.00	\$ 591,757.50		\$ 104,961.50		
Other Expenses	2,818,047.00		2,818,047.00	1,796,297.01	\$ 688,830.25	332,919.74		
Other Expenses - COVID Replacement Revenue	168,553.00		168,553.00	168,553.00				
Utility Expenses:								
Electric	1,480,000.00		1,495,000.00	1,491,187.16	3,370.46	442.38		
Gas (Natural)	143,000.00		143,000.00	136,236.69	555.34	6,207.97		
Water/Sewer	182,000.00		182,000.00	131,362.70	21,242.60	29,394.70		
Sewerage Processing/Disposal	23,000.00		23,000.00	11,021.96	7,478.04	4,500.00		
Fuel Oil	309,000.00		352,326.00	380,256.34	6,949.03			\$ (34,879.37)
Gasoline	1,281,000.00		1,281,000.00	772,040.79	96,751.17	412,208.04		
Telephone	2,010,988.00		2,010,988.00	93,469.53	318,102.86	1,599,415.61		
Telephone- COVID Replacement Revenue	1,000,000.00		1,000,000.00	1,000,000.00				
Gasoline- COVID Replacement Revenue	750,000.00		750,000.00	750,000.00				
Economic Opportunity:								
Salaries and Wages	374,260.00		389,260.00	389,260.00				
Other Expenses	508,000.00		508,000.00	370,725.34	2,172.88	135,101.78		
Extension Services:								
Salaries and Wages	98,580.00		106,580.00	105,609.98		970.02		
Other Expenses	360,361.00		360,361.00	146,568.13	39.75	213,753.12		
Housing Office:								
Salaries and Wages	135,656.00		135,656.00	94,269.36		41,386.64		
Other Expenses	25,000.00		25,000.00	16,212.52	2,275.26	6,512.22		
Cultural and Heritage:								
Salaries and Wages	308,574.00		308,574.00	270,744.94		37,829.06		
Other Expenses	93,840.00		93,840.00	51,872.00	4,243.11	37,724.89		
Planning:								
Salaries and Wages	751,753.00		751,753.00	751,752.47		0.53		
Other Expenses	220,260.00		220,260.00	140,903.21	14,283.16	65,073.63		
Communications Center:								
Salaries and Wages - COVID Replacement Revenue	1,000,000.00		1,000,000.00	1,000,000.00				
Other Expenses - COVID Replacement Revenue	500,000.00		500,000.00	469,379.49	30,620.51			
Communications Center:								
Salaries and Wages	1,300,893.00		1,300,893.00	664,214.36		636,678.64		
Other Expenses	455,450.00		455,450.00		302,224.69	153,225.31		
Buildings and Grounds:								
Salaries and Wages	2,595,723.00		2,595,723.00	2,281,786.51		313,936.49		
Other Expenses	2,142,327.00		2,142,327.00	1,739,167.34	331,363.57	71,796.09		
Other Expenses - COVID Replacement Revenue	2,000,000.00		2,000,000.00	2,000,000.00				
Purchasing:								
Salaries and Wages	159,918.00		159,918.00	93,413.76		66,504.24		
Other Expenses	32,000.00		32,000.00	28,552.16	2,576.94	870.90		
Emergency and Rescue Squad:								
Other Expenses	24,000.00		24,000.00	21,000.00		3,000.00		
TOTAL GENERAL GOVERNMENT - ADMINISTRATIVE AND EXECUTIVE	42,567,988.00	-	42,818,314.00	34,720,342.09	2,603,728.26	6,221,785.34		(727,541.69)

COUNTY OF MERCER, NEW JERSEY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2022

EXHIBIT A-3
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	ADOPTED BUDGET	ADDED BY NEW JERSEY STATUTE 40A:4-87	BUDGET AFTER MODIFICATION	EXPENDED 2022			CANCELLED	OVEREXPENDED
				EXPENDED	ENCUMBERED	RESERVED		
<u>DEPARTMENT OF LAW AND JUSTICE</u>								
Prosecutor:								
Salaries and Wages	\$ 16,229,634.00		\$ 16,229,634.00	\$ 17,767,577.02				\$ (1,537,943.02)
Other Expenses	1,533,624.00		1,533,624.00	1,235,020.73	\$ 145,578.37	\$ 153,024.90		
County Clerk - Recording:								
Salaries and Wages	2,073,509.00		2,073,509.00	1,863,017.07		210,491.93		
Other Expenses	268,881.00		268,881.00	183,514.33	53,269.87	32,096.80		
County Clerk - Elections:								
Salaries and Wages	296,886.00		296,886.00	172,527.98		124,358.02		
Other Expenses	2,157,783.00		2,157,783.00	941,196.92	247,766.74	968,819.34		
County Surrogate:								
Salaries and Wages	728,529.00		858,529.00	857,823.32		705.68		
Other Expenses	229,500.00		229,500.00	126,655.29	67,715.07	35,129.64		
Sheriff's Office:								
Salaries and Wages	17,952,735.00		19,710,235.00	19,890,413.76				(180,178.76)
Other Expenses	591,126.00		591,126.00	403,338.81	173,144.83	14,642.36		
TOTAL DEPARTMENT OF LAW AND JUSTICE	<u>42,062,207.00</u>	-	<u>43,949,707.00</u>	<u>43,441,085.23</u>	<u>687,474.88</u>	<u>1,539,268.67</u>		<u>(1,718,121.78)</u>
<u>TRANSPORTATION/INFRASTRUCTURE</u>								
Department Director:								
Salaries and Wages	277,607.00		285,507.00	284,946.06		560.94		
Other Expenses	3,850.00		3,850.00	1,460.26	322.94	2,066.80		
Highways:								
Salaries and Wages	5,106,563.00		5,106,563.00	5,106,563.00				
Other Expenses	2,072,588.00		2,072,588.00	1,055,681.46	459,795.33	557,111.21		
Engineering:								
Salaries and Wages	460,275.00		460,275.00	460,275.00				
Other Expenses	17,845.00		17,845.00	13,762.54	1,563.08	2,519.38		
Airport:								
Salaries and Wages	2,228,927.00		2,128,927.00	1,911,492.58		217,434.42		
Other Expenses	4,182,304.00		4,182,304.00	2,449,102.54	1,316,862.74	416,338.72		
Trade:								
Salaries and Wages	556,183.00		556,183.00	556,183.00				
Other Expenses	153,950.00		153,950.00	66,014.20	853.09	87,082.71		
TOTAL TRANSPORTATION/INFRASTRUCTURE	<u>15,060,092.00</u>		<u>14,967,992.00</u>	<u>11,905,480.64</u>	<u>1,779,397.18</u>	<u>1,283,114.18</u>		<u>-</u>

COUNTY OF MERCER, NEW JERSEY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2022

EXHIBIT A-3
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	ADOPTED BUDGET	ADDED BY NEW JERSEY STATUTE 40A:4-87	BUDGET AFTER MODIFICATION	EXPENDED 2022			CANCELLED	OVEREXPENDED
				EXPENDED	ENCUMBERED	RESERVED		
DEPARTMENT OF PUBLIC SAFETY								
Correction Center:								
Salaries and Wages	\$ 27,571,606.00		\$ 25,071,606.00	\$ 23,739,811.61		\$ 1,331,794.39		
Other Expenses	2,403,134.00		2,403,134.00	1,918,811.84	\$ 602,918.07			\$ (118,595.91)
Medical Services:								
Other Expenses	4,706,950.00		4,706,950.00	5,509,610.66	238,662.01			(1,041,322.67)
TOTAL DEPARTMENT OF PUBLIC SAFETY	34,681,690.00		32,181,690.00	31,168,234.11	841,580.08	1,331,794.39		(1,159,918.58)
DEPARTMENT OF HUMAN SERVICES:								
Department Director:								
Salaries and Wages	794,385.00		794,385.00	781,838.12		12,546.88		
Other Expenses	49,400.00		49,400.00	37,550.82	1,415.19	10,433.99		
Peer Grouping:								
Other Expenses - COVID Replacement Revenue	544,190.00		544,190.00	353,324.85	81,253.00	109,612.15		
Mental Health Administration:								
Salaries and Wages	92,376.00		135,376.00	134,762.49		613.51		
Other Expenses	16,500.00		16,500.00	7,276.21	145.99	9,077.80		
Mental Health Programs:								
Other Expenses	500,801.00		500,801.00	57,274.47	393,383.04	50,143.49		
Developmentally Disabled:								
Other Expenses	231,833.00		231,833.00	173,868.00	57,956.00	9.00		
Youth Services Programs:								
Other Expenses	1,373,194.00		1,373,194.00	738,397.92	590,834.11	43,961.97		
Health Services:								
Other Expenses	141,488.00		141,488.00	85,866.00	19,250.00	36,372.00		
Mental Health Programs:								
Other Expenses - COVID Replacement Revenue	450,000.00		450,000.00	450,000.00				
Youth Services Administration:								
Salaries and Wages	144,535.00		144,535.00	144,534.28		0.72		
Child Care and Neighborhood Centers:								
Other Expenses	520,197.00		520,197.00	378,604.29	132,798.71	8,794.00		
Office for the Disabled:								
Salaries and Wages	181,226.00		181,226.00	133,939.18		47,286.82		
Other Expenses	10,000.00		10,000.00			10,000.00		
Physically Disabled:								
Other Expenses	93,510.00		93,510.00	59,841.00	25,160.75	8,508.25		

COUNTY OF MERCER, NEW JERSEY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2022

	ADOPTED BUDGET	ADDED BY NEW JERSEY STATUTE 40A:4-87	BUDGET AFTER MODIFICATION	EXPENDED 2022			CANCELLED	OVEREXPENDED
				EXPENDED	ENCUMBERED	RESERVED		
<u>DEPARTMENT OF HUMAN SERVICES (continued):</u>								
Drug and Alcohol Administration:								
Salaries and Wages	\$ 162,112.00		\$ 221,112.00	\$ 221,096.56		\$ 15.44		
Other Expenses	500.00		500.00	500.00				
Addiction Services:								
Other Expenses	270,601.00		270,601.00		\$ 191,821.98	78,779.02		
Office of Aging Administration:								
Salaries and Wages	477,228.00		477,228.00	408,885.35		68,342.65		
Other Expenses	693,335.00		693,335.00	552,099.39	11,178.83	130,056.78		
Community Services - Administration:								
Salaries and Wages	34,579.00		68,579.00	67,933.47		645.53		
Other Expenses	3,000.00		3,000.00	2,997.20		2.80		
Homeless Services:								
Other Expenses	191,886.00		191,886.00		177,385.97	14,500.03		
Environmental Health:								
Salaries and Wages	429,676.00		560,676.00	559,713.04		962.96		
Other Expenses	2,500.00		2,500.00	1,609.00		891.00		
Homeless Services:								
Other Expenses - COVID Replacement Revenue	500,000.00		500,000.00	478,631.09	21,368.91			
Youth Detention Center:								
Salaries and Wages	46,334.00		46,634.00	46,549.49		84.51		
Other Expenses	1,824,954.00		1,824,954.00	271,282.70	786,580.62	767,090.68		
Other Expenses - COVID Replacement Revenue	1,000,000.00		1,000,000.00	1,000,000.00				
Addiction Services:								
Other Expenses - COVID Replacement Revenue	500,000.00		500,000.00	329,650.84	170,349.16			
TOTAL DEPARTMENT OF HUMAN SERVICES	11,280,340.00		11,547,640.00	7,478,025.76	2,660,882.26	1,408,731.98		

COUNTY OF MERCER, NEW JERSEY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2022

EXHIBIT A-3
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	ADOPTED BUDGET	ADDED BY NEW JERSEY STATUTE 40A:4-87	BUDGET AFTER MODIFICATION	EXPENDED 2022			CANCELLED	OVEREXPENDED
				EXPENDED	ENCUMBERED	RESERVED		
<u>UNCLASSIFIED</u>								
Board of Taxation:								
Salaries and Wages	\$ 257,029.00		\$ 304,029.00	\$ 303,435.14		\$ 593.86		
Other Expenses	69,500.00		69,500.00	59,200.65	\$ 1,263.47	9,035.88		
Election Board:								
Salaries and Wages	502,453.00		628,453.00	627,729.33		723.67		
Other Expenses	2,230,534.00		2,230,534.00	701,951.55	355,120.98	1,173,461.47		
Superintendent of Elections:								
Salaries and Wages	1,717,296.00		1,717,296.00	1,607,309.45		109,986.55		
Other Expenses	784,500.00		784,500.00	558,056.96	8,964.75	217,478.29		
Park Commission:								
Other Expenses	17,211,810.00		17,211,810.00	16,941,865.19	458,998.00			\$ (189,053.19)
Board of Social Services:								
Administration	18,856,549.00		19,306,549.00	20,238,476.45				(931,927.45)
TANF	277,463.00		277,463.00	113,527.82		163,935.18		
Supplemental Security Income	1,038,202.00		1,038,202.00	559,955.76		478,246.24		
Welfare Services	1,800,654.00		1,800,654.00	1,089,119.43		711,534.57		
Vocational School:								
Other Expenses	7,595,579.00		7,595,579.00	7,560,464.54		35,114.46		
Community College:								
Other Expenses	18,072,724.00		17,586,698.00	17,586,697.50		0.50		
Special Services School District:								
Other Expenses	3,370,376.00		3,370,376.00	2,551,344.25		819,031.75		
Office of County Superintendent of Schools:								
Salaries and Wages	256,865.00		256,865.00	227,629.56		29,235.44		
Other Expenses	17,685.00		17,685.00	4,583.79	969.32	12,131.89		
Lease Rental Payments:								
Other Expenses	16,845,501.00		16,845,501.00	9,537,495.49		7,308,005.51		
Compensated Absences Liability:								
Salaries and Wages	1,900,000.00		1,900,000.00			1,900,000.00		
Group Health Insurance:								
Other Expenses	30,688,726.00		30,688,726.00	30,688,726.00				
Insurance Premiums:								
Other Expenses	6,589,912.00		6,589,912.00			6,589,912.00		
East Windsor Bus Transportation:								
Other Expenses	10,400.00		10,400.00			10,400.00		
TOTAL UNCLASSIFIED	130,093,758.00		130,230,732.00	110,957,568.86	825,316.52	19,568,827.26		(1,120,980.64)

