

PRELIMINARY OFFICIAL STATEMENT DATED JUNE 3, 2026

NEW ISSUE (BOOK-ENTRY ONLY)

RATINGS: S&P "AA+" (Bonds) "SP-1+" (Notes) (See "RATINGS" herein.)

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

\$4,881,000\*
COUNTY OF SUSSEX
STATE OF NEW JERSEY
GENERAL OBLIGATION BONDS, SERIES 2026
Consisting of:

\$3,731,000\* Vocational-Technical School Bonds, Series 2026
(New Jersey School Bond Reserve Act, 1980 N.J. Laws C. 72,
As Amended), and

\$1,150,000\* County College Bonds, Series 2026
(County College Bond Act, 1971 N.J. Laws C. 12, As Amended)
(NON-CALLABLE) (BANK QUALIFIED)

Dated: Date of Delivery
Due: June 15, as shown on the inside front cover

\$4,101,000
COUNTY OF SUSSEX
STATE OF NEW JERSEY
BOND ANTICIPATION NOTES, SERIES 2026
(NON-CALLABLE) (BANK QUALIFIED)

Dated: June 24, 2026
Due: June 23, 2027

The \$4,881,000\* General Obligation Bonds, Series 2026, consisting of (i) \$3,731,000\* Vocational-Technical School Bonds, Series 2026 (New Jersey School Bond Reserve Act, 1980 N.J. Laws C. 72, As Amended), and (ii) \$1,150,000\* County College Bonds, Series 2026 (County College Bond Act, 1971 N.J. Laws c. 12, as Amended) (collectively, the "Bonds"), are general obligations of the County of Sussex, State of New Jersey (the "County") and pledge the full faith and credit of the County to levy ad valorem taxes on all taxable property in the County without limitation as to rate or amount for the payment of the principal thereof and the interest thereon.

The \$4,101,000 aggregate principal amount of Bond Anticipation Notes, Series 2026 (the "Notes"), are general obligations of the County, payable in the first instance from the proceeds of the sale of the bonds in anticipation of the issuance of which the Notes are issued, but if not so paid or if not paid from other sources, are payable ultimately from ad valorem taxes levied upon all the taxable property within the County for the payment of the Notes and the interest thereon without limitation as to rate or amount.

The Bonds and the Notes will be in fully registered book-entry only form and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC, an automated depository for securities and clearing house for securities transactions, will act as securities depository for the Bonds and the Notes. Individual purchases of the Bonds and the Notes may be made in the principal amount of \$5,000 or any integral multiple thereof, or any integral multiple of \$1,000 in excess thereof, or in such amount necessary to issue the principal amount of Bonds and Notes through book entries made on the books and records of DTC and its participants.

The Bonds shall bear interest from their date of delivery, payable semiannually on the fifteenth day of June and December of each year, commencing June 15, 2027, at such rates of interest as shown on the inside front cover hereof. The Bonds will be payable as to principal upon presentation and surrender thereof at the offices of the County or a hereafter duly designated paying agent, if any. Interest on the Bonds will be paid by check, draft or wire transfer, mailed, delivered or transmitted by the County to the registered owner thereof as of the Record Dates (as defined herein). The Notes will bear interest from their date of delivery at the rate of interest shown on the inside front cover hereof, payable at maturity. Principal of and interest on the Notes will be payable by the County or a hereafter duly designated paying agent, if any, on the date of maturity. As long as DTC is acting as securities depository for the Bonds and the Notes, principal and interest will be payable by wire transfer to DTC or its nominee, which is obligated to remit such principal and interest to DTC Participants. DTC Participants and Indirect Participants will be responsible for remitting such payments to the Beneficial Owners of the Bonds or the Notes. See "THE DEPOSITORY TRUST COMPANY ("DTC") INFORMATION" herein.

The Bonds are authorized by and issued pursuant to, as applicable: (i) N.J.S.A. 18A:56-1 et seq., as amended and supplemented; (ii) N.J.S.A. 18A:54-1 et seq., as amended and supplemented; (iii) the Local Bond Law, N.J.S.A. 40A:2-1 et seq., as amended and supplemented (the "Local Bond Law"); (iv) various bond ordinances of the County duly adopted on the dates set forth herein and published as required by law; and (v) by a resolution duly adopted by the Board of County Commissioners of the County on May 13, 2026 (the "Resolution").

The Notes are authorized by and are issued pursuant to: (i) the Local Bond Law; (ii) various bond ordinances of the County duly adopted on the dates set forth herein and published as required by law; and (iii) the Resolution.

Proceeds of the Bonds will be used to: (i) provide for the permanent financing of capital improvements and acquisition of related capital equipment at and for certain facilities of Sussex County Vocational-Technical School; (ii) provide for the permanent financing of capital improvements and acquisition of related capital equipment at and for certain facilities of Sussex County Community College; and (iii) provide funds for the costs incurred in connection with the authorization, sale and issuance of the Bonds.

The Notes, together with other available funds of the County, are being issued to: (i) currently refund a portion of the \$8,871,000 Bond Anticipation Notes, Series 2025, dated and issued on June 26, 2025 and maturing on June 25, 2026; (ii) provide for the temporary financing of capital improvements and acquisition of related capital equipment in and for the County; and (iii) provide funds for the costs incurred in connection with the authorization, sale and issuance of the Notes.

The Bonds and Notes are not subject to redemption prior to their stated maturities.

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

The Bonds and the Notes are offered when, as and if issued and delivered subject to the approval of the legality thereof by Archer & Greiner P.C., Red Bank, New Jersey, Bond Counsel to the County. Certain legal matters will be passed upon for the County by Douglas J. Steinhardt, Esquire, County Counsel. Phoenix Advisors, a division of First Security Municipal Advisors, Inc., Hamilton, New Jersey, has served as Municipal Advisor to the County in connection with the issuance of the Bonds and the Notes. It is anticipated that the Bonds and the Notes will be available for delivery through DTC on or about June 24, 2026.

All bids for the Bonds must be submitted prior to 11:00 a.m., prevailing New Jersey time, on Wednesday, June 10, 2026, in accordance with the Full Notice of Sale for the Bonds which can be viewed in electronic format, along with this Preliminary Official Statement, on www.munihub.com.

All bids for the Notes must be submitted prior to 11:15 a.m., prevailing New Jersey time, on Wednesday, June 10, 2026, in accordance with the Full Notice of Sale for the Notes which can be viewed in electronic format, along with this Preliminary Official Statement, on www.munihub.com.

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

\*Preliminary, subject to change

This is a Preliminary Official Statement "deemed final" by the County within the meaning of and with the exception of certain information permitted to be omitted by Rule 15c2-12 of the Securities and Exchange Commission, and is otherwise subject to change in accordance with applicable law. The County will deliver a final Official Statement in compliance with Rule 15c2-12. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration, qualification or sale under the securities law of any such jurisdiction.

**COUNTY OF SUSSEX  
STATE OF NEW JERSEY**

**\$4,881,000\***

**COUNTY OF SUSSEX  
STATE OF NEW JERSEY  
GENERAL OBLIGATION BONDS, SERIES 2026**

Consisting of:

**\$3,731,000\* Vocational-Technical School Bonds, Series 2026  
(New Jersey School Bond Reserve Act, 1980 N.J. Laws C. 72, As Amended), and  
\$1,150,000\* County College Bonds, Series 2026  
(County College Bond Act, 1971 N.J. Laws C. 12, As Amended)  
(NON-CALLABLE) (BANK QUALIFIED)**

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

<u>Maturity</u> <u>June 15</u>	<u>Vo-Tech</u> <u>Bonds*</u>	<u>Chapter 12</u> <u>Bonds*</u>	<u>Combined</u> <u>Bonds*</u>	<u>Interest</u> <u>Rates</u>	<u>Yields</u>	<u>CUSIP**</u>
				%	%	
2027	\$376,000	\$230,000	\$606,000			
2028	400,000	240,000	640,000			
2029	425,000	240,000	665,000			
2030	425,000	240,000	665,000			
2031	425,000	200,000	625,000			
2032	425,000	--	425,000			
2033	425,000	--	425,000			
2034	425,000	--	425,000			
2035	405,000	--	405,000			

**\$4,101,000**

**COUNTY OF SUSSEX  
STATE OF NEW JERSEY  
BOND ANTICIPATION NOTES, SERIES 2026  
(NON-CALLABLE) (BANK QUALIFIED)**

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

<u>Maturity</u>	<u>Par Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP**</u>
		%	%	
June 23, 2027	\$4,101,000			

\*Preliminary, subject to change

\*\* A registered trademark of the American Bankers Association. CUSIP numbers are provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by Fact Set Research Systems Inc. The CUSIP numbers listed above are being provided solely for the convenience of holders of the Bonds and the Notes only at the time of issuance of the Bonds and the Notes and the County does not make any representations with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds and the Notes as a result of procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds and the Notes.