COUNTY OF MERCER, NEW JERSEY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2022

EXHIBIT A-3
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	ADOPTED BUDGET	ADDED BY NEW JERSEY STATUTE 40A:4-87	BUDGET AFTER MODIFICATION	EXPENDED 2022				
				EXPENDED	ENCUMBERED	RESERVED	CANCELLED	OVEREXPENDED
<u>PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES</u>								
Area Plan Grant Title IIIB	\$ 1,476.00		\$ 1,476.00	\$ 1,476.00				
Body Armor - Corr (2020)	15,232.00		15,232.00	15,232.00				
NJ Council on the Arts (2022)	288,840.00		288,840.00	288,840.00				
Body Armor Sheriff (2021)	5,584.00		5,584.00	5,584.00				
Body Armor Pros (2021)	2,824.00		2,824.00	2,824.00				
Right to Know (2022)	13,247.00		13,247.00	13,247.00				
Region Wide Transportation System (2022)	34,000.00		34,000.00	34,000.00				
Sexual Assault Team SANE/SART	88,920.00		88,920.00	88,920.00				
Victim of Crime (2021)	598,704.00		598,704.00	598,704.00				
Sexual Assault Team SANE/SART (2022)	88,714.00		88,714.00	88,714.00				
Supportive Regional Highway Planning (2022)	34,130.00		34,130.00	34,130.00				
Supportive Regional Transit Planning (2022)	33,284.00		33,284.00	33,284.00				
EM Homeland Security & Preparedness (2022)	263,372.00		263,372.00	263,372.00				
Future Needs Bridge	3,199,086.00		3,199,086.00	3,199,086.00				
HOME ARP (2022)	2,369,704.00		2,369,704.00	2,369,704.00				
Airport State Taxiway F (2021)	540,000.00		540,000.00	540,000.00				
FAA American Rescue Plan (2021)	5,461,196.00		5,461,196.00	5,461,196.00				
Body Armor - Correction Center (2021)	9,215.00		9,215.00	9,215.00				
Child Advocacy (2021)	213,790.00		213,790.00	213,790.00				
Operation Helping Hand (2022)	52,632.00		52,632.00	52,632.00				
Area Plan State Match Title III E (2021)	211.00		211.00	211.00				
Area Plan Title III B (2021)	1,303.00		1,303.00	1,303.00				
Area Plan Title III C1	2,448.00		2,448.00	2,448.00				
Area Plan Title III D (2021)	78.00		78.00	78.00				
Area Plan Title III E (2021)	704.00		704.00	704.00				
Area Plan NSIP (2021)	372.00		372.00	372.00				
Area Plan Stat Match Title III B_D (2021)	281.00		281.00	281.00				
USF (2021)	306,280.00		306,280.00	306,280.00				
Overdose Fatality Review (2022)	100,000.00		100,000.00	100,000.00				
NFWFDWC Living Sore JRM Park	150,000.00		150,000.00	150,000.00				
Stop Violence 41-18/EMAA Salary Assist (2020)	55,000.00		55,000.00	55,000.00				
Stop Violence 41-19 (2021)	60,282.00		60,282.00	60,282.00				
Stop Violence 41-20 (2022)	57,039.00		57,039.00	57,039.00				
JDAI 201F 11	20,518.00		20,518.00	20,518.00				
Body Worn Camera Prosecutor (2021)	81,520.00		81,520.00	81,520.00				
Juvenile Training Prosecutor (2021)	6,656.00		6,656.00	6,656.00				
Body Worn Camera Sheriff (2021) possible duplicate	226,218.00		226,218.00	226,218.00				
Consumer Bowl	450.00		450.00	450.00				
Services to Homeless (2021)	130,000.00		130,000.00	130,000.00				
Jail MAT (2022)		\$ 449,974.00	449,974.00	449,974.00				
County Innovation Project (2022)	140,490.00		140,490.00	140,490.00				
NJ Transit - Rural (2022)	66,165.00		66,165.00	66,165.00				
Personal Attendant Services (2022)	67,374.00		67,374.00	67,374.00				
WIA SYEPP (youth) (2022)	338,800.00		338,800.00	338,800.00				
Road Safety Improvements (2022)	954,351.00		954,351.00	954,351.00				
MC Rise (222)	25,000.00		25,000.00	25,000.00				
NJ Arts Historical Commission (2022)	69,000.00		69,000.00	69,000.00				
Jail Mat (2021)	450,000.00		450,000.00	450,000.00				
Healthy Adolescents (2022)	40,000.00		40,000.00	40,000.00				
CIACC/MIP (2022)	37,243.00		37,243.00	37,243.00				
Consumer Bowl Donations (2022)	1,350.00		1,350.00	1,350.00				
CEHA (2022)	190,178.00		190,178.00	190,178.00				
Insurance Fraud Program (2022)	250,000.00		250,000.00	250,000.00				
Trenton System Monitoring (2022)	40,000.00		40,000.00	40,000.00				
Municipal Alliance (2022)	206,361.00		206,361.00	206,361.00				

COUNTY OF MERCER, NEW JERSEY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2022

	ADOPTED BUDGET	ADDED BY NEW JERSEY STATUTE 40A:4-87	BUDGET AFTER MODIFICATION	EXPENDED 2022				
				EXPENDED	ENCUMBERED	RESERVED	CANCELLED	OVEREXPENDED
JDAI - Juvenile Detention Alternative (2022)		\$ 56,760.00	\$ 56,760.00	\$ 56,760.00				
LIHEAP ARP (2022)		105,924.00	105,924.00	105,924.00				
TB (2022)		95,816.00	95,816.00	95,816.00				
LIHEAP # 190226 (2022)		423,695.00	423,695.00	423,695.00				
Healthy Adolescents (2021)		40,000.00	40,000.00	40,000.00				
Mercer Meadows Steward (2022)		50,000.00	50,000.00	50,000.00				
WIOA Data Reporting and Analysis (2020)		12,971.00	12,971.00	12,971.00				
CR 606 Cr 619 (2022)		1,085,309.00	1,085,309.00	1,085,309.00				
NJ Transit - rural (2021)		66,292.00	66,292.00	66,292.00				
Personal Assistance Service (2021)		34,974.00	34,974.00	34,974.00				
Corona Virus SLFR Second Tranche (2021)		35,684,485.00	35,684,485.00	35,684,485.00				
Howell Living Farm Curator (2021)		25,046.00	25,046.00	25,046.00				
USF		306,280.00	306,280.00	306,280.00				
DCA Block Grant see below		232,189.00	232,189.00	232,189.00				
National Opioid Litigation		228,449.81	228,449.81	228,449.81				
CIACC		10,000.00	10,000.00	10,000.00				
County Environmental Health Act (2022)		190,178.00	190,178.00	190,178.00				
Sr. Vaccination Services (2021)		350,000.00	350,000.00	350,000.00				
Sr Vaccination Services (2022)	\$ 350,000.00		350,000.00	350,000.00				
CSOC		10,000.00	10,000.00	10,000.00				
NACCHO		10,000.00	10,000.00	10,000.00				
Right to Know (2021)		13,247.00	13,247.00	13,247.00				
Title III C Covid 19 (2021)		2,683.00	2,683.00	2,683.00				
Title III E Covid 19 (2022)		79,018.00	79,018.00	79,018.00				
Family Crisis Intervention Unit (2022)	83,958.00		83,958.00	83,958.00				
Covid Vaccine 5 (2022)		51,729.00	51,729.00	51,729.00				
Home Delivered Meals (2022)		389.00	389.00	389.00				
CAA and CRRSA APS (2022)		51,857.00	51,857.00	51,857.00				
Trade SSBG (2022)		573,727.00	573,727.00	573,727.00				
State Community Partnership (2022)	369,995.00		369,995.00	369,995.00				
Family Court (2022)	203,434.00		203,434.00	203,434.00				
Comprehensive Alcohol (2022)	685,221.00	200,000.00	885,221.00	885,221.00				
Area Planning Grant (2022)		428,997.00	428,997.00	428,997.00				
CSBG (2022)	107,686.00	206,671.00	314,357.00	314,357.00				
WIA Adult (2022)		751,266.00	751,266.00	751,266.00				
WIA Dislocated Worker (2022)		873,886.00	873,886.00	873,886.00				
WIOA Youth Out of School (2022)		827,945.00	827,945.00	827,945.00				
WIOA - Learning Link (2022)		44,000.00	44,000.00	44,000.00				
WIOA Work First - GA (2022)		862,470.00	862,470.00	862,470.00				

COUNTY OF MERCER, NEW JERSEY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2022

EXHIBIT A-3
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	ADOPTED BUDGET	ADDED BY NEW JERSEY STATUTE 40A:4-87	BUDGET AFTER MODIFICATION	EXPENDED 2022			CANCELLED	OVEREXPENDED
				EXPENDED	ENCUMBERED	RESERVED		
Workforce Data Reporting (2022)		\$ 12,971.00	\$ 12,971.00	\$ 12,971.00				
Work First TANF (2022)		1,998,003.00	1,998,003.00	1,998,003.00				
Workfirst Case Mgmt (2022)		325,792.00	325,792.00	325,792.00				
Title III C2 (2022)		555,752.00	555,752.00	555,752.00				
Nj Transit Trade (2022)		752,690.00	752,690.00	752,690.00				
Title III D (2022)		54,426.00	54,426.00	54,426.00				
FAA (2022)		3,031,051.00	3,031,051.00	3,031,051.00				
Title III - E (2022)		333,324.00	333,324.00	333,324.00				
Youth Leadership (2022)		43,874.00	43,874.00	43,874.00				
NSIP (2022)		140,663.00	140,663.00	140,663.00				
Title III B-D (2022)		71,902.00	71,902.00	71,902.00				
Area Plan State COLA (2022)		208,891.00	208,891.00	208,891.00				
Covid 19 Vaccine (2022)		22,504.00	22,504.00	22,504.00				
Public Health Worker (2022)		78,610.00	78,610.00	78,610.00				
Covid Cares Area Plan (2022)		41,200.00	41,200.00	41,200.00				
Area Plan Title III B (2022)		654,762.00	654,762.00	654,762.00				
Area Plan Title III C1 (2022)		658,988.00	658,988.00	658,988.00				
State Airport (2020)		900,000.00	900,000.00	900,000.00				
Covid Cares Title III B (2022)		2,927.00	2,927.00	2,927.00				
TOTAL PUBLIC AND PRIVATE PROG. OFFSET BY REVENUES	<u>16,313,604.00</u>	<u>57,200,869.81</u>	<u>73,514,473.81</u>	<u>73,514,473.81</u>				
Total Operations	292,059,679.00	57,200,869.81	349,210,548.81	313,185,210.50	9,398,379.18	31,353,521.82		-
Contingent								
Total Operations Including Contingent	<u>292,059,679.00</u>	<u>57,200,869.81</u>	<u>349,210,548.81</u>	<u>313,185,210.50</u>	<u>9,398,379.18</u>	<u>31,353,521.82</u>		<u>(4,726,562.69)</u>
Detail:								
Salaries & Wages	95,558,210.00	-	95,485,910.00	91,031,638.85	-	6,172,392.93		(1,718,121.78)
Other Expenses (Including Contingent)	196,501,469.00	57,200,869.81	253,724,638.81	222,153,571.65	9,398,379.18	25,181,128.89		(3,008,440.91)
<u>CAPITAL IMPROVEMENTS</u>								
Capital Improvement Fund	<u>3,000,000.00</u>		<u>3,000,000.00</u>	<u>3,000,000.00</u>				
TOTAL CAPITAL IMPROVEMENTS	<u>3,000,000.00</u>		<u>3,000,000.00</u>	<u>3,000,000.00</u>				

COUNTY OF MERCER, NEW JERSEY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2022

EXHIBIT A-3
PAGE 10 OF 10

	ADOPTED BUDGET	ADDED BY NEW JERSEY STATUTE 40A:4-87	BUDGET AFTER MODIFICATION	EXPENDED 2022				OVEREXPENDED
				EXPENDED	ENCUMBERED	RESERVED	CANCELLED	
<u>COUNTY DEBT SERVICE</u>								
Payment of Bond Anticipation Notes	\$ 1,000,000.00		\$ 1,000,000.00				\$ 1,000,000.00	
Payment of Bond Principal:								
County College Bonds	1,180,000.00		1,180,000.00	\$ 1,180,000.00				
State Aid-County College Bonds (N.J.S. 18A:64A-22.6)	1,180,000.00		1,180,000.00	1,180,000.00				
Other Bonds	22,500,000.00		22,500,000.00	22,500,000.00				
Interest on Bonds:								
County College Bonds	110,070.00		110,070.00	110,070.00				
State Aid - County College Bonds	110,070.00		110,070.00	110,070.00				
Other Bonds	6,300,000.00		6,300,000.00	6,300,000.00				
Interest on Notes	1,042,524.00		1,042,524.00				1,042,524.00	
TOTAL COUNTY DEBT SERVICE	33,422,664.00		33,422,664.00	31,380,140.00			2,042,524.00	
<u>DEFERRED CHARGES</u>								
Deferred Charges to Future Taxation - Unfunded	455,977.00		455,977.00	455,977.00				
Prior Year Bills	71,739.00		71,739.00	71,738.73			0.27	
<u>STATUTORY EXPENDITURES</u>								
Contributions To:								
Defined Contribution Retirement Plan	90,000.00		90,000.00	(665.30)		\$ 90,665.30		
Police and Firemen's Retirement System	10,552,314.00		10,552,314.00	10,552,314.00				
Public Employees' Retirement System	10,024,989.00		10,024,989.00	10,024,989.00				
County Pension and Retirement Fund	64,380.00		64,380.00	34,286.20		30,093.80		
Social Security System (O.A.S.I.)	7,649,372.00		7,699,372.00	7,720,449.48				(21,077.48)
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES	28,908,771.00	-	28,958,771.00	28,859,089.11	-	120,759.10	0.27	(21,077.48)
TOTAL GENERAL APPROPRIATIONS	\$ 357,391,114.00	\$ 57,200,869.81	\$ 414,591,983.81	\$ 376,424,439.61	\$ 9,398,379.18	\$ 31,474,280.92	\$ 2,042,524.27	\$ (4,747,640.17)

Budget as Adopted
Added By 40A:4-87

\$ 357,391,114.00
57,200,869.81
\$ 414,591,983.81

Cash Disbursements
Transferred to:
 Reserve for Federal and State Grants Appropriated

\$ 302,909,995.80
73,514,443.81
\$ 376,424,439.61

See accompanying notes to the financial statements

COUNTY OF MERCER, NEW JERSEY
TRUST FUND
COMPARATIVE BALANCE SHEET-REGULATORY BASIS
DECEMBER 31, 2022 AND 2021

	2022	2021 (As Restated)
ASSETS		
Cash and Cash Equivalents	\$ 38,531,488.53	\$ 56,137,978.00
Investments in Bonds	4,167,685.74	6,754,980.00
1837 Surplus Fund Receivable	8,720.30	8,720.30
Due from Library - Unemployment Insurance Fund		44,500.00
Due from Library - Insurance Fund	1,424,285.35	1,424,285.35
Due from HUD - Home Consortium	848,778.56	848,778.56
Interfunds/Intrafunds Receivable	28,729,767.88	14,158,134.95
Total Assets	<u>\$ 73,710,726.36</u>	<u>\$ 79,377,377.16</u>
LIABILITIES AND RESERVES		
Interfunds/Intrafunds Payable	\$ 4,312,430.37	\$ 10,494,003.08
Due to Library Trust - From Open Space Trust	1,967,056.12	
Due to Library Trust - From Insurance Trust	36,582.21	36,582.00
Vouchers Payable - Open Space	1,500.00	1,500.00
Vouchers Payable - Prosecutor's Seized	589.00	589.00
Vouchers Payable- Trust Insurance	92,449.56	92,449.56
Accounts Payable	1,597,360.07	194,504.00
Reserve for Interest	415,563.74	132,382.00
Reserve for Payroll Deductions Payable	116,433.65	94,380.65
Reserve for Audio-Visual Aid Commission	49,500.78	49,399.56
Reserve for Home Consortium Fund	701,177.89	917,889.00
Reserve for General Insurance Fund	5,731,328.58	25,977,777.00
Reserve for Soil Conservation	1,147,447.94	1,144,770.56
Reserve for NJ Unemployment Tax	3,139,879.61	2,666,461.00
Specific Reserves	7,558,522.87	6,997,853.90
Reserve for Airport - PFC	6,078,648.04	4,679,600.00
Reserve for Prosecutor's Seized Fund	2,212,437.05	2,143,525.00
Reserve for Housing Revolving Loan Fund	420,613.91	382,999.54
Reserve for Economic Development Revolving Loan Fund		2.39
Reserve for Open Space Trust Fund	21,324,634.88	22,378,865.44
Reserve for Green Trust Fund	165,260.42	162,808.00
Reserve for Federal Treasury	52,559.12	52,540.00
Reserve for Asset Maintenance Account	169,794.12	9,752.00
Reserve for Forfeiture Federal Justice	61,299.59	199,551.34
Reserve for LEOTEF Police Academy	65,366.92	71,382.00
Reserve for Sheriff Forfeiture	15,780.94	6,486.00
Reserve for Prosecutor's Forfeiture Fund Balance	543,941.56	486,571.00
Reserve for Receipts for Outside Departments	15,732,567.36	
General Trust Fund Balance	0.06	2,753.14
Total Liabilities and Reserves	<u>\$ 73,710,726.36</u>	<u>\$ 79,377,377.16</u>

See accompanying notes to the financial statements.

COUNTY OF MERCER, NEW JERSEY
GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET- REGULATORY BASIS
DECEMBER 31, 2022 AND 2021

<u>ASSETS</u>	<u>2022</u>	<u>2021 (As Restated)</u>
Cash and Cash Equivalents	\$ 44,737,124.77	\$ 44,162,861.70
Federal and State Grants Receivable	8,434,991.00	8,434,991.00
Due from NJEIT	140,552.00	140,552.00
Due from Library	379,914.00	379,914.00
Due from Grants Fund	14,947.76	
Due from Current Fund	14,250,876.20	
Overexpenditure of Ordinance Appropriations	209,260.27	
Deferred Charges to Future Taxation:		
Funded	440,862,000.00	414,323,236.00
Unfunded	364,815,099.69	348,061,158.00
Total Assets	\$ 873,844,765.69	\$ 815,502,712.70
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
General Serial Bonds	\$ 336,947,000.00	\$ 303,010,000.00
Bond Anticipation Notes	102,799,238.00	99,026,777.00
Capital Lease Obligations	103,915,000.00	111,280,000.00
NJIB Trust Loan Payable		33,235.00
Open Space Preservation Finance Purchase Agreements Payable	9,883,000.00	9,883,000.00
Due to Housing and Comm. Develop. Trust		675.00
Due to Home Consortium Trust	22,000.00	22,000.00
Due to Current Fund		17,127,619.00
Due to Open Space Fund	1,407,500.00	1,407,500.00
Vouchers Payable	1,125,459.00	1,125,459.00
Improvement Authorizations:		
Funded	64,884,323.52	57,860,036.76
Unfunded	205,826,768.75	167,424,124.12
Reserve For:		
Capital Improvement Fund	3,504,894.00	3,672,779.00
Encumbrances	34,158,729.90	29,196,195.00
Reserve for Debt Service	3,734,010.00	8,234,010.00
Installment Purchase Agreement	3,319,457.00	3,319,457.00
Interest	44,458.82	44,458.82
Good Faith Deposits	1,256,000.00	
Fund Balance	1,016,926.70	2,835,387.00
Total Liabilities, Reserves and Fund Balance	\$ 873,844,765.69	\$ 815,502,712.70
 Bonds and Notes Authorized But Not Issued	 \$ 252,905,757.00	 \$ 239,151,381.00

See accompanying notes to the financial statements.

COUNTY OF MERCER, NEW JERSEY
GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2022

Balance - December 31, 2021	\$ 2,835,387.00
Increased by:	
Premium on Sale of Bonds	<u>4,181,539.70</u>
	7,016,926.70
Decreased by:	
Anticipated Revenue to Current Fund	<u>6,000,000.00</u>
Balance - December 31, 2022	<u>\$ 1,016,926.70</u>

See accompanying notes to the financial statements

COUNTY OF MERCER, NEW JERSEY
GOVERNMENTAL FIXED ASSETS
STATEMENT OF GOVERNMENTAL FIXED ASSETS
DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<u>GOVERNMENTAL FIXED ASSETS:</u>		
Governmental Fixed Assets	<u>\$ 229,236,577.00</u>	<u>\$ 214,725,389.00</u>
Investments in Governmental Fixed Assets	<u>\$ 229,236,577.00</u>	<u>\$ 214,725,389.00</u>

See accompanying notes to the financial statements

COUNTY OF MERCER, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2022 AND 2021

1) FORM OF GOVERNMENT

In 1976, the voters of the County of Mercer (the “County”) adopted the County Executive Plan of the Optional County Charter Law as the form of government in the County. As required by the Optional County Charter Law, an administrative code ordinance was developed which set forth the form, powers and duties of all agencies of County government. The accompanying financial statements reflect the operations of the County government. Insofar as the Constitutional Offices and Institutions of the County operate independently of the County Treasurer, these financial statements do not reflect such operations.

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

GASB Statement No. 14, as amended, established the GAAP criteria to be used to determine which component units should be included in the financial statements of the oversight entity. As set forth by the accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (“Division”), as noted below, the financial statements of the County are reported separately. The financial statements of the County include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the County, as required by the provisions of N.J.S.A. 40A: 5-5.

Description of Funds

The accounting policies of the County conform to the accounting principles and practices applicable to municipalities and counties which have been prescribed by the Division. 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. These principles and practices demonstrate compliance with the modified accrual basis of accounting, with certain exceptions, and the budget laws of New Jersey and are not in accordance with generally accepted accounting principles (“GAAP”). Under this method of accounting, the County accounts for its financial transactions through the following separate funds:

Current Fund

Represents resources and expenditures for governmental operations of a general nature, including Federal, State and Local grant funds, except as otherwise noted.

Trust Fund

Represents receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created, pursuant to the provisions of N.J.S.A. 40A: 4-39.

General Capital Fund

Represents resources, including Federal and State Grants in aid of construction, and expenditures for the acquisition of general capital facilities, other than those acquired through the Current Fund, including the status of bonds or notes authorized for said purposes.

COUNTY OF MERCER, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2022 AND 2021

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Description of Funds (Cont'd)

Governmental Fixed Assets

Accounts for fixed assets are used in governmental fund type operations for control purposes. All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available or any other reasonable basis, provided such basis is adequately disclosed in the financial statements. Donated fixed assets are valued at their estimated fair value on the date of donation. No depreciation is recorded on governmental fixed assets.

The Governmental Accounting Standards Board (GASB) is the accepted standards-setting body for establishing governmental accounting and financial reporting principles. GASB's Codification of Governmental Accounting and Financial Reporting Standards and subsequent GASB pronouncements are recognized as U.S. generally accepted accounting principles (GAAP) for state and local governments. GAAP provides for the issuance of entity-wide financial statements along with the presentation of separate fund financial statements that differ from the organization of funds prescribed under the regulatory basis of accounting utilized by the County. The resultant presentation of financial position and results of operations in the form of financial statements is not intended to present the basic financial statement presentation required by GAAP.

Basis of Accounting

Basis of Accounting and Measurement Focus - The basis of accounting as prescribed by the Division of Local Government Services for its operating funds is generally a modified cash basis for revenue recognition and a regulatory basis for expenditures. The operating funds utilize a "current financial resources" measurement focus. The accounting principles and practices prescribed for municipalities and counties by the Division differ in certain respects from generally accepted accounting principles (GAAP) applicable to local government units. The most significant is the reporting of entity-wide financial statements, which are not presented in the accounting principles prescribed by the Division. The other more significant differences are as follows:

Revenues

Revenues are recorded as received in cash except for statutory reimbursements and grant funds, which are due from other governmental units. Federal and State grants, entitlements and shared revenues received for operating purposes are realized as revenues when anticipated in the County budget. Receivables for property taxes are recorded with offsetting reserves within the Current Fund. Other amounts that are due to the County which are susceptible to accrual are recorded as receivables with offsetting reserves. These reserves are liquidated and revenues are recorded as realized upon receipt of cash. GAAP requires the recognition of revenues for general operations in the accounting period in which they become available and measurable.

Expenditures

For purposes of financial reporting, expenditures are recorded as "paid or charged" or "appropriation reserves". Paid or charged refers to the County "budgetary" basis of accounting. Generally, these expenditures are recorded when an amount is encumbered for goods or services in conjunction with the encumbrance accounting system. Reserves for unliquidated encumbrances at the close of the year are reported as a cash liability. Encumbrances do not constitute expenditures under GAAP. Appropriation reserves refer to unexpended appropriation balances at the close of the year. Appropriation reserves are automatically created and recorded as a cash liability, except for amounts, which may be cancelled by the governing body. Appropriation reserves are available until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred and not recorded in the preceding fiscal year. Lapsed appropriation reserves are recorded as income.

COUNTY OF MERCER, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2022 AND 2021

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Basis of Accounting (Cont'd)

Expenditures

Generally, unexpended balances of budget appropriations are not recorded as expenditures under GAAP. For the purpose of calculating the results of Current Fund operations, the regulatory basis of accounting utilized by the County requires that certain expenditures be deferred, and raised as items of appropriation in budgets of succeeding years. These deferred charges include the two general categories of over expenditures and emergency appropriations. Over expenditures occur when expenditures recorded as “paid or charged” exceed available appropriation balances. Emergency appropriations occur when, subsequent to the adoption of a balanced budget, the governing body authorizes the establishment of additional appropriations based on unforeseen circumstances or for other special purposes as defined by statute.

Compensated Absences

The County records expenditures for earned, but unused vacation and sick leave in the accounting period that the payments are made to the employee pursuant to established personnel policy procedures. GAAP requires that expenditures be recorded in the governmental (Current) fund in the amount that would normally be liquidated with available financial resources, and that expenditures be recorded in the enterprise fund on a full accrual basis.

Inventories of Supplies

The cost of inventories of supplies for all funds is recorded as expenditures at the time individual items are purchased. Although the expenditure method of accounting for purchases of supplies is in accordance with GAAP, the cost of inventory on hand at the close of the year should be reported on the balance sheet with an offsetting reserve for conformity with Division accounting principles.

Lease Purchase Agreements

The County’s participation in lease purchase agreements are reflected by the annual appropriation of minimum lease payments within the County’s operating budgets. The terms of the lease, including total future minimum lease payments are disclosed in the Notes to Financial Statements. Capital lease amounts payable are recorded within the General Capital Fund. GAAP requires the value of the lease purchase agreement to be recorded in the Capital Projects Fund and the recording of the non-current lease payments in the Debt Service Fund.