**COUNTY OF SUSSEX  
STATE OF NEW JERSEY**

**THE BOARD OF COUNTY COMMISSIONERS**

Jill Space, Commissioner Director  
Jack DeGroot, Commissioner Deputy Director  
Chris Carney, Commissioner  
Alan Henderson, Commissioner  
David Silverthorne, Commissioner

**COUNTY OFFICIALS**

Christina Marks,  
County Administrator

Elke Yetter,  
County Treasurer/Chief Financial Officer

Linda Miller,  
Clerk of the Board of County Commissioners

**COUNTY COUNSEL**

Douglas J. Steinhardt, Esq.

**AUDITOR**

Nisivoccia, LLP  
Mount Arlington, New Jersey

**BOND COUNSEL**

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

**MUNICIPAL ADVISOR**

Phoenix Advisors, a division of  
First Security Municipal Advisors, Inc.  
Hamilton, New Jersey

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

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds or the Notes by any person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

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

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

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

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

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**OFFICIAL STATEMENT**

**OF THE**

**COUNTY OF SUSSEX,  
STATE OF NEW JERSEY**

**RELATING TO**

**\$4,881,000\***

**COUNTY OF SUSSEX  
STATE OF NEW JERSEY  
GENERAL OBLIGATION BONDS, SERIES 2026**

**Consisting of:**

**\$3,731,000\* Vocational-Technical School Bonds, Series 2026  
(New Jersey School Bond Reserve Act, 1980 N.J. Laws C. 72, As Amended), and  
\$1,150,000\* County College Bonds, Series 2026  
(County College Bond Act, 1971 N.J. Laws C. 12, As Amended)  
(NON-CALLABLE) (BANK QUALIFIED)**

**AND**

**\$4,101,000**

**COUNTY OF SUSSEX  
STATE OF NEW JERSEY  
BOND ANTICIPATION NOTES, SERIES 2026  
(NON-CALLABLE) (BANK QUALIFIED)**

**INTRODUCTION**

The purpose of this Official Statement is to provide certain information regarding the financial and economic condition of the County of Sussex (the "County"), State of New Jersey (the "State"), in connection with the sale and issuance of (i) the \$4,881,000\* General Obligation Bonds, Series 2026, consisting of (i) \$3,731,000\* Vocational-Technical School Bonds, Series 2026 (New Jersey School Bond Reserve Act, 1980 N.J. Laws C. 72, As Amended), and (ii) \$1,150,000\* County College Bonds, Series 2026 (County College Bond Act, 1971 N.J. Laws c. 12, as Amended) (collectively, the "Bonds"); and (ii) \$4,101,000 aggregate principal amount of Bond Anticipation Notes, Series 2026 (the "Notes"). The Notes, together with the Bonds, are collectively referred to herein as the "Obligations". This Official Statement, which includes the cover page and the appendices attached hereto, has been prepared on behalf of the County by Archer & Greiner P.C., Red Bank, New Jersey, Bond Counsel to the County ("Bond Counsel") and the County Treasurer/Chief Financial Officer of the County and has been authorized by the County to be distributed in connection with the sale and issuance of the Bonds and the Notes.

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

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

\*Preliminary, subject to change.

## **DESCRIPTION OF THE BONDS**

The Bonds are dated the date of delivery and shall mature on June 15 in each of the years set forth in the table appearing on the inside front cover hereof. The Bonds shall bear interest at the rates shown on the inside front cover page hereof from their date of delivery, which interest shall be payable semiannually on the fifteenth day of June and December (each an "Interest Payment Date"), commencing June 15, 2027, in each year until maturity. Interest on the Bonds is calculated on the basis of twelve (12) thirty (30) day months in a three hundred sixty (360) day year and will be paid by check, draft or wire transfer mailed, delivered or transmitted to the registered owners of the Bonds as of each respective June 1 and December 1 preceding an Interest Payment Date (the "Record Dates"), at the address shown on the registration books for the Bonds kept for that purpose by the County Treasurer/Chief Financial Officer, as registrar and paying agent, or any hereafter duly designated paying agent.

The Bonds, when issued, will be registered in the name of and held by Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds (the "Securities Depository"). Individual purchases of the Bonds may be made in the principal amount of \$5,000 or any integral multiple thereof, except that those Bonds in excess of the largest principal amount thereof not equaling a multiple of \$5,000 shall be in denominations of \$1,000 or any integral multiple thereof, through book entries made on the books and records of DTC and its participants. Under certain circumstances, such beneficial interests in the Bonds are exchangeable for one or more fully registered Bond certificates of like series, maturity and tenor in authorized denominations.

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

The Bonds are not subject to optional redemption prior to their stated maturities.

## **AUTHORIZATION FOR THE ISSUANCE OF THE BONDS**

The Bonds are authorized by and issued pursuant to, as applicable: (i) N.J.S.A. 18A:56-1 et seq., as amended and supplemented; (ii) N.J.S.A. 18A:54-1 et seq., as amended and supplemented; (iii) the Local Bond Law, N.J.S.A. 40A:2-1 et seq., as amended and supplemented (the "Local Bond Law"); (iv) various bond ordinances of the County duly adopted on the dates set forth herein and published as required by law; and (v) by a resolution duly adopted by the Board of County Commissioners of the County on May 13, 2026 (the "Resolution").

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

## **PURPOSE OF BOND ISSUE AND USE OF BOND PROCEEDS**

Proceeds of the Bonds are being used to: (i) provide for the permanent financing of capital improvements and acquisition of related capital equipment at and for certain facilities of Sussex County Vocational-Technical School; (ii) provide for the permanent financing of capital improvements and acquisition of related capital equipment at and for certain facilities of Sussex County Community College; and (iii) provide funds for the costs incurred in connection with the authorization, sale and issuance of the Bonds.

The Bonds and the improvements or purposes for which the Bonds are to be issued have been authorized by a bond ordinance duly adopted by the Board of County Commissioners of the County on the date set forth in the following table and published as required by law:

<u>Ordinance Number</u>	<u>Description and Date of Final Adoption</u>	<u>Amount of Issue</u>	<u>Useful Life</u>
	<b>Vocational-Technical School Bonds</b>		
25-01	Sussex County Technical School Sewer Treatment Plant Project, Finally Adopted April 23, 2025	\$3,731,000	40.00 years
	<b>Chapter 12 Bonds</b>		
26-01	Bond Ordinance Providing For The Undertaking Of 2026 Capital Improvements At And For Certain Facilities Of Sussex County Community College, Finally Adopted May 13, 2026	\$1,150,000	10.00 years

### **SECURITY AND PAYMENT FOR THE BONDS**

The Bonds are valid and legally binding general obligations of the County for which the full faith and credit of the County are irrevocably pledged for the punctual payment of the principal of and interest on the Bonds. Unless otherwise paid from other sources, the County has the power and is obligated by law to levy *ad valorem* taxes upon all the taxable property within the County for the payment of the principal of the Bonds and the interest thereon without limitation as to rate or amount.

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

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

The Vocational School Bonds are additionally secured and are entitled to the benefits of the New Jersey School Bond Reserve Act, chapter 72 of the Laws of New Jersey of 1980, as amended. The Chapter 12 Bonds are additionally secured by the County College Bond Act, 1971 N.J. Laws C. 12, as amended.

#### **School Bond Reserve Act, 1980 N.J. Laws c. 72**

All school bonds, including the Vocational School Bonds, are secured by the School Bond Reserve (the "School Bond Reserve") established in the Fund for the Support of the Free Public Schools of the State of New Jersey (the "Fund") in accordance with the New Jersey School Bond Reserve Act, N.J.S.A. 18A:56-17 *et seq.* (P.L. 1980, c. 72, approved July 16, 1980, as amended by P.L. 2003, c. 118, approved July 1, 2003 (the "Act")). The recent amendments to the Act provide that the Fund will be divided into two School Bond Reserve accounts. All bonds issued prior to July 1, 2003 shall be benefited by a School Bond Reserve account funded in an amount equal to 1-1/2% of the aggregate issued and outstanding bonded indebtedness of counties, municipalities or school districts for school purposes (the "Old School Bond Reserve Account") and all bonds, including the Vocational School Bonds, issued on or after July 1, 2003 shall be benefited by a School Bond Reserve account equal to 1% of the aggregate

issued and outstanding bonded indebtedness of counties, municipalities or school districts for school purposes (the "New School Bond Reserve Account"), provided such amounts do not exceed the moneys available in the Fund. If a municipality, county or school district is unable to make payment of principal of or interest on any of its bonds issued for school purposes, the trustees of the Fund will purchase such bonds at par value and will pay to the bondholders the interest due or to become due within the limits of funds available in the applicable School Bond Reserve account in accordance with the provisions of the Act.