Self-Insurance Reserves

Charges to self-insurance reserves are recorded when payments of claims and related expenses are made. Increases to self-insurance reserves are recorded from budgetary appropriations in the accounting period in which budgetary expenditures are recorded. Earnings on investments and miscellaneous reimbursements are credited to reserves when received in cash. GAAP requires that liabilities for incurred claims are recorded as determined actuarially, and that operating transfers to self-insurance funds not exceed the amount determined.

COUNTY OF MERCER, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2022 AND 2021

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Basis of Accounting (Cont'd)

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 receivables are liquidated. GAAP does not require the establishment of an offsetting reserve. Interfund receivables in the other funds are not offset by reserves.

Reserve for Retro Payroll

A liability for retro payroll has been established for the amount estimated to be paid to employees for certain labor contracts that have not yet been settled.

Fixed Assets

Property and equipment acquired by the Current and the General Capital Funds are recorded as expenditures at the time of purchase and are not capitalized in their own respective funds. Such assets are recorded at cost in the Governmental Fixed Assets. The values of County owned assets acquired prior to the implementation of the fixed asset accounting system were recorded at cost, estimated cost, estimated replacement value and assessed valuation for real property. Depreciation is not recorded as an operating expense of the general government (Current Fund).

Disclosures About Pension Liabilities

The County has included information relating to its allocated shares of the net pension liabilities of the state sponsored, cost-sharing, multiple employer defined benefit pension plans in which it participates in Note 9 and the accompanying required supplementary information. As the County does not present entity-wide financial statements, it does not present on the face of its financial statements its proportionate share of the net pension liability of the defined benefit plans in which its employees are enrolled. GAAP requires the recognition of the net pension liability and associated deferred inflows and deferred outflows of financial resources in the entity-wide financial statements. The audited financial information related to pensions is released annually by the State's Division of Pensions and Benefits and is required to be included as note disclosures in the financial statements. To ensure the timely filing of county and municipal audits, Local Finance Board regulations allow the DLGS discretion to permit the most recent available audited GASB Statement No. 68 financial information to be incorporated into the audited financial statements. As a result, the latest available audited information is presented. Refer to Note 8 for further information.

Disclosures About OPEB Liabilities

With the implementation of GASB Statement No. 75 for disclosure purposes, the County has included information for OPEB (Postemployment Benefits Other Than Pensions) liabilities relating to healthcare benefits provided to its retirees within the Notes to the Financial Statements and the accompanying required supplementary information, if applicable. As the County does not present entity-wide financial statements, it does not present on the face of its financial statements its proportionate share of the OPEB liability of the defined benefit healthcare plans in which its retirees are enrolled. GAAP requires the recognition of the OPEB liability and associated deferred inflows and deferred outflows of financial resources in the entity-wide financial statements. The audited financial information related to OPEB liabilities is released annually by the State's Division of Pensions and Benefits and is required to be included as note disclosures in the financial statements. To ensure the timely filing of county and municipal audits, Local Finance Board regulations allow the DLGS discretion to permit the most recent available audited GASB Statement No. 75 financial information to be incorporated into the audited financial statements. As a result, the latest available audited information is presented. Refer to Note 12 for further information.

COUNTY OF MERCER, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2022 AND 2021

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Basis of Accounting (Cont'd)

Disclosures about Fair Value of Financial Instruments

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Cash and cash equivalents and short-term investments: The carrying amount approximates fair value because of the short maturity of those instruments and include interest bearing accounts and short-term investments with a maturity of three months or less.

Long-term investments: The fair value of long-term investments are estimated based on quoted market prices for those or similar investments. Additional information pertinent to the value of these investments is provided in Note 7.

Long-term debt: The County's long-term debt is stated at face value. The debt is not traded, and it is not practicable to determine its fair value without incurring excessive cost. Additional information pertinent to the County's long-term debt is provided in Notes 4 and 13.

Leases

County as a Lessee

The County is a lessee for a lease of space for the Mercer County Police Academy on the campus of Mercer County Community College. The County acknowledges all known lease obligations. At commencement of a lease, the County initially measures the lease obligation at the present value of payments expected to be made during the lease term. Subsequently, the lease obligation is reduced by the principal portion of lease payments made. Key estimates and judgments related to leases include how the County determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

The County uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the County uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the non-cancellable period of the lease. Lease payments included in the measurement of the lease obligation are composed of fixed payments and any purchase option price that the County is reasonably certain to exercise. The County monitors changes in circumstances that would require a remeasurement of its lease obligation and will remeasure if certain changes occur that are expected to significantly affect the amount of the lease obligation.

County as a Lessor

The County is a lessor for leases of Mercer County owned property with lease terms ranging from two to fifty years. The County acknowledges all known lease obligations. The County initially measures the lease at the present value of payments expected to be received during the lease term. Key estimates and judgments to the lessor include (1) the discount rate using the lessee's estimated borrowing rate expected less receipts to present value, (2) the lease term including any non-cancellable period of the lease, and (3) the lease payments determined by the lease receipts included in the measurement of the lease that are composed of fixed payments from the lessee and any payment renewal option that the lessee is reasonably certain to exercise. The County monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease if certain changes occur that are expected to significantly affect the amount of the lease.

COUNTY OF MERCER, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2022 AND 2021

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Basis of Accounting (Cont'd)

Recent Accounting Standards

The County does not prepare its financial statements in accordance with accounting principles generally accepted in the United States. The adoption of these new standards will not adversely effect the reporting on the County's financial condition.

For the year ended December 31, 2022, the financial statements include the adoption of GASB Statement No. 87, "*Leases*". The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This Statement establishes standards of accounting and financial reporting for leases by lessees and lessors. The requirements of this Statement were implemented during the year ended December 31, 2022.

GASB issued Statement No. 91, "*Conduit Debt Obligations*" in May 2019. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Due to the COVID-19 pandemic, GASB Statement No. 91, which was issued in May 2020, has extended the implementation date to December 15, 2021. The requirements of this Statement were implemented during the year ended December 31, 2022 with no material changes to note.

GASB issued Statement No. 92, "*Omnibus 2020*" in January 2020. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Due to the COVID-19 pandemic GASB Statement No. 95 which was issued in May 2020 has extended the implementation date to June 15, 2022. The requirements of this Statement were implemented during the year ended December 31, 2022 with no material changes to note.

GASB issued Statement No. 93, "*Replacement of Interbank Offered Rates*" in March 2020. Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)—most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate.

The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. The requirement in paragraph 11b is effective for reporting periods ending after December 31, 2021. The requirements in paragraphs 13 and 14 are effective for fiscal years periods beginning after June 15, 2021, and all reporting periods thereafter. Due to the COVID-19 pandemic GASB Statement No. 95 which was issued in May 2020 has extended the implementation date for one year. The requirements of this Statement were implemented during the year ended December 31, 2022 with no material changes to note.

COUNTY OF MERCER, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2022 AND 2021

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Basis of Accounting (Cont'd)

Recent Accounting Standards (Cont'd)

GASB issued Statement No. 96 “*Subscription-Based Information Technology Arrangements*” in May 2020. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022. Management is in the process of evaluating the impact to the financial statements and has not yet determined the impact to the financial statements as of the date of this report.

Comparative Data

Comparative total data for the prior year has been presented in order to provide an understanding of changes in the County’s financial position and operations. However, comparative data has not been presented in each of the statements since their inclusion would make the statement unduly complex and difficult to read.

3) DEFERRED COMPENSATION TRUST FUND

The County of Mercer has established a deferred compensation plan pursuant to Section 457 of the Internal Revenue Code and under the provisions of N.J.S.A. 43:15B-1. The plan is an arrangement whereby a public employer may establish a plan to permit its employees to voluntarily authorize a portion of their current salary to be withheld and invested in one or more of the types of investments permitted under the governing regulations.

Contributions are recognized when received by the administrators, withdrawals and administrative fees when paid by the administrators and earnings when the company with which the funds are invested notifies the administrators.

Statutory and regulatory requirements governing the establishment and operation of deferred compensation plans have been codified in the New Jersey Administrative Code as N.J.A.C. 5:37. The more significant of these provisions include no personal liability to the employer for negative return on investments, retention of assets by the employer, eligible investment types, and the requirement for an independent review of all program funds by a private contractor retained to administer the program.

Pursuant to revisions to the Federal Internal Revenue Code, the State has amended the deferred compensation plan enabling statute. During 1998, the County implemented the required amendments to the Deferred Compensation Plan for compliance with federal and state regulations.

COUNTY OF MIDDLESEX, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2022 AND 2021

4) DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITIONS (cont'd)

Summary of Statutory Debt Condition - Annual Debt Statement - Current Year 2022

The summarized statement of debt condition which follows is prepared in accordance with the required method of reporting for the Annual Debt Statement and indicated a statutory net debt of 1.415%.

	Gross Debt	Deductions	Net Debt
General Debt	\$ 702,534,995.00	\$ 7,053,467.00	\$ 695,481,528.00

Net Debt of \$695,481,528.00 divided by the Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended of \$49,141,750,985.00 equals 1.415%.

A revised annual debt statement should be filed.

Equalized Valuation Basis

2020 Equalized Valuation Basis of Real Property	\$ 46,699,762,341.00
2021 Equalized Valuation Basis of Real Property	48,334,840,452.00
2022 Equalized Valuation Basis of Real Property	52,390,650,162.00
Average Equalized Valuation Basis	\$ 49,141,750,985.00

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

2% of Average Equalized Valuation Basis	\$ 982,835,019.70
Net Debt	695,481,528.00
Remaining Borrowing Power	\$ 287,353,491.70

COUNTY OF MIDDLESEX, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2022 AND 2021

4) DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITIONS (cont'd)

Summary of Statutory Debt Condition - Annual Debt Statement - Current Year 2022
Schedule of Annual Net Debt Service Principal and Interest on Bonded Debt Issued and Outstanding

Schedule of Debt Service as of December 31, 2022

<u>Year</u>	<u>Total Principal *</u>	<u>Total Interest *</u>	<u>Total Debt Service</u>
2023	\$ 31,480,000.00	\$ 8,496,002.00	\$ 39,976,002.00
2024	32,517,000.00	7,840,737.00	40,357,737.00
2025	33,410,000.00	7,060,165.00	40,470,165.00
2026	34,095,000.00	6,262,096.00	40,357,096.00
2027	35,714,000.00	5,347,784.00	41,061,784.00
2028-2032	138,961,000.00	12,802,308.00	151,763,308.00
2033-2037	22,730,000.00	1,005,600.00	23,735,600.00
2038-2042	1,600,000.00	52,000.00	1,652,000.00
	<u>\$ 330,507,000.00</u>	<u>\$ 48,866,692.00</u>	<u>\$ 379,373,692.00</u>

County College Bonds

<u>Year</u>	<u>Total Principal</u>	<u>Total Interest</u>	<u>Total Debt Service</u>
2023	\$ 2,470,000.00	\$ 212,238.00	\$ 2,682,238.00
2024	950,000.00	119,538.00	1,069,538.00
2025	990,000.00	91,038.00	1,081,038.00
2026	1,010,000.00	61,337.00	1,071,337.00
2027	330,000.00	31,037.00	361,037.00
2028-2029	690,000.00	32,075.00	722,075.00
	<u>\$ 6,440,000.00</u>	<u>\$ 547,263.00</u>	<u>\$ 6,987,263.00</u>

COUNTY OF MIDDLESEX, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2022 AND 2021

4) DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITIONS (cont'd)

Summary of County Debt for Capital Projects

Summarized below are the County's individual bond issues which were outstanding at December 31, 2022.

Bonds Issued	Amount Issued	Amount Outstanding	Interest Rates	Final Maturity
<u>General Improvement Debt</u>				
General Obligation Bonds of 2010	\$ 8,559,087.00	\$ 1,770,000.00	4.35-5.00%	2025
General Obligation Bonds of 2011	65,790,000.00	23,900,000.00	2.00-3.00%	2032
General Obligation Bonds of 2013	10,032,000.00	2,400,000.00	2.73-3.36%	2024
General Obligation Bonds of 2015	39,000,000.00	22,985,000.00	2.00-3.00%	2030
General Obligation Bonds of 2016	45,800,000.00	27,980,000.00	1.50-2.00%	2028
General Obligation Bonds of 2019	68,699,000.00	58,499,000.00	2.00-3.25%	2039
General Obligation Refunding Bonds of 2019	32,490,000.00	27,525,000.00	1.97-2.54%	2028
General Obligation Bonds of 2020	49,050,000.00	44,057,000.00	0.05-3.00%	2032
General Obligation Bonds of 2021	61,794,000.00	58,591,000.00	0.05-3.00%	2033
General Obligation Bonds of 2022	62,800,000.00	<u>62,800,000.00</u>	4.00%	2034
Total General Improvement Debt		<u>330,507,000.00</u>		
<u>County College Bonds</u>				
County College Bonds of 2008	18,000,000.00	1,550,000.00	4.20%	2023
County College Bonds of 2013	7,690,000.00	2,650,000.00	3.00%	2026
County College Bonds of 2014	4,250,000.00	<u>2,240,000.00</u>	3.00-3.13%	2029
Total County College Bonds		<u>6,440,000.00</u>		

COUNTY OF MIDDLESEX, NEW JERSEY
 NOTES TO FINANCIAL STATEMENTS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2022 AND 2021

4) DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITIONS (cont'd)

Bonds Issued	Amount Issued	Amount Outstanding	Interest Rates	Final Maturity
<u>Bond Anticipation Notes Issued</u>				
Bond Anticipation Notes		\$ 102,799,238.00		
Total Bond Anticipation Notes		<u>102,799,238.00</u>		
<u>Finance Purchase Agreements</u>				
Open Space Preservation		\$ 9,883,000.00		
Total Finance Purchase Agreements		<u>9,883,000.00</u>		
Total Debt Issued and Outstanding		<u><u>\$ 449,629,238.00</u></u>		

COUNTY OF MERCER, NEW JERSEY
 NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2022 AND 2021

4) DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITIONS

For the year ended December 31, 2022, the County has lease obligations for County police academy, with a value of \$54,000.00. Lease payments included in the measurement of the lease obligations are composed of fixed payments. The County's outstanding leases have interest rates ranging from 0.00% to 5.00%. During the year ended December 31, 2022, the County paid principal and interest payments of \$27,000.00.