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

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

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

The County shall receive a certification from the State Treasurer that the State will provide support for the Chapter 12 Bonds in the principal sum of \$1,500,000, together with interest on that amount, under the provisions of the County College Bond Act, 1971 N.J. Laws c. 12, as amended. Payments from the New Jersey Department of Treasury for its proportionate share of the principal and interest when due are made to the County, upon the County's certification of amounts due, on or before the dates when such amounts are payable by the County. The support the County receives from the State for the Chapter 12 Bonds is dependent upon appropriations by the State Legislature for time to time. The Chapter 12 Bonds which are issued under the provisions of the County College Bond Act, 1971 N.J. Laws c. 12, as amended, shall not be deemed to constitute a debt or liability of the State, or a pledge of the full faith and credit of the State. The Chapter 12 Bonds are otherwise general obligations of the County in the same fashion as the General Improvement Bonds and the Vocational-Technical School Bonds.

## **DESCRIPTION OF THE NOTES**

The Notes comprise an issue of general obligation bond anticipation notes of the County in the aggregate principal amount of \$4,101,000, which Notes are being issued in anticipation of the issuance of bonds. The Notes shall be dated and shall mature as shown on the front cover page hereof. The Notes shall bear interest at the rate as shown on the inside front cover page hereof, which interest is payable at maturity. Interest on the Notes is calculated on the basis of twelve (12) thirty (30) day months in a three hundred sixty (360) day year. The Notes are not subject to redemption prior to maturity.

The Notes will be issued as fully registered notes in book-entry only form, and when issued, will be registered in the name of and held by Cede & Co., as nominee of DTC. DTC will act as securities depository for the Notes. Principal of and interest on the Notes will be payable by the County or a duly designated paying agent, if any, on the date of maturity by wire transfer of immediately available funds to DTC or its nominee. Individual purchases of the Notes may be made in the principal amount of \$5,000 or any integral multiple thereof, through book entries made on the books and records of DTC and its participants. Under certain circumstances, such beneficial interests in the Notes are exchangeable for one or more fully registered Note certificates in authorized denominations.

The Note certificate will be on deposit with DTC. DTC will be responsible for maintaining a book-entry system for recording the interests of its participants and transfers of the interests among its participants. The participants will be responsible for maintaining records regarding the beneficial ownership interests in the Notes on behalf of the individual purchasers. Individual purchasers of the Notes will not receive certificates representing their beneficial ownership interests in the Notes, but each book-entry owner will receive a credit balance on the books of its nominee, and this credit balance will be confirmed by an initial transaction statement stating the details of the Notes purchased. So long as DTC or its nominee, Cede & Co., is the registered owner of the Notes, payments of the principal of and interest on the Notes will be made by the County or hereafter designated paying agent, if any, directly to DTC or its nominee, Cede & Co., which will in turn remit such payments to DTC Participants, which will in turn remit such payments to the beneficial owners of the Notes. See "THE DEPOSITORY TRUST COMPANY ("DTC") INFORMATION" herein.

## **AUTHORIZATION FOR THE ISSUANCE OF THE NOTES**

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

## **PURPOSE OF NOTE ISSUE AND USE OF NOTE PROCEEDS**

The Notes, together with other available funds of the County, are being issued to: (i) currently refund a portion of the \$8,871,000 Bond Anticipation Notes, Series 2025, dated and issued on June 26, 2025 and maturing on June 25, 2026 (the "Prior Notes"); (ii) provide for the temporary financing of capital improvements and acquisition of related capital equipment in and for the County; and (iii) provide funds for the costs incurred in connection with the authorization, sale and issuance of the Notes. The Notes and the improvements or purposes for which the Notes are to be issued have been authorized by bond ordinances duly adopted by the Board of County Commissioners of the County on the dates set forth in the following table and published as required by law:

### Bond Anticipation Notes, Series 2026

<b>Ordinance Number</b>	<b>General Purpose and Date of Final Adoption</b>	<b>Amount</b>
22-03	Various 2022 Capital Improvements, Finally Adopted April 6, 2022	684,000
23-03	Various 2023 Capital Improvements, Finally Adopted on April 26, 2023	1,817,000
26-02	Various 2026 Capital Improvements, Finally Adopted on May 13, 2026	1,600,000
TOTAL NOTE PROCEEDS		<u>\$4,101,000</u>

### SECURITY FOR THE NOTES

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

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

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

### MARKET PROTECTION

The County does not anticipate issuing any additional bonds within the next ninety (90) days, but does expect to privately finance a \$1,344,894 Bond Anticipation Note (Federally Taxable) on or about June 24, 2026 to currently refund, along with other available funds in the amount of \$1,975,107, the remainder of the Prior Notes. The County may issue additional bond anticipation notes, as necessary, during the remainder of calendar year 2026.

### COVID-19 DISCLOSURE

In early March of 2020, the World Health Organization declared a pandemic following the global outbreak of COVID-19, a respiratory disease caused by a newly discovered strain of coronavirus. On March 13, 2020, 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 mitigate the spread of the disease and provide relief to state and local governments. The pandemic and certain mitigation measures altered the behavior of businesses and people with 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. Depending on future circumstances, ongoing actions could be taken by State, federal and local governments and private entities to mitigate the spread and impacts of COVID-19, its variants or other critical health care challenges.

To date, the overall finances and operations of the County have not been materially adversely affected by the COVID-19 pandemic. Nonetheless, the degree of any future impact to the County's operations and finances is difficult to predict due to the dynamic nature of the COVID-19 pandemic and any additional actions that may be taken by governmental and other health care authorities to manage the COVID-19 pandemic.

The American Rescue Plan Act of 2021, H.R. 1319 (the "Plan"), signed into law by the President of the United States 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 \$27,288,147 from the Plan. The County utilized the majority of the funding to continue COVID-19 testing, vaccinations, contact tracing and mitigation efforts, mental health services, water and sewer projects, food distributions, provisions for government services under the lost County revenue category and assisting small businesses, assisting volunteer fire and emergency medical services non-profits and disproportionately impacted communities. The County encumbered all projects by December 31, 2024, as required.

#### **CLIMATE DISCLOSURE**

The State is naturally susceptible to the effects of extreme weather events and natural disasters including floods and hurricanes, which could result in negative economic impacts on communities. Such effects can be exacerbated by a longer term shift in the climate over several decades (commonly referred to as "climate change"), including increasing global temperatures and rising sea levels. The occurrence of such extreme weather events could damage local infrastructure that provides essential services to the County as well as resulting in economic impacts such as loss of ad valorem tax revenue, interruption of municipal services, and escalated recovery costs. No assurance can be given as to whether future extreme weather events will occur that could materially adversely affect the financial condition of the County.

#### **CYBER DISCLOSURE**

The County relies on a complex technology environment to conduct its various operations. As a result, the County faces certain cyber security threats at various times including, but not limited to, hacking, phishing, viruses, malware and other attacks on its computing and digital networks and systems.

#### **THE DEPOSITORY TRUST COMPANY ("DTC") INFORMATION**

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a

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

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

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

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

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

Principal and interest payments on the Bonds and the Notes will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and corresponding detail information from the County or a hereafter designated paying agent, if any, on the payable date in accordance with their

respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the County or a hereafter designated paying agent, if any, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal of and interest on the Bonds and the Notes to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County or a hereafter designated paying agent, if any, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

**The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the County believes to be reliable, but the County takes no responsibility for the accuracy thereof.**

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

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

## **PROVISIONS FOR THE PROTECTION OF GENERAL OBLIGATION DEBT**

### **Procedure for Authorization**

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

The County, by bond ordinance, may authorize and issue negotiable obligations for the financing of any capital improvement or property which it may lawfully acquire, or any purpose for which it is authorized or required by law to make an appropriation, except current expenses and payment of obligations (other than those for temporary financings). Bond ordinances must be finally approved by the recorded affirmative vote of at least two-thirds of the full membership of the Board of County Commissioners of the County. The Local Bond Law requires publication and posting of the bond ordinance or a summary thereof. If the bond ordinance requires approval or endorsement of the State, it cannot be finally adopted until such approval has been received. The Local Bond Law provides that a bond ordinance shall take effect twenty (20) days after the first publication thereof after final adoption. At the conclusion of the twenty-day period all challenges to the validity of the obligations authorized by such bond ordinance shall be precluded except for

constitutional matters. Moreover, after issuance, all obligations are conclusively presumed to be fully authorized and issued by all laws of the State and any person shall be estopped from questioning their sale, execution or delivery by the County.