The following is a summary of lease obligation principal and interest payments to maturity as of December 31, 2022:

Calendar	
<u>Year</u>	<u>Total</u>
2023	\$ 27,000.00
2024	27,000.00
	<u>54,000.00</u>

5) FUND BALANCE APPROPRIATED

Fund balance for the Current Fund at December 31, 2022 was reported in the amount of \$47,667,793.76, of which \$19,726,196.13 was appropriated and included as anticipated revenue for the year ending December 31, 2023.

Fund balance for the Current Fund at December 31, 2021 was reported in the amount of \$8,435,824.86, of which \$6,535,080.00 was appropriated and included as anticipated revenue for the year ending December 31, 2022.

6) CASH AND CASH EQUIVALENTS

Deposits

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey, which are insured by the Federal Deposit Insurance Corporation (FDIC), or by any other agencies of the United States that insures deposits or the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposit of public funds that exceed insurance limits as follows:

The market value of the collateral must equal 5 percent of the average daily balance of public funds; or

If the public funds deposited exceed 75 percent of the capital funds of the depositor, the depository must provide collateral having a market value equal to 100 percent of the amount exceeding 75 percent.

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000. The State of New Jersey Cash Management Fund is authorized by statute and regulation of the State Investment Council to invest in fixed income and debt securities, which mature within one year.

COUNTY OF MERCER, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2022 AND 2021

6) CASH AND CASH EQUIVALENTS

Deposits

Collateralization of Fund investments is generally not required. “Other Than State” participants contribute one tenth of one percent per year of the value of the aggregate units owned by them to establish a Reserve Fund, which is supplemented by the proportional interest of “Other Than State” participants in gains on investment transaction realized. The Reserve Fund is available to cover losses of “Other Than State” participants occasioned by the bankruptcy of an issuer of an investment held by the Fund and losses on sales of securities.

The cash on deposit is partially insured by federal deposit insurance in the amount of \$250,000 in each depository. Balances above the federal deposit insurance amount are insured by the Government Unit Deposit Protection Act (GUDPA), N.J.S.A. 17:941, et seq., which insures all New Jersey governmental units’ deposits in excess of the federal deposit insurance maximums.

At December 31, 2022, the County’s recorded cash, cash equivalents and investments amounted to \$270,834,467.52 and an amount of \$239,140,032.98 was on deposit with the respective institutions, excluding Deferred Compensation Fund, of which cash, cash equivalent and investments are held by the respective Trustees. Of the bank balance, \$2,045,074.15 was FDIC insured and \$235,504.552.05 was GUDPA insured and \$1,590,406.78 was not insured.

At December 31, 2021, the County’s recorded cash, cash equivalents and investments amounted to \$191,455,327.70 and an amount of \$144,200,732.00 was on deposit with the respective institutions, excluding Deferred Compensation Fund, of which cash, cash equivalent and investments are held by the respective Trustees. Of the bank balance, \$1,535,264.00 was FDIC insured and \$142,665,468.00 was GUDPA insured.

Custodial Credit Risk – Deposits - Custodial credit risk is the risk that in the event of a bank failure, the County’s deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute. As of December 31, 2022 and 2021, based upon the insured balances as provided by FDIC and NJGUDPA coverage, the amounts of the County’s bank balances of \$860,657.82 and \$860,657.82, respectively were considered exposed to custodial risk.

An Analysis of the County’s cash and cash equivalents and investments at December 31, 2022 and 2021, by Fund/Category (Type) is as follows:

By Fund:	Fund	2022 Amount	2021 Amount
	Current	\$ 183,398,168.48	\$ 84,399,508.00
	Trust	42,699,174.27	62,892,958.00
	General Capital	44,737,124.77	44,162,861.70
	Total Cash, Cash Equivalents and Investments	\$ 270,834,467.52	\$ 191,455,327.70

By Category (Type):	Fund	2022 Amount	2021 Amount
	Cash and Cash Equivalents	\$ 236,658,972.78	\$ 151,906,332.70
	Investments	34,175,494.74	39,548,995.00
	Total Cash, Cash Equivalents and Investments	\$ 270,834,467.52	\$ 191,455,327.70

COUNTY OF MERCER, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2022 AND 2021

6) CASH AND CASH EQUIVALENTS

Deposits (Cont'd)

New Jersey Cash Management Fund

In order to maximize liquidity, the County utilizes the New Jersey Cash Management Fund (“NJCMF”). The NJCMF is considered a cash equivalent and is administered by the State of New Jersey, Department of the Treasury and issues a separate report that can be obtained directly from the Department of the Treasury. It invests pooled monies from various State and non-State agencies in primarily short-term investments. The pooled shares are equal to the value of the County’s shares. These investments include: U.S. Treasuries, short-term Commercial Paper, U.S. Agency Bonds, Corporate Bonds, and Certificates of Deposit. Agencies that participate in the NJCMF typically earn returns that mirror short-term investments rates. Monies can be freely added or withdrawn from the NJCMF on a daily basis without penalty. As of December 31, 2022 and 2021, the County’s balances were \$860,657.82 and \$867,657.82, respectively. All investments in the NJCMF are governed by the regulations of the Investment Council, which prescribes specific standards designed to ensure the quality of investments and to minimize the risks related to investments. In all the years of the Division of Investment’s existence, the Division has never suffered a default of principal or interest on any short-term security held by it due to the bankruptcy of a securities issuer; nevertheless, the possibility always exists, and for this reason a reserve is being accumulated as additional protection for the “Other-than-State” participants. In addition to the Council regulations, the Division sets further standards for specific investments and monitors the credit of all eligible securities issuers on a regular basis.

Custodial Credit Risk: Pursuant to GASB Statement No. 40, the NJCMF, which is a pooled investment, is exempt from custodial credit risk exposure. The County does not have a policy for custodial credit risk.

Credit Risk: The County does not have an investment policy regarding the management of credit risk. GASB Statement No. 40 requires that disclosure be made as to the credit rating of all debt security investments except for obligations of the U.S. government or investments guaranteed by the U.S. government. The NJCMF is not rated by a rating agency.

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

Interest Rate Risk: The County does not have a policy to limit interest rate risk. The average maturity of the County’s investments in the NJCMF are less than one year and therefore are considered cash equivalents.

INVESTMENTS:

New Jersey statutes permit the County to purchase the following types of securities:

- a. Bonds and other obligations of the United States or obligations guaranteed by the United States.
- b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or of any United States Bank, which have a maturity date not greater than twelve months from the date of purchase.
- c. New Jersey Cash Management Fund, New Jersey Asset and Rebate Management Fund and MBIA.

COUNTY OF MERCER, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2022 AND 2021

6) CASH AND CASH EQUIVALENTS

Deposits (Cont'd)

INVESTMENTS: (Cont'd)

As of December 31, 2022 and 2021, the County's investment balances of \$34,175,494.74 and \$39,548,995.00, respectively, were held in the County's bonds and notes at interest rates ranging from 1.25% to 5.00%. The County categorizes its fair value measurements within the fair value hierarchy established by GASB Statement No. 72, "*Fair Value Measurement and Application*". The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The County has the following recurring fair value measurement as of December 31, 2022 and 2021:

- Bonds and Notes in the amount of \$34,175,494.74 and 39,548,995.00, respectively, are valued using quoted market prices (Level 1 inputs)

7) ASSESSMENT AND COLLECTION OF PROPERTY TAXES

New Jersey statutes require that taxable valuation of real property be prepared by the local unit tax assessor as of October 1 in each year and filed with the County Board of Taxation by January 10th of the following year. Upon the filing of certified adopted budgets by the Local Units, Local School District, County and Special Districts, the tax rate is struck by the County Tax Board based on the certified amounts in each of the taxing districts for collection to fund the budgets. Pursuant to statute, this process is to be completed on or before May 3, with a completed duplicate of the tax rolls to be delivered to the local unit tax collector on or before May 13th. New Jersey statutes require that each local unit provide for sufficient anticipated cash receipts equal to the "lawful yearly expenditure" which includes the total amount of property taxes to be raised by the local unit that is due to the County.

8) PENSION PLANS

Description of Plans – The State of New Jersey, Division of Pension and Benefits (Division) was created and exists pursuant to N.J.S.A. 52:18A to oversee and administer the pension trust and other postemployment benefit plans sponsored by the State of New Jersey (the State). 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 plans terminate. Each defined benefit pension plan's designated purpose is to provide retirement, death and disability benefits to its members. The authority to amend the provision of plan rests with new legislation passed by the State of New Jersey. Pension reforms enacted pursuant to Chapter 78, P.L. 2011 included provisions creating special Pension Plan Design Committees for the Public Employees' Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS), once a Target Funded Ratio (TFR) is met, that will have the discretionary authority to modify certain plan design features, including member contribution rate; formula for calculation of final compensation or final salary; fraction used to calculate a retirement allowance; age at which a member may be eligible and the benefits for service or early retirement; and benefits provided for disability retirement. The committee will also have the authority to reactivate the cost of living adjustment (COLA) on pensions.

However, modifications can only be made to the extent that the resulting impact does not cause the funded ratio to drop below the TFR in any one year of a 30-year projection period.

The Division issues a publicly available financial report that includes the financial statements and required supplementary information for each of the plans. This report may be accessed via the Division of Pensions and Benefits website, at www.state.nj.us/treasury/pensions, or may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

COUNTY OF MERCER, NEW JERSEY
 NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2022 AND 2021

8) PENSION PLANS (CONT'D)

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS) - The Public Employees' Retirement System is a cost-sharing, multiple employer defined benefit pension plan as defined in GASB Statement No. 68. The Plan is administered by Division. The more significant aspects of the PERS Plan are as follows:

Plan Membership and Contributing Employers - Substantially all full-time employees of the State of New Jersey or any county, municipality, school district or public agency are enrolled in PERS, provided the employee is not required to be a member of another state-administered retirement system or other state pension fund or local jurisdiction's pension fund. Membership and contributing employers of the defined benefit pension plans consisted of the following at June 30, 2022:

	<u>2022</u>
Inactive plan members or beneficiaries currently receiving benefits	187,372
Inactive plan members entitled to but not yet receiving benefits	1,782
Active plan members	239,902
Total	429,056

	<u>2022</u>
Contributing Employers	1,678
Contributing Non-employers	1

Significant Legislation – Chapter 19, P.L. 2009, effective March 17, 2009, provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State Fiscal Year 2009. Such an employer will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of PERS, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

Pursuant to the provision of Chapter 78, P.L. 2011, COLA increases were suspended for all current and future retirees of PERS.

Payrolls and Covered Wages - For the year ended December 31, 2022, the County's total payroll for all employees was \$102,268,140.35. Total PERS covered payroll was \$60,712,680.00. Due to payroll system limitations, covered payroll refers to pensionable compensation, rather than total compensation, paid by the County to active employees covered by the Plan.

Specific Contribution Requirements and Benefit Provisions – The contribution policy is set by N.J.S.A.43:15A and requires contributions by active members and contributing employers. Pursuant to the provisions of P.L. 2011, Chapter 78, the member contribution rate was 7.00% in State fiscal year 2021. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2022, the State's pension contribution was less than the actuarial determined amount. The County's cash basis contributions to the Plan for the year ended December 31, 2022 was \$10,024,989.00. County contributions are due and payable on April 1st in the second fiscal period subsequent to plan year for which the contributions requirements were calculated. County payments to PERS for the year ending December 31, 2022 consisted of the following:

COUNTY OF MERCER, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2022 AND 2021

8) PENSION PLANS (CONT'D)

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM (CONT'D)

	2022
Normal Cost	\$ 1,213,872.00
Amortization of Accrued Liability	8,349,027.00
Total Pension	9,562,899.00
NCGI Premiums	462,090.00
Total PERS Payment	\$ 10,024,989.00

Ch. 19, P.L. 2009 billings reflect the recoupment of the 50% deferral of normal and accrued liability costs due on April 1, 2009. The law set a fifteen-year repayment schedule for the deferred amount, with additional annual adjustments to reflect the return on investment of actuarial net assets of the plan on deferred principal balances.

The County recognizes liabilities to PERS and records expenditures for same in the fiscal period that bills become due.

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service.

The following represents the membership tiers for PERS:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007.
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 years or more years of service credit before age 62 and tier 5 members with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – The regulatory basis of accounting which is the basis for the preparation of the County's basic financial statements does not require or permit the inclusion of entity-wide, full accrual basis

COUNTY OF MERCER, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2022 AND 2021

8) PENSION PLANS (CONT'D)

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM (CONT'D)

financial statements. Accordingly, the County does not recognize pension liabilities for any current or prior period until the fiscal period in which such payments will become due and payable.

At June 30, 2022, the PERS reported a net pension liability of \$15,219,184,920.00 for its Local (Non-State) Non-Special Funding Situation Employer Member Group. The County's proportionate share of the net pension liability for the Local Employer Member Group that is attributable to the County was \$125,519,678.00 or 0.8317311329%, which was a decrease of 0.0242888578% from its proportion measured as of June 30, 2021.