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

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

### **Short-Term Financing**

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

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

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

Refunding bonds may be issued by a local unit pursuant to the Local Bond Law for the purpose of paying, funding or refunding its outstanding bonds, including emergency appropriations, the actuarial liabilities of a non-State administered public employee pension system and amounts owing to others for taxes levied in the local unit, or any renewals or extensions thereof, and for paying the cost of issuance of refunding bonds. Refunding bonds may be issued in accordance with N.J.A.C. 5:30-2.5 and, therefore, no approval is required by the Local Finance Board, in the Division of Local Government Services, New Jersey Department of Community Affairs (the "Local Finance Board"); however, the details of the sale, issuance and delivery of the refunding bonds must be delivered to Local Finance Board within ten (10) days of delivery of the Refunding Bonds.

### **Statutory Debt Limitation**

There are statutory requirements which limit the amount of debt which the County is permitted to authorize. The authorized bonded indebtedness of a county is limited by the Local Bond Law and other laws to an amount equal to two percent (2.00%) of its stated average equalized valuation basis, subject to certain exceptions noted below. N.J.S.A. 40A:2-6. The stated equalized valuation basis is set by statute as the average of the aggregate equalized valuations of all taxable real property, together with improvements

to such property, and the assessed valuation of Class II railroad property within the boundaries of the County for each of the last three (3) preceding years as annually certified in the valuation of all taxable real property, in the Table of Equalized Valuations by the Director of the Division of Taxation, in the New Jersey Department of the Treasury (the "Division of Taxation"). N.J.S.A. 40A:2-2. Certain categories of debt are permitted by statute to be deducted for the purposes of computing the statutory debt limit. N.J.S.A. 40A:2-43, -44. The Local Bond Law permits the issuance of certain obligations, including obligations issued for certain emergency or self-liquidating purposes, notwithstanding the statutory debt limitation described above; but, with certain exceptions, it is then necessary to obtain the approval of the Local Finance Board. See "Exceptions to Debt Limitation - Extensions of Credit" below.

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

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

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

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

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

An annual financial statement ("Annual Financial Statement") which sets forth the financial condition of a local unit for the fiscal year must be filed with the Division not later than January 26 (in the case of a county) and not later than February 10 (in the case of a municipality) after the close of the calendar fiscal year, or not later than August 10 of the State fiscal year for those municipalities which operate on the State fiscal year. The Annual Financial Statement is prepared either by the Chief Financial Officer or the Registered Municipal Accountant for the local unit. Such Statement reflects the results of operations for the year of the current and utility funds. If the statement of operations results in a cash deficit, the deficit must be included in full in the succeeding year's budget.

## **FINANCIAL MANAGEMENT**

### **Accounting and Reporting Practices**

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

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

The foundation of the State local finance system is the annual cash basis budget. Every local unit, including counties, must adopt an annual operating budget in the form required by the Division. Certain items of revenue and appropriation are regulated by law and the proposed operating budget must be certified as approved by the Director prior to final adoption of the budget by a County Board of County Commissioners. The Local Budget Law requires each local unit to appropriate sufficient funds for payment of current debt service and, in the case of a County, the Director is required to review the adequacy of such appropriations. Among other restrictions, the Director must examine the budget with reference to all estimates of revenue and the following appropriations: (a) payment of interest and debt redemption charges, (b) deferred charges and statutory expenditures, (c) cash deficit of the preceding year, (d) reserve for uncollected taxes, and (e) other reserves and nondisbursement items. The Director is empowered to permit a higher level of anticipation, however, should there be sufficient statutory or other evidence to substantiate that such anticipation is reasonable.

The Director has no authority over individual operating appropriations, unless a specific amount is required by law, but the budgetary review functions, focusing on anticipated revenues, and serves to protect the solvency of all local units. Local budgets, by law and regulation, must be in balance on a "cash basis", i.e., the total of anticipated revenues must equal the total of appropriations. N.J.S.A. 40A:4-22. If in any year the County's expenditures exceed its realized revenues for that year, then such excess (deficit) must be raised in the succeeding year's budget.

In accordance with the Local Budget Law and related regulations, (i) each local unit, with a population of more than 10,000 persons, must adopt and annually revise a six (6) year capital program, and (ii) each local unit, with a population of less than 10,000 persons, must adopt (with some exceptions) and annually revise a three (3) year capital program. The capital program, when adopted, does not constitute the appropriation of funds, but sets forth a plan of capital expenditures which the local unit may contemplate over the next six (6) years or the next three (3) years, as applicable. Expenditures for capital purposes may be made either by ordinances adopted by the governing body which set forth the items and the methods of financing, or from the annual operating budget. See "CAPITAL IMPROVEMENT PROGRAM" herein.

### **Limitation on Expenditures ("CAP Law")**

N.J.S.A. 40A:4-45.4 places limits on county tax levies and expenditures, this law is commonly known as the "Cap Law" (the "Cap Law"). The Cap Law provides that the County shall limit any increase in its budget to 2.5% or the Cost-of-Living Adjustment, whichever is less, of the previous year's County tax levy, subject to certain exceptions. The Cost-of-Living Adjustment is defined as the annual percentage

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

Additionally, P.L. 2010, c.44, effective July 13, 2010, imposes a 2% cap on the tax levy of a municipality, county, fire district or solid waste collection district, with certain exceptions and subject to a number of adjustments. The exclusions from the limit include increases required to be raised for capital expenditures, including debt service, increases in pension contributions in excess of 2%, certain increases in health care costs in excess of 2%, and extraordinary costs incurred by a local unit directly related to a declared emergency. The governing body of a local unit may request approval, through a public question submitted to the legal voters residing in its territory, to increase the amount to be raised by taxation, and voters may approve increases above 2% not otherwise permitted under the law by an affirmative vote of 50%.

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

### **Deferral of Current Expenses**

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

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

## **Budget Transfers**

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

## **Anticipation of Real Estate Taxes**

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

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

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

## **Collection of County Taxes**

County taxes are collected by the municipalities located within a particular county, and paid to its County Treasurer. The municipal levy includes all county, school and municipal taxes.

Each municipality is required to pay to its County Treasurer its share of the purpose taxes by no later than the 15th day of February, May, August and November of each year. Every county is required by law to receive its share of the taxes collected from the first taxes collected by each municipality. Consequently, counties in the State experience a 100% tax collection rate.

## **Anticipation of Miscellaneous Revenues**

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

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

## **Debt Statements**

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

## **CAPITAL IMPROVEMENT PROGRAM**

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

## **TAX MATTERS**

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

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

Assuming the County observes its covenants with respect to compliance with the Code, Archer & Greiner P.C., Bond Counsel to the County, is of the opinion that, under existing law, interest on the Obligations is not includable for Federal income tax purposes in the gross income of the owners of the Obligations pursuant to Section 103 of the Code. Interest on the Obligations is not an item of tax preference under Section 57 of the Code for purposes of computing federal alternative minimum tax; however, interest on the Obligations is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under 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 Obligations from gross income for federal income tax purposes but is not a guaranty of that conclusion. The opinion is not binding on the Internal Revenue Service ("IRS") or any court. Bond Counsel expresses no opinion about (i) the effect of future changes in the Code and the applicable

regulations under the Code or (ii) the interpretation and enforcement of the Code or those regulations by the IRS.

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

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

### **Bank Qualification**

The Obligations constitute "qualified tax-exempt obligations" as defined in and for the purpose of Section 265(b)(3)(B) of the Code.

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

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

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

### **Changes in Federal Tax Law Regarding the Bonds or the Notes**

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

## **State Taxation for the Bonds and the Notes**

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

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

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

## **Other Tax Consequences**

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

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

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

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

## **LEGALITY FOR INVESTMENT**

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

## **MUNICIPAL BANKRUPTCY**

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

The undertakings of the County should be considered with reference to 11 U.S.C. § 101 et seq., as amended and supplemented (the "Bankruptcy Code"), and other bankruptcy laws affecting creditors' rights and municipalities in general. The Bankruptcy Code permits the State or any political subdivision, public agency, or instrumentality that is insolvent or unable to meet its debts to commence a voluntary bankruptcy case by filing a petition with a bankruptcy court for the purpose of effecting a plan to adjust its debts; directs such a petitioner to file with the court a list of petitioner's creditors; provides that a petition filed under this chapter shall operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner; grants priority to certain debts owed; and provides that the plan must be accepted in writing by or on behalf of creditors holding at least two-thirds in amount and more than one half in number of the allowed claims of at least one (1) impaired class. The Bankruptcy Code specifically does not limit or impair the power of a state to control by legislation or otherwise, the procedures that a municipality must follow in order to take advantage of the provisions of the Bankruptcy Code.

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

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

#### **APPROVAL OF LEGAL PROCEEDINGS**

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

#### **BONDHOLDERS' AND NOTEHOLDERS' RISK**

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

#### **CERTIFICATES OF THE COUNTY**

Upon the delivery of the Bonds and the Notes, the respective original purchaser shall receive certificates, in form satisfactory to Bond Counsel and signed by officials of the County, stating to the best knowledge of said officials, that this Official Statement as of its date did not contain any untrue statement of a material fact, or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and stating, to the best knowledge of said officials, that there has been no material adverse change in the condition, financial or otherwise, of the County from that set forth in or contemplated by this Official Statement. In addition, the respective original purchaser of the Bonds or the Notes shall also receive certificates in form satisfactory to Bond Counsel

evidencing the proper execution and delivery of the Bonds and the Notes and receipt of payment therefor, and certificates dated as of the date of the delivery of the Bonds and the Notes, and signed by the officers who signed the Bonds and the Notes, stating that no litigation is then pending or, to the knowledge of such officers, threatened to restrain or enjoin the issuance or delivery of the Bonds or the Notes, as applicable, or the levy or collection of taxes to pay the Bonds or Notes or the interest thereon, as applicable, or questioning the validity of the statutes or the proceedings under which the Bonds or Notes are issued, as applicable, and that neither the corporate existence or boundaries of the County, nor the title of any of the said officers to the respective offices, is being contested.

#### **NO DEFAULT**

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

#### **LITIGATION**

To the knowledge of County Counsel, after due inquiry, there is no litigation of any nature now pending or threatened, restraining or enjoining the issuance or the delivery of the Bonds or the Notes, or the levy or the collection of any taxes to pay the principal of or the interest on the Bonds or the Notes, or in any manner questioning the authority or the proceedings for the issuance of the Bonds or the Notes or for the levy or the collection of taxes, or contesting the corporate existence or the boundaries of the County or the title of any of the present officers. Further, to the knowledge of 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.

#### **COMPLIANCE WITH SECONDARY MARKET DISCLOSURE REQUIREMENTS FOR THE BONDS**

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

The County has previously entered into secondary market disclosure undertakings in accordance with the Rule with respect to its own obligations and obligations for which the County is an obligated person. The County has engaged Phoenix Advisors, a division of First Security Municipal Advisors, Inc., Hamilton, New Jersey to serve as continuing disclosure agent to assist in the filing of certain information on MSRB's Electronic Municipal Market Access ("EMMA") website as required under its prior secondary market disclosure undertakings.

#### **COMPLIANCE WITH SECONDARY MARKET DISCLOSURE REQUIREMENTS FOR THE NOTES**

The County has covenanted for the benefit of noteholders to provide notices of the occurrence of certain enumerated events with respect to the Notes, as set forth in section (b)(5)(i)(C) of the Rule (the "Notices"). The Notices will be filed by the County with the Municipal Securities Rulemaking Board and with a state information depository, if any. The specific nature of the Notices will be detailed in a certificate (the "Note Certificate") to be executed on behalf of the County by its County Treasurer/Chief Financial Officer, in

the form appearing in Appendix F hereto, such Note Certificate to be delivered concurrently with the delivery of the Notes. This covenant is being made by the County to assist the purchaser of the Notes in complying with the Rule.

The County has previously entered into secondary market disclosure undertakings in accordance with the Rule with respect to its own obligations and obligations for which the County is an obligated person. The County has engaged Phoenix Advisors, a division of First Security Municipal Advisors, Inc., Hamilton, New Jersey to serve as continuing disclosure agent to assist in the filing of certain information on MSRB's EMMA website as required under its prior secondary market disclosure undertakings.

### **PREPARATION OF OFFICIAL STATEMENT**

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

The Municipal Advisor (as defined herein) has participated in the preparation and review of the information contained in this Official Statement, including the collection of financial, statistical and demographic information; however, it has not verified the accuracy, completeness or fairness thereof and, accordingly, expresses no opinion or other assurance with respect thereto. Certain information set forth herein has been obtained from the County and other sources, which are deemed reliable, but no warranty, guaranty or other representation as to the accuracy or completeness is made as to such information contained herein. There is no assurance that any of the assumptions or estimates contained herein will be realized.

County Counsel has not participated in the preparation of the information contained in this Official Statement, nor has he verified the accuracy, completeness, or fairness thereof, and, accordingly, expresses no opinion or other assurance with respect thereto, but has reviewed the section under the caption entitled "LITIGATION" and expresses no opinion or assurance other than that which is specifically set forth therein with respect thereto.

Nisivoccia, LLP, Auditor to the County, has not participated in the preparation or review of the information contained in this Official Statement, except as hereinafter noted, nor has it verified the accuracy, completeness or fairness thereof, and, accordingly, expresses no opinion or other assurance with respect thereto, but has prepared Appendix B to this Official Statement and takes responsibility for the audited financial statements to the extent specified in its Independent Auditors' Report and it will confirm same to the respective original purchaser of the Bonds and the Notes, by a certificate signed by an authorized officer.

### **MUNICIPAL ADVISOR**

Phoenix Advisors, a division of First Security Municipal Advisors, Inc, Hamilton, New Jersey, has served as Municipal Advisor to the County in connection with the issuance of the Obligations (the "Municipal Advisor") and has assisted in matters related to the planning, structuring and terms of the Obligations. The Municipal Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of, or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement and the Appendices hereto. The Municipal Advisor is an Independent Registered Municipal Advisor pursuant to the Dodd-Frank Act and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

## RATINGS

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

## FINANCIAL STATEMENTS

The balance sheets – statutory basis of the various funds of the County as of and for the years ended December 31, 2025, 2024 and 2023 and the related statements of operations and changes in fund balance – statutory basis for the years then ended and the related statement of revenues – statutory basis and statement of expenditures – statutory basis for the years ended December 31, 2025, 2024 and 2023, together with the Notes to the Financial Statements for the years then ended, are presented in Appendix B to the Official Statement. The financial statements referred to above have been audited by Nisivoccia, LLP, Mount Arlington, New Jersey, independent auditor, as stated in its report appearing in Appendix B.

## UNDERWRITING

### Underwriting - the Bonds

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

### Underwriting - the Notes

The Notes have been purchased from the County at a public sale by \_\_\_\_\_ at a purchase price of \$ \_\_\_\_\_. The Notes are being offered for sale at the yield set forth on the inside front cover page of this Official Statement, which yield may be changed from time to time by the Note purchaser without notice. The Note Purchaser is obligated to purchase all of the Notes if any Notes are purchased.

## ADDITIONAL INFORMATION

Inquiries relating to the financing can be obtained by contacting Elke Yetter, County Treasurer/Chief Financial Officer, County of Sussex, Sussex County Administrative Center, One Spring Street, Newton, New Jersey 07860, or by telephone at (973) 579-0300 or by e-mail at [EYetter@sussex.nj.us](mailto:EYetter@sussex.nj.us); or County Bond Counsel, John M. Cantalupo, Esq., Archer & Greiner P.C., 10 Highway 35, Red Bank, New Jersey 07701, or by telephone at (732) 268-8009 or by e-mail at [jcantalupo@archerlaw.com](mailto:jcantalupo@archerlaw.com); or County Municipal Advisor, Anthony Inverso, Phoenix Advisors, a division of First Security Municipal Advisors, Inc., 2000 Waterview Drive, Suite 101, Hamilton, New Jersey 08691, or by telephone at (609) 291-0130 or by email at [ainverso@muniadvisors.com](mailto:ainverso@muniadvisors.com).

**MISCELLANEOUS**

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

**COUNTY OF SUSSEX**

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**ELKE YETTER**  
**County Treasurer/Chief Financial Officer**

DATED: June \_\_ 2026

**APPENDIX A**

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

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# **CERTAIN FINANCIAL AND DEMOGRAPHIC INFORMATION CONCERNING THE COUNTY OF SUSSEX<sup>1</sup>**

## GENERAL GOVERNMENT

The County of Sussex (the “County”), in the State of New Jersey (the “State”) includes 519 square miles and is situated in the northwestern corner of the State. The County has 9 square miles of water in more than 100 lakes and streams. The Town of Newton, the County Seat, is centrally located in the County approximately 60 miles from New York City and 100 miles from downtown Philadelphia. The County is easily accessible from metropolitan areas via Interstate Route 80 and major state roadways.

## GOVERNMENTAL STRUCTURE

The County operates under the County Commissioner form of County government, in which a five-member Board of County Commissioners (the “Board”) is elected for staggered three-year terms. The Board expanded from three members to five members effective January 1, 1990, pursuant to voter approval. The Board enacted the Sussex County Administrative Code on November 17, 1989, so as to maintain the separation of legislative and administrative powers and organize the administration of County government as provided in the Code. The legislative, policy making and investigative powers of County government are vested in the Board. In addition to said powers, the Board operates through an undefined liaison system and is required to perform legislative responsibilities for: (i) adopting whatever ordinances and resolutions it deems necessary and proper for the good governance of the County, (ii) approving the operating and capital budget and appropriating the funds of the County to maintain all County services. A County Administrator is appointed by the Board to be the chief administrative officer responsible for the proper and efficient administration of the County. The County Administrator: (i) supervises, directs and controls all County administrative departments, (ii) organizes the work of the County administrative departments subject to the Code, (iii) reviews the administration and operation of the administrative department and makes recommendations to the Board.