Actuarial Assumptions - The collective total pension liability in the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021 that was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	2.75 - 6.55%
Through 2026	based on years of service
Investment rate of return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year 2010 on a generational basis. Disability retirement rate used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2022 are summarized in the following table:

COUNTY OF MERCER, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2022 AND 2021

8) PENSION PLANS (CONT'D)

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM (CONT'D)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
US Equity	27.00%	8.12%
Non-U.S. Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Assets	3.00%	7.60%
Real Estate	8.00%	11.19%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

Discount Rate – The discount rate used to measure the total pension liabilities of PERS was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the collective pension liability of PERS participating employers as of June 30, 2022, calculated using the discount rates as disclosed above as well as what the collective net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	<u>At 1% Decrease 6.00%</u>	<u>At Current Discount Rate 7.00%</u>	<u>At 1% Increase 8.00%</u>
State	\$25,545,130,654.00	\$22,386,831,046.00	\$19,706,077,936.00
Local	19,552,194,509.00	15,219,184,920.00	11,531,619,329.00
PERS Plan Total	<u>\$45,097,325,163.00</u>	<u>\$37,606,015,966.00</u>	<u>\$31,237,697,265.00</u>
County's Share	<u>\$ 161,256,018.00</u>	<u>\$ 125,519,678.00</u>	<u>\$ 95,106,614.00</u>

*- Local Share includes \$127,808,309.00 of Special Funding Situation allocated to the State of NJ as a non-employer.

COUNTY OF MERCER, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2022 AND 2021

8) PENSION PLANS (CONT'D)

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM (CONT'D)

Components of Net Pension Liability – The components of the collective net pension liability for PERS, including the State of New Jersey, at June 30, 2022 is as follows:

	State	Local	Total
Total Pension Liability	\$ 29,144,869,310	\$ 41,029,268,965	\$ 70,174,138,275
Plan Fiduciary Net Position	6,758,038,264	25,810,084,045	32,568,122,309
	\$ 22,386,831,046	\$ 15,219,184,920	\$ 37,606,015,966

At December 31, 2022, the County's deferred outflow of resources and deferred inflow of resources related to PERS were from the following sources, if GASB Statement No. 68 was recognized:

	2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 905,943.00	\$ 798,913.00
Changes of assumptions	388,900.00	18,795,265.00
Net difference between projected and actual investment earnings on pension plan investments	5,195,146.00	
Changes in proportion	2,341,257.00	5,886,023.00
County contributions subsequent to the measurement date	10,488,529.00	
	\$ 19,319,775.00	\$ 25,480,201.00

The \$10,488,529.00 of deferred outflows resulting from the County's contribution subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) related to pensions would be recognized in pension expense as follows, if GASB Statement No. 68 was recognized:

COUNTY OF MERCER, NEW JERSEY
 NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2022 AND 2021

8) PENSION PLANS (CONT'D)

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM (CONT'D)

Year ended December 31,	<u>Amount</u>
2023	\$ (11,747,998.00)
2024	(6,507,961.00)
2025	(3,553,096.00)
2026	5,203,999.00
2027	<u>(43,899.00)</u>
Total	<u>\$ (16,648,955.00)</u>

Additional Information

Collective balances at June 30, 2022 are as follows:

Collective deferred outflows of resources	\$ 1,660,772,008.00
Collective deferred inflows of resources	3,236,303,935.00
Collective net pension liability - Local Group	15,219,184,920.00
County's Proportion	0.8317311329%

Collective Local Group pension expense for the Local Group for the measurement period ended June 30, 2022 was \$1,032,778,934.00. The average of the expected remaining service lives of all plan members is 5.04, 5.13, 5.16, 5.21, 5.63, 5.48, 5.57, 5.72 and 6.44 years for 2022, 2021, 2020, 2019, 2018, 2017, 2016, 2015 and 2014, respectively.

State Contribution Payable Dates

Chapter 83, P.L. 2016 requires the State to make pension contributions on a quarterly basis: at least 25% by September 30, at least 50% by December 31, at least 75% by March 31, and at least 100% by June 30. As such, contributions are assumed to be made on a quarterly basis with the first contribution 15 months after the associated valuation date.

Local employer's contributions are expected to be paid on April 1st, 21 months after the associated valuation date.

Receivable Contributions

The Fiduciary Net Position (FNP), includes Local employers' contributions receivable as reported in the financial statements provided by the Division of Pensions and Benefits. In determining the discount rate, the FNP at the beginning of each year does not reflect receivable contributions as those amounts are not available at the beginning of the year to pay benefits. The receivable contributions for the year ended June 30, 2022 are \$1,288,683,017.00.

Special Funding Situation

The County is responsible for the actuarially determined annual contributions to the PERS, except where legislation was passed that legally obligates the State if certain circumstances occur. A special funding situation exists for the Local employers of the PERS. The State of New Jersey, as a non-employer, is required to pay the additional costs incurred by Local employers based upon the provisions of several legislative actions. The provisions of GASB Statement No. 68 define this these relationship as a "special funding situation", and the State of New Jersey is defined as a "non-employer contributing entity".

COUNTY OF MERCER, NEW JERSEY
 NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2022 AND 2021

8) PENSION PLANS (CONT'D)

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM (CONT'D)

Unaudited data provided by the PERS indicates that the total Non-employer contributions made to the PERS by the State for the year ended June 30, 2022 was \$48,654,369.00. The portion of that contribution allocated to the County was \$264,099.00, or 0.8350540301%. The June 30, 2022 State special funding situation pension expense of \$18,552,442.00 was actuarially determined and represents the required contribution due from the State for the year. The special funding situation net pension liability under the special funding situation was reported at \$127,808,309.00 at June 30, 2022 and represents the accumulated difference between the actuarially determined annual contributions required and the actual State contributions through the valuation date. The County's allocated shares of the special funding situation pension expense and related revenue for the year ended June 30, 2022 and its share of the special funding situation net pension liability at that date were \$704,859.00 and \$264,099.00, respectively.

B. POLICE AND FIREMEN'S RETIREMENT SYSTEM

The Police and Firemen's Retirement System is a cost-sharing, multiple employer defined benefit pension plan as defined in GASB Statement No. 68. The Plan is administered by The New Jersey Division of Pensions and Benefits (Division). The more significant aspects of the PFRS Plan are as follows:

Plan Membership and Contributing Employers- Substantially all full-time county and municipal police and firemen and state firemen or officer employees with police powers appointed after June 30, 1944 are enrolled in PFRS Membership and contributing employers of the defined benefit pension plans consisted of the following at June 30, 2022:

	<u>2022</u>
Inactive plan members or beneficiaries currently receiving benefits	47,518
Inactive plan members entitled to but not yet receiving benefits	60
Active plan members	<u>42,188</u>
Total	<u><u>89,766</u></u>
	<u>2022</u>
Contributing Employers	579
Contributing Non-employers	1

Significant Legislation - Pursuant to the provision of Chapter 78, P.L. 2011, COLA increases were suspended for all current and future retirees of PFRS.

The State Legislature adopted L. 2018, c. 55 in July 2018, which transferred management of PFRS from the New Jersey Department of Treasury, Division of Pensions and Benefits to a newly constituted twelve-member PFRS Board of Trustees. The new PFRS Board, which was established in February 2019 per the legislation, has more power and authority as compared to the former PFRS Board of Trustees. In addition to overseeing the management of PFRS, the new PFRS Board will also have the authority to direct investment decisions, to adjust current benefit levels and to change member and employer contribution rates. With regard to changes in current benefit provisions, such changes can only be made with the approval of a supermajority of eight (8) of the twelve (12) members of the new PFRS Board. Also, benefit enhancement can only be made if an independent actuary certifies that the benefit enhancements will not jeopardize the long-term viability of PFRS. Under prior law, benefit enhancements, including the reinstatement of COLA for retirees, could only be considered when the funded level of the pension fund reaches 80%. An actuarial certification was also required that the funded levels would remain at or above 80% over a 30-year period following the benefit enhancement.

In accordance with L. 2018, c. 55, the new PFRS Board will also have the authority to formulate investment policies and direct the investment activities of the PFRS. The PFRS Board has proposed

COUNTY OF MERCER, NEW JERSEY
 NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2022 AND 2021

8) PENSION PLANS (CONT'D):

B. POLICE AND FIREMEN'S RETIREMENT SYSTEM (CONT'D)

regulations for adoption governing the methods, practices, and procedures for investment or reinvestments of money of PFRS.

For the year ended December 31, 2022, the County's total payroll for all employees was \$102,268,140.35. Total PFRS covered payroll was \$28,596,827.00. Due to payroll system limitations, covered payroll refers to pensionable compensation, rather than total compensation, paid by the County to active employees covered by the Plan.

Specific Contribution Requirements and benefit provisions – The contribution policy is set by N.J.S.A 43:16A and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contributions rate was 10% in State fiscal year 2021. Employers' contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability. The annual employer contributions include funding for basic retirement allowances and noncontributory death benefits. The County's cash basis contributions to the Plan for the year ended December 31, 2022 was \$10,552,314.00. County Contributions are due and payable on April 1st in the second fiscal period subsequent to plan year for which the contribution requirements were calculated.

County payments to PFRS made in the year ending December 31, 2022 consisted of the following:

	2022
Normal Cost	\$ 3,192,174.00
Amortization of Accrued Liability	7,012,262.00
Total Pension	10,204,436.00
NCGI Premiums	347,878.00
Total PERS Payment	\$ 10,552,314.00

The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement as well as death and disability benefits. All benefits vest after ten years of service, except for disability benefits, which vest after 4 years of service.

The following represents the membership tiers for PFRS:

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

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

COUNTY OF MERCER, NEW JERSEY
 NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2022 AND 2021

8) PENSION PLANS (CONT'D):

B. POLICE AND FIREMEN'S RETIREMENT SYSTEM (CONT'D)

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – The regulatory basis of accounting which is basis for the preparation of the County's basic financial statements does not require or permit the inclusion of entity-wide, full accrual basis financial statements. Accordingly, the County does not recognize pension liabilities for any current or prior period until the fiscal period in which such payments will become due and payable.

At June 30, 2022, the PFRS reported a net pension liability of \$13,483,472,009.00 for its Non-State, Non-Special Funding Situation Employer Member Group. The County's proportionate share of the net pension liability for the Non-State Non-Special Funding Situation Employer Member Group was \$96,645,891.00, or 0.8443376200%, which was a decrease of 0.0610795492% from its proportion, measured as of June 30, 2021. The pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022.

Actuarial Assumptions - The collective total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions:

Inflation rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through all future years	3.25-16.25%
	Based on years of service
Investment rate of return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 Safety Employee mortality table with a 105.6% adjustment for males and a 102.5% adjustment for females, with future improvement from the base year of 2010 on a generational basis. For healthy annuitants, post-retirement mortality rates were based on Pub-2010 Safety Retiree Below-Median Income Weighted mortality table with a 96.7% adjustment for males and a 96.0% adjustment for females. Disability rates were based on the Pub-2010 Safety Disabled Retiree mortality table with a 152.0% adjustment for males and a 109.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the PFRS's target asset allocation as of June 30, 2022 are summarized in the following table:

COUNTY OF MERCER, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2022 AND 2021

8) PENSION PLANS (CONT'D):

B. POLICE AND FIREMEN'S RETIREMENT SYSTEM (CONT'D)

2022		
Asset Class	Target Allocation	Long Term Expected Real Rate of Return
US Equity	27.00%	8.12%
Non-U.S. Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Assets	3.00%	7.60%
Real Estate	8.00%	11.19%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

Discount Rate – The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the participating employers as of June 30, 2022, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

	At 1% Decrease 6.00%	At Current Discount Rate 7.00%	At 1% Increase 8.00%
State	\$ 5,034,873,541.00	\$ 4,326,592,535.00	\$ 3,736,667,464.00
Local	18,500,779,821.00	13,483,472,009.00	9,306,538,862.00
PFRS Plan Total	<u>\$ 23,535,653,362.00</u>	<u>\$ 17,810,064,544.00</u>	<u>\$ 13,043,206,326.00</u>
County's Share	<u>\$ 132,608,600.00</u>	<u>\$ 96,645,891.00</u>	<u>\$ 66,706,761.00</u>

COUNTY OF MERCER, NEW JERSEY
 NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2022 AND 2021

8) PENSION PLANS (CONT'D):

B. POLICE AND FIREMEN'S RETIREMENT SYSTEM (CONT'D)

Components of Net Pension Liability – The components of the collective net pension liability of the participating employers for PFRS, including the State of New Jersey, at June 30, 2022 is as follows:

	<u>State</u>	<u>Local</u>	<u>Total</u>
Total Pension Liability	\$ 5,943,036,234	\$42,575,681,720	\$48,518,717,954
Plan Fiduciary Net Position	<u>1,616,443,699</u>	<u>29,092,209,711</u>	<u>30,708,653,410</u>
Net PFRS Pension Liability	<u>\$ 4,326,592,535</u>	<u>\$13,483,472,009</u>	<u>\$17,810,064,544</u>

At December 31, 2022, the County's deferred outflow of resources and deferred inflow of resources related to PFRS were from the following sources, if GASB Statement No. 68 was recognized:

	2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,374,451.00	\$ 5,920,875.00
Changes of assumptions	264,868.00	12,165,808.00
Net difference between projected and actual investment earnings on pension plan investments	8,849,923.00	
Changes in proportion	4,329,084.00	11,906,018.00
County contributions subsequent to the measurement date	<u>10,981,061.00</u>	
	<u>\$28,799,387.00</u>	<u>\$29,992,701.00</u>

Specific Contribution Requirements and benefit provisions – The contribution policy is set by N.J.S.A.43:16A and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contributions rate increased from 8.5% of annual compensation to 10.0% in October 2011. Employer contribution amounts are based on an actuarially determined rate. The annual employer contributions include funding for basic retirement allowances and noncontributory death benefits.

The \$10,981,061.00 of deferred outflows resulting from the County's contribution subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) related to pensions would be recognized in pension expense as follows, if GASB Statement No.68 were followed:

Year ended December 31,	Amount
2023	\$ (6,782,298.00)
2024	(4,345,541.00)
2025	(5,288,697.00)
2026	5,464,635.00
2027	(1,039,996.00)
2028	<u>(182,478.00)</u>
Total	<u>\$ (12,174,375.00)</u>

COUNTY OF MERCER, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2022 AND 2021

8) PENSION PLANS (CONT'D):

B. POLICE AND FIREMEN'S RETIREMENT SYSTEM (CONT'D)

Additional Information

Collective balances at June 30, 2022

Collective deferred outflows of resources	\$2,163,793,985.00
Collective deferred inflows of resources	2,805,919,493.00
Collective net pension liability - Local Group	13,483,472,009.00
 County's Proportion	 0.8443376200%

Collective pension expense for the Local Group for the measurement period ended June 30, 2022 is \$165,943,124.00. The average of the expected remaining service lives of all plan members is 6.22, 6.17, 5.90, 5.92, 5.73, 5.59, 5.58, and 5.53 years for 2022, 2021, 2020, 2019, 2018, 2017, 2016, and 2015, respectively.

State Contribution Payable Dates

Chapter 83, P.L. 2016 requires the State to make pension contributions on a quarterly basis: at least 25% by September 30, at least 50% by December 31, at least 75% by March 31, and at least 100% by June 30. As such, contributions are assumed to be made on a quarterly basis.

Local employer's contributions are expected to be paid on April 1st, 21 months after the associated valuation date.

Receivable Contributions

The Fiduciary Net Position (FNP) includes Local employers' contributions receivable as reported in the financial statements provided by the Division of Pensions and Benefits. In determining the discount rate, the FNP at the beginning of each year does not reflect receivable contributions as those amounts are not available at the beginning of the year to pay benefits. The receivable contributions for the years ended June 30, 2022 are \$1,616,443,699.00.

Special Funding Situation

The County is responsible for the actuarially determined annual contributions to the PFRS, except where legislation was passed that legally obligates the State if certain circumstances occur. A special funding situation exists for the Local employers of the PFRS. The State of New Jersey, as a non-employer, is required to pay the additional costs incurred by Local employers based upon the provisions of several legislative actions. The provisions of GASB Statement No. 68 define this these relationship as a "special funding situation", and the State of New Jersey is defined as a "non-employer contributing entity".

Unaudited data provided by the PFRS indicates that the total Non-employer contributions made to the PFRS by the State for the year ended June 30, 2022 was \$253,611,000.00. The portion of that contribution allocated to the County was \$2,141,333.00, or 0.84433759%. The June 30, 2022 State special funding situation pension expense of \$235,029,281.00 was actuarially determined and represents the required contribution due from the State for the year. The special funding situation net pension liability under the special funding situation was reported at \$2,037,115,833.00 at June 30, 2022 and represents the accumulated difference between the actuarially determined annual contributions required and the actual State contributions through the valuation date. The County's allocated shares of the special funding situation pension expense for the year ended June 30, 2022 and its share of the special funding situation NPL at that date were \$1,984,440.00 and \$17,200,136.00, respectively.

COUNTY OF MERCER, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2022 AND 2021

8) PENSION PLANS (CONT'D):

D: DEFINED CONTRIBUTION RETIREMENT PLAN

The Defined Contribution Retirement Plan (DCRP) is a multiple employer defined contribution plan as defined in GASB Statement No. 68. The Plan is administered by The New Jersey Division of Pensions and Benefits (Division). The Division has selected Prudential Financial to manage the DCRP on its behalf. The more significant aspects of the DCRP are as follows:

Plan Membership and Contributing Employers - Enrollment in the DCRP is required for state or local officials, elected or appointed on or after July 1, 2007; employees enrolled in PFRS or PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in PFRS or PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least \$5,000 annually; and employees otherwise eligible to enroll in PFRS or PERS after May 21, 2010, who do not work the minimum number of hours per week required for tier 4 or tier 5 enrollment, but who earn salary of at least \$5,000 annually.

Contribution Requirement and Benefit Provisions - State and local government employers contribute 3% of the employees' base salary. Active members contribute 5.5% of base salary.

Eligible members are provided with a defined contribution retirement plan intended to qualify for favorable Federal income tax treatment under IRC Section 401(a), a noncontributory group life insurance plan and a noncontributory group disability benefit plan. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employee contributions shall immediately become and shall at all times remain fully vested and non-forfeitable.

A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employer contributions shall be vested and non-forfeitable on the date the participant commences the second year of employment or upon his or her attainment of age 65, while employed by an employer, whichever occurs first.

For the year ended December 31, 2022, the County's total payroll for all employees was \$102,268,148.35. Total DCRP covered payroll was \$1,989,586.00. Covered payroll refers to all compensation paid by the County to active employees covered by the Plan. County and employee contributions to the DCRP for the year ended December 31, 2022, were \$59,687.58 and \$101,326.19, respectively.

9) ACCRUED SICK AND VACATION BENEFITS

The County of Mercer has established uniform personnel policy procedures which set forth the terms under which an employee may accumulate unused benefits, as follows:

Sick Leave

Sick leave for permanent employees accumulates in accordance with the terms of approved contracts. Any amount of sick leave allowance not used in a calendar year accumulates to the employee's credit to be used if and when needed. Upon normal retirement, employees are entitled to receive a lump sum payment as supplemental compensation for one-half of earned and unused accumulated sick leave to their credit on the effective date of retirement, up to a maximum of \$15,000.00 or \$18,000.00 where applicable based upon the date of hire.

COUNTY OF MERCER, NEW JERSEY
 NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2022 AND 2021

9) ACCRUED SICK AND VACATION BENEFITS (CONT'D)

Vacations

Vacation pay for permanent employees also accumulates in accordance with the terms of approved contracts. Vacation days are to be taken in the year earned and do not accumulate, except that vacation time earned in the current year may be carried over to the next succeeding year only. The County maintains current records of each employee's status relating to earned and unused sick and vacation pay. At December 31, 2022, the estimated cost of unused sick pay is calculated to be \$21,978,360.35..

10) LEASE REVENUE

The County has leased property to various lessees in Mercer County with lease obligations composed of fixed payments valued at \$97,757,844.61 The combined principal and interest revenue for 2022 was \$13,472,238.00.

The future projected benefit for future years is as follows:

Calendar Year	Airport	Cell Tower	Trenton Thunder	Hamilton	Total
2023	\$ 2,614,050.54	\$ 3,287.83	\$ 300,000.00	\$ 75,075.00	\$ 2,992,413.37
2024	1,596,996.54	3,287.83	300,000.00	75,075.00	1,975,359.37
2025	1,596,996.54	3,287.83	300,000.00	75,075.00	1,975,359.37
2026	1,301,968.44	3,287.83	300,000.00	75,075.00	1,680,331.27
2027	1,301,968.44	3,287.83	300,000.00	75,075.00	1,680,331.27
2028-2032	5,207,873.76		1,050,000.00	75,075.00	6,332,948.76
2033-2037	5,207,873.76		350,000.00		5,557,873.76
2038-2042	2,633,815.44				2,633,815.44
2043-2047	1,424,412.00				1,424,412.00
	<u>\$ 22,885,955.46</u>	<u>\$ 16,439.15</u>	<u>\$ 2,900,000.00</u>	<u>\$ 450,450.00</u>	<u>\$ 26,252,844.61</u>

11) RISK MANAGEMENT

The Mercer County Insurance Commission began operation in 2014. The Commission provides the following coverages: auto liability, general liability, property and workers' compensation whereby the County cost, is any, will be paid. During 2022 and 2021, deposits amounted to \$23,711,691.91 and \$43,808,853.00 and payments for claims amounted to \$43,978,290.12 and \$44,103,205.00. The remaining reserve, which is not based on an actuarial analysis, is \$5,731,328.58 and \$25,977,777.00 as of December 31, 2022 and 2021, respectively.

In addition, excess coverage is maintained for general liability, worker's compensation and property and casualty. Coverage excess of the self-insurance retention for each coverage is provided by New Jersey Counties Excess Liability Joint Insurance Coverage (NJCE); coverage above the NJCE layer is purchased from insurance carriers.

The County obtained an Actuarial Analysis of Loss Adjustment Expense Reserves report as of December 31, 2022. As of December 31, 2022, the Net Loss and Allocated Loss Adjustment Expenses (ALAE) Reserves was \$7,398,907.00 and the Net Incurred But Not Reported (IBNR) and Allocated Loss Adjustment Expenses (ALAE) Reserves was \$1,748,252.00.

The financial statements do not reflect any charges for claims incurred but not reported and any reported incurred claims that remain unpaid at December 31, 2022.

COUNTY OF MERCER, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2022 AND 2021

12) POST EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

State Health Benefit Local Government Retired Employees Plan

Plan Description

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

Benefits Provided

The Plan provides medical and prescription drug coverage to retirees and their dependents of the employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees.

Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

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

Contributions

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

COUNTY OF MERCER, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2022 AND 2021

12) POST EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)

	June 30, 2022
Inactive plan members or beneficiaries currently receiving benefits	16,440
Active plan members	84,057
 Total	 100,497
 Contributing employers	 590
Contributing nonemployers	1

Nonspecial Funding Situation - The State of New Jersey's Total OPEB Liability for nonspecial funding situation was \$12,775,785,891.00 at June 30, 2022.

Components of Net OPEB Liability - The components of the collective net OPEB liability for Local Government Retired Employees Plan, including the State of New Jersey, is as follows:

	June 30, 2022
Total OPEB Liability	\$ 16,090,925,144.00
Plan Fiduciary Net Deficit	(58,670,334.00)
 Net OPEB Liability	 \$ 16,149,595,478.00
 Plan fiduciary net position as a percentage of the total OPEB liability	 -0.36%

Actuarial Assumptions and Other Inputs - The total OPEB liability as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.50%
Salary Increases*:	
Public Employees' Retirement Systems (PERS)	
Rate for all future years	2.75% to 6.55%
Police and Firemen's Retirement System (PFRS)	
Rate for all future years	3.25% to 16.25%

* - based on years of service

COUNTY OF MERCER, NEW JERSEY
 NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2022 AND 2021

12) POST EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)

Mortality:	
PERS	Pub-2010 general classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2021
PFRS	Pub-2010 safety classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2021

Actuarial assumptions used in the July 1, 2021 Valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2018 to June 30, 2021.

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

Healthcare Trend Assumptions – For pre-Medicare medical benefits, the trend is initially 6.25% and decreases to a 4.50% long-term trend rate after eight years. For post-65 medical benefits PPO, the trend is initially (1.99%) in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO the trend is initially (3.54%) in fiscal year 2023, increasing to 15.19% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 8.00% and decreases to a 4.50% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

Discount Rate - The discount rate for June 30, 2022 was 3.54%. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Sensitivity of the State’s Net OPEB Liability to Changes in the Discount Rate - The following presents the collective net OPEB liability of the participating employers as of June 30, 2022, calculated using the discount rate as disclosed above as well as what the collective net OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage- point higher than the current rate:

	1% Decrease	At Discount Rate	1% Increase
	<u>(2.54%)</u>	<u>(3.54%)</u>	<u>(4.54%)</u>
Total Net OPEB Liability	\$317,488,070.00	\$273,885,189.00	\$238,802,592.00

Sensitivity of the State’s Net OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the net OPEB liability as of June 30, 2022, calculated using the healthcare trend rate as disclosed above as well as what the net OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
	<u></u>	<u></u>	<u></u>
Total Net OPEB Liability	\$232,345,052.00	\$ 273,885,189.00	\$ 327,086,408.00

COUNTY OF MERCER, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2022 AND 2021

13) COUNTY-GUARANTEED FINANCED PURCHASE PAYABLES AND OTHER ISSUES

The County guarantees certain project and revenue bonds and project notes of MCIA. The project and revenue bonds and project notes are used to finance certain projects within the County. The following is a summary of the projects and the status of the debt guaranteed by the County at December 31, 2022.

Project	Date of Guarantee	Authorized	Issued	Outstanding	Included with County Gross Debt	Net Guarantee
Solid Waste and disposal	3/17/1988	\$ 319,980,000.00	\$ 311,610,879.00	\$ 3,925,000.00		\$ 3,925,000.00
Refunding Bonds of 2012	6/12/2012	27,100,000.00	27,100,000.00	2,965,000.00	\$ 2,965,000.00	
County Courthouse Annex	8/12/2015	35,000,000.00	29,720,000.00	24,925,000.00	24,925,000.00	
Sports & Multi-Use Complex	12/5/1999	50,890,000.00	50,890,000.00	35,235,049.00		35,235,049.00
Parking Facilities Project	12/1/1999	10,420,000.00	10,420,000.00	1,820,287.00		1,820,287.00
Renewable Energy Program	12/15/2011	29,550,000.00	29,550,000.00	9,850,000.00		9,850,000.00
Refunding Bonds of 2019	1/31/2019	27,550,000.00	27,550,000.00	20,845,000.00	20,845,000.00	
County Secured Revenue Refunding Bonds (Mercer County Projects), Series 2019	6/20/2019	66,295,000.00	66,295,000.00	55,180,000.00	55,180,000.00	
		<u>\$ 756,425,000.00</u>	<u>\$ 735,520,484.00</u>	<u>\$ 154,745,336.00</u>	<u>\$ 103,915,000.00</u>	<u>\$ 50,830,336.00</u>

The Financing of the Solid Waste System – MCIA current has outstanding the following bond issues relating to the solid waste system of the County:

\$25,814,252.00 (original issue) County – Guaranteed Junior Lien Solid Waste Revenue Bonds, Refunding Series 1990 (the maturity value of which is \$79,705,000.00) (the “1990 Bonds”);

\$45,167,948.00 (original issue) County – Guaranteed Solid Waste Revenue Bonds, Site and Disposal Facilities Project, Refunding Series 1992 (the maturity of which is \$108,315,000.00) (the “1992 Bonds”); and

\$44,980,000.00 (original issue) County – Guaranteed Solid Waste Bonds, Series 1997 (the “1997 Bonds”).