The County has 676 employees of whom approximately 522 are represented by six collective bargaining units. The largest unit is the Communications Workers of America (CWA), AFL-CIO. The County reached an agreement on contracts with the following units: CWA Local 1032, Supervisory Unit; CWA Local 1032, Non-Supervisory Unit; PBA Local 138, Corrections Unit; PBA Local 138, Sheriff’s Unit. The PBA Local 138, Prosecutors Association is currently under negotiations. All other contracts are current.

All eligible County employees are enrolled in one of three State of New Jersey retirement systems: the Public Employees’ Retirement System (PERS), the Police and Firemen’s Retirement System (PFRS) or the Defined Contribution Retirement Program (DCRP). The State of New Jersey sponsors and administers PERS and PFRS which cover substantially all County employees, specifically full-time employees. However, if an employee is ineligible to enroll in PERS or PFRS, they may be eligible to enroll in DCRP, which is jointly administered by the NJ Division of Pensions and Benefits and Prudential Financial.

Both the employer and employees make contributions to the systems. In 2025, the County appropriated \$3,850,843 to pay its share of costs associated with PERS and \$2,572,044 for PFRS. DCRP employer contributions for 2025 were \$113,000; which includes the County share of group term life and long-term disability. In 2026, the County has appropriated \$4,130,032.07 or 100% contribution for the PERS invoice and \$2,547,535.95 or 100% contribution for the PFRS invoice. Employer’s full share of the DCRP contribution for 2026 is appropriated at \$98,300.

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<sup>1</sup> Source: County of Sussex, unless otherwise noted.

County employees are also enrolled in the Social Security System and are covered by a fully-insured Medical Plan administered by Horizon Blue Cross Blue Shield of NJ and a fully-insured Prescription Drug Plan administered by BeneCard Services, LLC. Other employee insurance coverage includes Workers' Compensation, Unemployment and Temporary Disability, and a fully-insured Dental Plan administered by Delta Dental of NJ.

### RESPONSIBILITIES OF GOVERNMENT

The County is responsible for providing diverse government services including the construction and maintenance of the County road and bridge system, the provision of health and human care services, library system, law enforcement, corrections, education and a variety of other programs.

Pursuant to the requirements of Section 326 of the State of New Jersey's Solid Waste Management Act, the Board has adopted a Solid Waste Management Plan and Update. This Plan includes recycling to meet State goals and solid waste flow control for County generated solid waste.

### LAND AREA

The land area of the County is approximately 519 square miles, or approximately 342,000 acres, and is the 4<sup>th</sup> largest county by area in New Jersey. Of that amount, the federal or state government for recreational use holds 64,200 acres. Approximately 12,000 acres of the County are still virgin woodland of the approximately 100,000 acres of total woodland. Agricultural uses account for 61,033 acres. In order to preserve this agricultural base, the County operates a farmland preservation program, which is partially State funded and with a dedicated property tax that began in 2001. There are 100 lakes and streams in the County.

### ECONOMY

The County's land development regulations and master planning documents provide a framework to encourage economic growth and strengthen the local economy. In addition, our resident labor force is reflective of the County's growing industries and demonstrates the strength of the local economy. Over the years, the County's economy has grown from one primarily based in the agricultural, mining, and recreational industries to one which is more diversified. New top industries include transportation and warehousing, health care services, manufacturing, construction, retail trade, educational services, and professional sciences and technology.

For the time period of 2023-2026, the County Planning Board has reviewed and approved approximately 3 million square feet of new commercial, industrial, warehousing, manufacturing, retail and office space. This includes two logistical park/warehouse facilities totaling 1.2 million square feet, one of which includes a new 1,700-foot freight rail line connection. Additionally, a new redevelopment project in Andover Township was approved. This project will redevelop an existing monastery facility into 183 apartments, 24 townhomes, and a 62-bed skilled nursing facility. The project also includes the renovation of the monastery's historic abbey into a boutique hotel, wedding venue, restaurant, catering facility, and tourist cabins. Several residential development projects have also been approved during this time period, including eight (8) new single-family residential developments and 784 new multi-family housing units.

The County's population also saw an increase of 3,828 residents from 2020 to 2025, reversing the declines observed in the previous decade. Correspondingly, the median value of owner-occupied housing units rose from \$342,800 in 2020 to \$415,800 according to the 2024 ACS.

Approximately 77,250 county residents are employed outside the County, commuting to both public and private sector jobs located in the region. The development of commercial and office complexes and employment centers in neighboring Morris County continue to support the residential growth in the County. Major employment centers located adjacent to the County are Picatinny Arsenal, a U.S. military installation, and the New Jersey Foreign Trade Zone, an authorized Foreign Trade Zone developed by the Rockefeller Group. County residents who work outside the County are primarily employed in Morris County (18,583 workers), Bergen County (5,623 workers), Essex County (4,512 workers), and Passaic County (4,369 workers). Top destinations for County workers employed out-of-state are New York County, NY (2,071 workers), Orange County, NY (1,613 workers), and Queens County, NY (371 workers).

The County's agricultural sector, spread across a varied mix of commodities including livestock, forage and grain, vegetable and fruit crops, agri-tourism services, and nursery and dairy products, contributes approximately \$31 million to the County's economy annually, up \$12 million dollars since the 2017 Ag Census. The market value of County agricultural commodities consistently ranks among the highest in the State for hay production and sales, milk production and sales, cattle, calves, sheep and lamb production and sales, equine production and value, and sweet corn production. Growth continues in pick-your-own fruit and vegetable farms, agri-tourism services, and nursery and greenhouse/floriculture industries, reflecting increasing demand for agri-tourism experiences and services, particularly from larger population centers in northern New Jersey and beyond.

### TRANSPORTATION

The transportation network in the County links federal Interstate 80 in the southeastern part of the County and Interstate 84 in the northwestern portion of the County to a variety of U.S. and state routes; U.S. Route 206 connects Interstate 80 with Newton, the County seat, and continues into Pennsylvania. State Routes 15, 23, 94, and 284 provide access to all parts of the County. In addition, the County route system is comprised of 47 separate routes totaling 320 two-lane miles. The towns within the County also maintain a system of local roads and streets. Of the 480 bridges that are located within the County, 440 bridges are part of the County system, 37 are State owned, and 3 are privately owned.

Two commuter bus lines offer transportation to the Port Authority Terminal in New York City and the Sussex County Transit (Skylands Ride) system offers daily trips throughout the County. The Sussex County Transit system also provides Dial-A-Ride services to senior, veterans and handicapped citizens. NJ Transit offers rail service in neighboring counties with close proximity to the County. Construction is continuing on the First Phase of the Lackawanna Cut-Off Passenger Rail project to Andover, which will be operated by NJ Transit. An application has been submitted by PA and NJ Transit project partners, to the Federal Railroad Administration (FRA) in 2023, for their Corridor Identification Program for potential Amtrak Service from NYC to Scranton, PA over the Lackawanna Cut-Off rail line through Sussex County. The NYC to Scranton PA Corridor was selected by the FRA to advance to the Step 1 Scoping Phase of the Corridor ID Process in 2023. PENNDOT is currently working on finalizing this Step 1 Contract with the FRA for the Scoping Phase, as well as the Consultant Selection Process.

The New York, Susquehanna, and Western Railway provides freight rail service to the County.

There are two licensed airfields in the County that serve general aviation: (i) Sussex Airport in Wantage Township and (ii) Aeroflex Airport in Andover Township. Newark International Airport is approximately one hour from the County. Stewart International Airport in Newburg, New York is approximately 55 miles from the County and Lehigh Valley International Airport in Allentown, Pennsylvania is approximately 50 miles from the County.

## EDUCATIONAL FACILITIES

There are 27 public school districts in the County. Four districts offer K-6 instruction, twelve offer K-8 instruction, and four offer K-12 instruction. In addition, several of the districts in the County offer Pre-K 3 and Pre-K4 programs. There are four regional schools that provide grades 7-12 and 9-12 educational programs for district students. Among the public school districts is a Charter School for Technology, an Educational Services Commission, and the Sussex County Technical School. The latter is a vocational-technical school serving the County. Students are enrolled in trade, vocational, and advanced technical programs including: electronic commerce, building trades, law and public safety, transportation technology, engineering, mechatronics and robotics, welding, culinary arts, cosmetology, graphic communications, and allied health fields. There are also several nonpublic schools in the County, as well as private preschools in most communities.

There is one college in the County. The Sussex County Community College opened in 1982 and is fully accredited by the Middle States Association.

### SUSSEX COUNTY RESIDENT SCHOOL ENROLLMENTS

<u>Year</u>	<u>Total</u>
2025-26	19,300
2024-25	19,274
2023-24	19,271

Source: Sussex County Superintendent of Schools; Enrollment data per New Jersey Department of Education

## HEALTH CARE FACILITIES

There is one hospital that serves the County, Newton Medical Center. Newton Medical Center has been serving the County for more than 50 years. It is home to the Center for Breast Health, addressing all of a woman's breast health needs including state of the art technology, resources, education, support and follow up care. The 148-bed hospital received the Outstanding Achievement Award and Three-Year accreditation from the American College of Surgeons Commission on Cancer. The hospital received The Joint Commission advanced certification for Advanced Primary Stroke and is the recipient of the American Heart Association/American Stroke Association's Get With The Guidelines®-Stroke Gold Plus Quality Achievement Award with Target: StrokeSM Honor Roll Elite. Newton Medical is one of a select few health care facilities in New Jersey to be accredited by the Intersocietal Accreditation Commission (IAC) in all three of the following echocardiography procedures: adult transthoracic, adult transesophageal and adult stress. Newton Medical Center is part of Atlantic Health System, one of the largest non-profit health care systems in New Jersey. Newton Medical Center also enjoys a seamless referral connection with its partner Atlantic Health System hospitals including Morristown Medical Center and maintains a strong working relationship with non-affiliated hospitals such as Saint Joseph's Hospital in Paterson.

St. Clare's Hospital in the Township of Dover, in the County of Morris, is a short drive for many County residents.

The County is proud to support a strong network of urgent care facilities that serve as a vital part of our community's healthcare infrastructure. With multiple locations throughout the area, these centers provide accessible, timely medical care for residents and help reduce the burden on local emergency departments. Their presence enhances public health and safety, reflecting the County's ongoing commitment to high-quality, responsive services for all.

An interconnecting network of volunteer and private ambulance and rescue squads also serves the County.

## RECREATIONAL FACILITIES

The 72,000-acre Delaware Water Gap National Recreation Area, administered by the United States Department of Interior's National Park Service, is located in the County, bordering the western portion of the County, alongside the Delaware River. In addition, the County is home to a 72-acre portion of the Appalachian Trail, seven State Parks and Forests totaling approximately 78,723 acres, twelve wildlife management areas, and the Wallkill River National Wildlife Refuge; almost one third of the County land mass is parkland and wildlife management areas. Some of the state and federal parks recreational facilities include swimming, fishing, hiking, mountain biking, horseback riding, hunting, boating, picnicking, camping, snow shoeing, cross country skiing, and snowmobiling. Also, there are over 19,000 acres of permanently preserved farmland in the County.

Other recreational offerings consist of two (2) ski resorts, twenty (20) public and private golf courses, a large water park, and a minor league baseball team. Mountain Creek and Crystal Springs are the best-known resort facilities providing year-round recreational opportunities for visitors and year-round residents.

## COUNTY MUNICIPAL POPULATION AND POPULATION DENSITIES

<u>Municipality</u>	<u>Form of Government</u>	<u>Total Area in Square Miles</u>	<u>2020 Population per Census</u>	<u>Persons Per Square Mile</u>
Andover Borough	Mayor-Council	1.5	595	404.8
Andover Township	Township Committee	20.7	5,996	289.8
Branchville Borough	Mayor-Council	0.6	791	1,318.3
Byram Township	Council-Manager	22.3	8,028	360.6
Frankford Township	Township-Committee	35.4	5,302	149.6
Franklin Borough	Mayor-Council	4.6	4,912	1,074.8
Fredon Township	Township Committee	18.0	3,235	179.7
Green Township	Township Committee	16.3	3,627	223.1
Hamburg Borough	Mayor-Council	1.2	3,266	2,815.5
Hampton Township	Township Committee	25.3	4,893	193.4
Hardyston Township	Council-Manager	32.6	8,125	248.9
Hopatcong Borough	Mayor-Council	12.3	14,362	1,172.4
Lafayette Township	Township Committee	18.1	2,358	130.6
Montague Township	Township Committee	45.4	3,792	83.6
Newton Town	Council-Manager	3.2	8,374	2,641.6
Ogdensburg Borough	Mayor-Council	2.3	2,258	969.1
Sandyston Township	Township Committee	43.3	1,977	45.7
Sparta Township	Council-Manager	39.0	19,600	503.0
Stanhope Borough	Mayor-Council	2.2	3,526	1,610.0
Stillwater Township	Township Committee	28.4	4,004	141.1
Sussex Borough	Mayor-Council	0.6	2,024	3,264.5
Vernon Township	Mayor-Council	70.6	22,358	316.7
Walpack Township	Township Committee	24.7	7	0.3
Wantage Township	Township Committee	67.5	10,811	160.2
	Total/Average:	<u>535.8</u>	<u>144,221</u>	<u>269.2</u>

Source: United States Department of Commerce, Bureau of the Census

## FINANCIAL INFORMATION

### COUNTY REVENUE AND TAXES REALIZED

<u>Year</u>	<u>Total Revenue Realized</u>	<u>County Taxes</u>	<u>County Taxes as a Percentage of Total Revenue</u>	<u>Other Revenue</u>
2025	\$134,213,945	\$103,907,650	77.42%	30,306,295
2024	130,907,074	102,493,854	78.30%	28,413,220
2023	133,809,337	101,259,145	75.67%	32,550,192

Source: Sussex County Department of Finance & Library Services.

### COUNTY TAXES

County taxes are collected by the municipalities and paid to the County Treasurer. The municipal levy includes all County general, library, and open space taxes, and school and municipal taxes. 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. The County receives its share of the taxes collected from the first taxes collected by each municipality. The State Division of Local Government Services requires that each municipality establish a reserve for uncollected taxes that is equal to the product of total taxes assessed by the County multiplied by the percentage of uncollected taxes in the prior year. This reserve is included in the municipal budget when the municipality establishes its own tax rate and assures the County that it will receive 100% of the taxes due. The County reports that it received 100% of its tax levy during the levy year for each of the last three years.

### COMPARISON OF TAX LEVIES AND COLLECTIONS

<u>Year</u>	<u>General Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collections</u>
2025	\$103,907,650	\$103,907,650	100%
2024	102,493,854	102,493,854	100%
2023	101,259,145	101,259,145	100%

Source: Sussex County Department of Finance & Library Services.

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EQUALIZED VALUATIONS FOR APPORTIONMENT OF COUNTY TAXES

Taxing District	2025	2024	2023
Andover Borough	\$94,822,822	\$84,056,338	\$84,080,063
Andover Township	1,028,333,579	902,088,424	857,660,079
Branchville Borough	159,523,600	150,132,565	143,761,362
Byram Township	1,449,162,530	1,285,766,838	1,184,352,016
Frankford Township	1,061,803,090	1,014,583,014	921,767,871
Franklin Borough	682,882,837	610,204,732	583,832,893
Fredon Township	597,520,301	553,640,064	492,058,258
Green Township	741,154,917	620,241,611	570,621,303
Hamburg Borough	448,860,786	375,223,916	337,303,776
Hampton Township	997,712,136	894,887,865	799,315,905
Hardyston Township	1,831,342,101	1,620,193,698	1,334,080,808
Hopatcong Borough	2,617,442,557	2,394,133,888	2,041,863,126
Lafayette Township	499,057,705	456,116,343	404,169,357
Montague Township	532,232,038	461,502,153	440,981,256
Newton Town	1,080,646,120	970,841,816	807,947,516
Ogdensburg Borough	301,201,497	268,982,398	241,561,459
Sandyston Township	372,072,238	327,203,825	319,536,858
Sparta Township	4,800,878,413	4,351,701,746	3,937,744,148
Stanhope Borough	477,178,881	433,785,489	392,095,489
Stillwater Township	681,191,334	625,870,259	572,967,034
Sussex Borough	176,817,259	158,409,340	154,415,128
Vernon Township	3,800,598,455	3,439,595,922	3,112,031,405
Walpack Township	6,549,000	6,078,709	3,061,633
Wantage Township	1,679,951,246	1,573,982,357	1,448,563,588
Total:	<u>\$26,118,935,442</u>	<u>\$23,579,223,310</u>	<u>\$21,185,772,331</u>