In December of 2019, the MCIA successfully refinanced outstanding bonds and extended the maturity schedules until 2040. This plan is expected to allow the MCIA to fund the payment of the bonds through cash flows without State aid or calling on the County to support the operations.

- a) **MCIA – issued lease revenue bonds** – The issued amount includes \$11,808,000.00 of bonds that the County is specifically responsible for and \$2,767,000.00 attributable to the Trenton School District, Hopewell Township Fire District No. 1, and the East Windsor Rescue Squad District 1, Inc. that the County has guaranteed.
- b) **Financed Purchases Payable** – The County is a lessee of various types of property under financed purchases expiring in various years through 2040 with the MCIA as lessor. The effective annual interest rate on the capital leases range from 2.70% to 7.80%. The annual lease payments, which include interest payments under such lease agreements, are provided for by appropriations in the County’s annual budget.

14) FEDERAL AND STATE GRANTS RECEIVABLE

At December 31, 2022 and 2021, the County had recorded \$8,434,991.00 and \$8,434,991.00, respectively, of grants receivable as financing sources for capital projects authorized. A significant portion of this balance represents approved funding for the underlying projects. In the event that grant and/or contribution agreements are not executed to the extent of the approved funding, the County may: a) cancel the project, to the extent that expenditures have not been incurred; b) amend its authorizing ordinance to substitute County debt for the grants receivable; or c) raise any shortfalls in grants receivable as part of the County budget.

COUNTY OF MERCER, NEW JERSEY
 NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2022 AND 2021

15) LONG TERM TAX EXEMPTIONS

The County's constituent municipalities (other governments) participate in long- term tax exemption programs for redevelopment, as authorized and permitted by New Jersey State Statutes. N.J.S.A. 40A:20-1 et seq. sets forth the criteria and mechanism by which property taxes can and are abated. Taxes abated by these other governments include local, school, county, and, in some cases, fire district taxes. The tax-exempt project makes payments to the municipalities in lieu of taxes (PILOT payments). The County is to receive five percent (5.00%) of the PILOT amounts paid to the participating municipality. During 2022, the County collected \$188,516.10 in PILOT payments.

16) GOVERNMENTAL FIXED ASSETS

The County's governmental fixed assets are reported as follows:

	Balance Dec. 31, 2021	Increases	Decreases	Balance Dec. 31, 2022
General Fixed Assets	\$ 214,725,389.00	\$16,678,232.00	\$2,167,044.00	\$ 229,236,577.00
	<u>\$ 214,725,389.00</u>	<u>\$16,678,232.00</u>	<u>\$2,167,044.00</u>	<u>\$ 229,236,577.00</u>

17) COMMITMENTS AND CONTINGENCIES

At the date of this report, the County had litigation pending. This litigation can be generally categorized as negligence claims, workmen's compensation, condemnation cases and other miscellaneous cases. Management's review of the litigation pending indicates that any judgments rendered against the County will not have a material adverse impact on the County's financial position.

As more fully described in Note 11, the County of Mercer is self-insured for worker's compensation, general liability, unemployment, inmate health care, and property and casualty insurance. The estimated reserve requirement for these claims is set forth in Note 11.

The County participates in a number of federal and state assisted programs that are subject to audit and adjustment by the respective grantors. The audits of these programs for or including the years ended December 31, 2022 and 2021 may have not been conducted or completed as of the date of this report. Grantor agencies reserve the right to conduct additional audits of the County's grant program for economy, efficiencies and program results which may result in disallowed costs to the County. However, County management does not believe such audits would result in any material amounts of disallowed costs.

COUNTY OF MERCER, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2022 AND 2021

18) DUE TO/FROM OTHER FUNDS

As of December 31, interfund receivables and payables that resulted from various interfund transactions were as follows:

	<u>December 31, 2022</u>		<u>December 31, 2021</u>	
	<u>Due from</u>	<u>Due to</u>	<u>Due from</u>	<u>Due to</u>
Current Fund				
Grants Fund		\$ 55,188,550.52		\$ 38,351,225.43
Trust Other	\$ 3,070,683.80		\$ 9,842,033.00	
Unemployment Trust Fund		426,183.97		426,034.00
General Capital Fund		14,250,876.20	17,127,618.00	
General Insurance Trust Fund		16,876,254.73		336,209.00
Housing and Community Development Trust Fund		123.01		123.00
Home Consortium Trust Fund			261,496.00	
Airport - PFC Trust Fund		190,358.50		190,358.00
Open Space Trust Fund	251,465.00	9,364,843.48	30,839.00	11,255,245.44
Prosecutor - Seized Trust Fund	148,669.17			137,661.00
Prosecutor - Forfeiture Funds	403,478.39			22,692.00
Forfeiture Justice Trust Fund		7,849.72		
Sheriff's Forfeiture Trust Fund	30,839.25			
	<u>3,905,135.61</u>	<u>96,305,040.13</u>	<u>27,261,986.00</u>	<u>50,719,547.87</u>
Grant Fund				
Current Fund	55,188,550.52		38,351,225.43	
General Capital Fund		14,947.76		
Open Space Trust Fund		27,359.71		
	<u>55,188,550.52</u>	<u>42,307.47</u>	<u>38,351,225.43</u>	<u>-</u>
Trust Fund				
Current Fund		3,070,683.80	12,368,323.95	10,134,368.51
Trust Other	37,026.00	47,196.55	37,026.00	55,128.00
Open Space Trust Fund	9,364,843.48	470,577.52		219,113.00
Unemployment Trust Fund	426,183.97	34,720.60		
Sheriff's Forfeiture Trust Fund		30,839.25	7,931.00	
Forfeiture Federal Justice Trust Fund	7,849.72			
Home Consortium Trust Fund	56,281.87		18,739.00	
Seized Funds	12,957.22	148,669.17		29,630.00
Housing and Community Development Trust Fund	123.01	56,281.87		18,739.00
Prosecutor Forfeiture Trust Fund		416,435.61	29,630.00	
General Insurance Trust Fund	17,177,284.40		266,310.00	
Airport PFC Trust Fund	190,358.50	37,026.00		37,026.00
General Capital Fund	1,429,500.00		1,430,175.00	
Grants Fund	27,359.71			
	<u>28,729,767.88</u>	<u>4,312,430.37</u>	<u>14,158,134.95</u>	<u>10,494,004.51</u>
General Capital Fund				
Current Fund	14,250,876.20			17,127,619.00
Housing and Community Development Trust Fund				675.00
Home Consortium Trust Fund		22,000.00		22,000.00
Open Space Trust Fund		1,407,500.00		1,407,500.00
Grants Fund	14,947.76			
	<u>14,265,823.96</u>	<u>1,429,500.00</u>	<u>-</u>	<u>18,557,794.00</u>
	<u>\$ 102,089,277.97</u>	<u>\$ 102,089,277.97</u>	<u>\$ 79,771,346.38</u>	<u>\$ 79,771,346.38</u>

COUNTY OF MERCER, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2022 AND 2021

20) PRIOR PERIOD RESTATEMENT – (CONT'D))

Balance Sheet - December 31, 2021

Current Fund	As Originally Reported	As Adjusted	Effect of Change
LIABILITIES, RESERVES AND FUND BALANCE			
Interfund Payable - Due to Grants Fund	\$ 32,063,066.00	\$ 38,351,225.43	\$ 6,288,159.43
Interfund Payable - Due to Open Space Trust Fund	36,055.00	11,255,245.44	11,219,190.44
Total Liabilities	\$ 59,390,874.85	\$ 76,898,224.72	\$ 17,507,349.87
Fund Balance	\$ 25,943,174.73	\$ 8,435,824.86	\$ (17,507,349.87)
Total Liabilities, Reserves and Fund Balance			

Grants Fund	As Originally Reported	As Adjusted	Effect of Change
ASSETS			
Interfund Receivable - Due from Current Fund	\$ 32,063,066.00	\$ 38,351,225.43	\$ 6,288,159.43
Grants Receivable	68,040,284.00	74,192,093.00	6,151,809.00
Accounts Receivable - Mercer County Board of Social Services		3,411,240.79	3,411,240.79
Total Assets	\$ 100,103,350.00	\$ 115,954,559.22	\$ 15,851,209.22
LIABILITIES, RESERVES AND FUND BALANCE			
Reserve for Grants - Appropriated	\$ 92,684,417.00	\$ 105,124,385.43	\$ 12,439,968.43
Payable to the Federal Government		3,411,240.79	3,411,240.79
Total Liabilities, Reserves and Fund Balance	\$ 100,103,350.00	\$ 115,954,559.22	\$ 15,851,209.22

Trust Funds	As Originally Reported	As Adjusted	Effect of Change
ASSETS			
Interfund Receivable - Due from Current Fund	\$ 36,055.00	\$ 11,255,245.44	\$ 11,219,190.44
Total Assets	\$ 68,158,186.72	\$ 79,377,377.16	\$ 11,219,190.44
LIABILITIES AND RESERVES			
Reserve for Open Space Trust Fund	\$ 11,159,675.00	\$ 22,378,865.44	\$ 11,219,190.44
Total Liabilities and Reserves	\$ 68,158,186.72	\$ 79,377,377.16	\$ 11,219,190.44

General Capital Fund	As Originally Reported	As Adjusted	Effect of Change
ASSETS			
Deferred Charges to Future Taxation - Unfunded	\$ 338,178,158.00	\$ 348,061,158.00	\$ 9,883,000.00
Total Assets	\$ 805,619,712.70	\$ 815,502,712.70	\$ 9,883,000.00
LIABILITIES AND RESERVES			
Open Space Installment Purchases Payable	\$ -	\$ 9,883,000.00	\$ 9,883,000.00
Total Liabilities and Reserves	\$ 805,619,712.70	\$ 815,502,712.70	\$ 9,883,000.00

Statement of Operations and Changes in Fund Balance - Year Ended December 31, 2021

Current Fund	As Originally Reported	As Adjusted	Effect of Change
Total Fund Balance, December 31, 2021	\$ 25,943,174.73	\$ 8,435,824.86	\$ (17,507,349.87)

COUNTY OF MERCER, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2022 AND 2021

21) SUBSEQUENT EVENTS

On April 5, 2023, the Board of County Commissioners issued Bond Anticipation Notes in the amount of \$153,835,000.00. The notes are dated April 5, 2023, mature on March 4, 2024 and have an interest rate of 5.0%.

On May 11, 2023, the Board of County Commissioners adopted a Bond Ordinance providing for various capital improvements and the acquisition of various capital equipment for the Mercer County Community College, in and for the County of Mercer, appropriating \$3,781,000 therefore and authorizing the issuance of \$3,781,000.00 bond or notes to pay for the cost therefore.

On June 15, 2023, the Board of County Commissioners issued County College Bonds, Series 2023 in the amount of \$3,781,000.00. The bonds mature on February 1, 2036 and have interest rates of 3.0% to 4.0%.

On August 17, 2023, the Board of County Commissioners adopted a Bond Ordinance providing for voting machines and related equipment for the Office of the Superintendent of Elections, appropriating \$3,800,000.00 therefore and authorizing \$3,610,000.00 of bonds or notes to pay for the cost therefore.

APPENDIX C

FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL

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_____, 2024

Board of County Commissioners of the
County of Mercer, New Jersey

Dear Commissioners:

We have acted as bond counsel to the County of Mercer, New Jersey (the "County"), in connection with the issuance by the County of its \$4,060,000 County College Bonds, Series 2024 (County College Bond Act, P.L. 1972, c. 12, as amended) (the "Bonds"). In order to render the opinions herein, we have examined laws, documents and records of proceedings, or copies thereof, certified or otherwise identified to us as we have deemed necessary.

The Bonds are authorized by and issued pursuant to the Local Bond Law, constituting Chapter 2 of Title 40A of the State of New Jersey, a resolution of the County adopted June 13, 2024, in all respects duly approved, and the bond ordinance referred to therein, in all respects duly approved and published as required by law.

In our opinion, except insofar as the enforcement thereof may be limited by any applicable bankruptcy, moratorium or similar laws or application by a court of competent jurisdiction of legal or equitable principles relating to the enforcement of creditors' rights, the Bonds are valid and legally binding general obligations of the County, and the County has the power and is obligated to levy *ad valorem* taxes upon all the taxable property within the County for the payment of the Bonds and the interest thereon without limitation as to rate or amount. The Bonds are additionally secured by the County College Bond Act, P.L. 1971, c. 12, as amended and supplemented (N.J.S.A. 18A:64A-22.1 *et seq.*)

On the date hereof, the County has covenanted in its Arbitrage and Tax Certificate (the "Certificate") to comply with certain continuing requirements that must be satisfied subsequent to the issuance of the Bonds in order to preserve the tax-exempt status of the Bonds pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Pursuant to Section 103 of the Code, failure to comply with these requirements could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. In the event that the County continuously complies with its covenants and in reliance on representations, certifications of fact and statements of reasonable expectations made by the County in the Certificate, it is our opinion that, under existing law, interest on the Bonds is excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code, and interest on the Bonds is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax; however, interest on the Bonds is included in the "adjusted financial statement income" of certain corporations that are subject to alternative minimum tax under Section 55 of the Code. We express no opinion regarding other federal tax consequences arising with respect to the Bonds. Further, in our opinion, based upon existing law, interest on the Bonds and any gain on the sale thereof are not included in gross income under the New Jersey Gross Income Tax Act. These opinions are based on existing statutes, regulations, administrative pronouncements and judicial decisions.

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

Very truly yours,

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