Source: Sussex County Board of Taxation

ASSESSED AND EQUALIZED VALUATIONS AND TAX RATES

Year	Assessed Valuation	Equalized Assessed Valuation	General Tax Levy	General Tax Rate
2025	\$20,738,224,462	\$26,118,935,442	\$103,907,650	\$0.40
2024	19,779,019,289	23,579,223,310	102,493,854	0.44
2023	17,314,651,439	21,185,772,331	101,259,145	0.48

Source: Sussex County Board of Taxation

ASSESSED VALUATION OF REAL PROPERTY BY CATEGORY

<u>Year</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Farm</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartments</u>	<u>Total</u>
2025	1.63%	82.75%	3.26%	9.03%	2.12%	1.21%	100.00%
2024	1.64%	82.67%	3.23%	9.53%	1.72%	1.20%	100.00%
2023	1.79%	82.42%	3.57%	9.93%	1.42%	0.87%	100.00%

Source: Sussex County Board of Taxation

LARGEST TAXPAYERS

Listed below are the 15 major ratables in the County currently listed on the tax rolls and their assessed value for the year 2025:

	<u>Taxpayer</u>	<u>Type of Business</u>	<u>Assessed Valuation</u>
1	ThorLabs	Manufacturing	\$62,672,300
2	Martin Properties	Real Estate Developer	56,421,600
3	Tenneco, Inc.	Utility	54,971,100
4	Edgewater Associates, LLC	Real Estate Developer	37,777,800
5	Gordon Byram Associates	Real Estate Property Mgmt	34,529,500
6	Wantage Avenue Holding Co	Insurance	31,405,800
7	Wild Turkey Golf Club SPE	Resort/Recreation	31,020,900
8	Weldon Quarry Co.	Quarry	28,091,700
9	Walmart Stores	Retail	27,558,900
10	City of Newark	Watershed Property	25,456,500
11	Mountain Creek	Resort/Recreation	23,356,400
12	Weis Markets, Inc.	Retail	21,313,600
13	New Jersey Investors Growth	Real Estate Developer	19,654,000
14	Vernon Valley Plaza	Real Estate Developer	17,685,800
15	Metairie Corp.	Real Estate Developer	14,451,200
		Total	<u>\$ 486,367,100</u>

Source: Sussex County Board of Taxation-2026 Data Unavailable

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SUMMARY OF BUDGET OPERATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2025

	<u>Anticipated</u>	<u>Realized</u>	%	<u>Prior Year Realized</u>
Revenue:				
Fund Balance	\$ 8,774,000	\$ 8,774,000	100.00%	\$ 7,700,000
Miscellaneous	16,806,404	21,532,295	128.12%	20,714,160
Current Tax Collections	<u>103,907,650</u>	<u>103,907,650</u>	100.00%	<u>102,493,854</u>
 Total Revenue	 <u>\$ 129,488,054</u>	 <u>\$ 134,213,945</u>	 102.76%	 <u>\$ 130,908,014</u>
	<u>Appropriated (Modified)</u>	<u>Paid or Charged</u>	%	<u>Prior Year Paid or Charged</u>
Expenditures:				
Operations:				
Salaries & Wages	\$ 35,325,570	\$ 31,865,852	90.21%	\$ 30,602,282
Other Expenses	67,866,950	61,855,441	91.14%	61,279,170
Capital Improvements	2,100,000	2,100,000	100.00%	2,100,000
Debt Service	14,185,230	14,185,229	100.00%	15,507,809
Deferred Charges & Statutory Expenditures	<u>10,010,304</u>	<u>9,701,672</u>	96.92%	<u>8,361,428</u>
 Total Expenditures	 <u>\$ 129,488,054</u>	 <u>\$ 119,708,194</u>	 92.45%	 <u>\$ 117,850,689</u>

Source: Sussex County Department of Finance & Library Services.

COMPARATIVE SCHEDULE OF FUND BALANCES

	<u>Year</u>	<u>Balance December 31</u>	<u>Used in Succeeding Budget</u>
Current Fund	2025	\$23,023,827	8,774,000
	2024	22,838,401	8,774,000
	2023	21,761,562	7,700,000
County Library Fund	2025	\$1,195,321	680,000
	2024	1,378,983	680,000
	2023	1,205,985	665,000

Source: Sussex County Department of Finance & Library Services.

SUMMARY OF STATUTORY DEBT CONDITION – ANNUAL DEBT STATEMENT

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement, as of December 31, 2025, and indicated a statutory net debt of 0.266%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
General, Vocational School and County College Debt	<u>\$ 74,535,760</u>	<u>\$ 5,704,044</u>	<u>\$ 68,831,716</u>

Net Debt of \$68,831,716 divided by Equalized Valuation Basis per NJSA 40A:2-2, as amended, of \$25,879,849,681 = 0.266%.

DEBT LIMIT OF THE COUNTY OF SUSSEX  
DECEMBER 31, 2025

Average Equalized Valuation Basis	<u>\$ 25,879,849,681</u>
Permitted Debt Limitation (2.00%)	\$ 517,596,994
Net Debt Issued and Authorized but not Issued	<u>68,831,716</u>
Remaining Borrowing Power	<u>\$ 448,765,278</u>

Source: Sussex County Department of Finance & Library Services

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COUNTY OF SUSSEX  
SCHEDULE OF EXISTING BOND MATURITIES  
AND DEBT SERVICE REQUIREMENTS  
AS OF DECEMBER 31, 2025

Calendar Year	General Improvements		Vocational School		County College*		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2026	4,635,000	1,048,000	1,003,000	96,450	1,160,000	168,846	8,111,296
2027	4,625,000	905,475	415,000	69,875	1,165,000	118,444	7,298,794
2028	4,795,000	752,075	415,000	57,425	950,000	80,975	7,050,475
2029	4,760,000	605,950	415,000	45,550	565,000	52,725	6,444,225
2030	4,760,000	478,400	415,000	35,750	565,000	31,550	6,285,700
2031-2035	15,010,000	839,900	1,170,000	57,300	530,000	20,000	17,627,200
2036	1,830,000	18,300	110,000	1,100			1,959,400
	<u>\$ 40,415,000</u>	<u>\$ 4,648,100</u>	<u>\$ 3,943,000</u>	<u>\$ 363,450</u>	<u>\$ 4,935,000</u>	<u>\$ 472,540</u>	<u>\$ 54,777,090</u>

\* Does not include County College Bonds pursuant to the County College Bond Act (P.L. 1971, c.12) which are paid by the NJ Department of the Treasury.

Source: Sussex County Department of Finance & Library Services

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EMPLOYMENT AND UNEMPLOYMENT COMPARISONS

For the past five (5) years, the New Jersey Department of Labor & Workforce Development reported the following annual average employment information for the County and the State.

	<u>Total Labor Force</u>	<u>Employed Labor Force</u>	<u>Total Unemployed</u>	<u>Unemployment Rate</u>
<i><u>County</u></i>				
2025	79,576	75,624	3,952	5.0%
2024	81,046	77,594	3,452	4.3%
2023	79,040	75,673	3,367	4.3%
2022	77,612	74,747	2,865	3.7%
2021	76,200	71,600	4,500	5.9%
<i><u>State</u></i>				
2025	4,905,633	4,648,499	257,134	5.2%
2024	4,898,008	4,676,064	221,944	4.5%
2023	4,829,673	4,615,724	213,949	4.4%
2022	4,739,800	4,564,100	175,700	3.7%
2021	4,661,100	4,365,400	295,700	6.3%

Source: New Jersey Department of Labor & Workforce Development

WEALTH AND INCOME

	<u>County</u>	<u>State</u>	<u>National</u>
Median Household Income	\$116,186	\$103,556	\$80,734
Median Family Income	137,107	127,025	99,999
Per Capita Income	57,252	54,253	44,673

Source: U.S. Bureau of the Census, American Community Survey 5-Year Estimates, 2024

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MAJOR PRIVATE AND PUBLIC EMPLOYERS\*

<u>Employer</u>	<u>Municipality</u>	<u>Number of Employees</u>
1. Selective Insurance Group Inc.	Branchville	1,000-4,999
2. Crystal Springs Resort	Hardyston	1,000-4,999
3. Newton Medical Center	Newton	1,000-4,999
4. Thorlabs	Newton	1,000-4,999
5. Mountain Creek Resort	Vernon	1,000-4,999
6. County of Sussex	Newton (and Countywide)	500-999
7. Shop Rite	Byram/Newton/Sussex & Franklin	500-999
8. Sussex County Community College	Newton	250-499
9. United Methodist Community Bristol Glen	Newton	100-249
10. Franklin Mutual Insurance	Branchville	100-249

\*Local School Districts not included

Source: Sussex County Chamber of Commerce

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## SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY<sup>2</sup>

The Sussex County Municipal Utilities Authority (the “SCMUA”) is a public body corporate and politic of the State of New Jersey. The SCMUA was organized pursuant to the Municipal and County Utilities Authorities law (N.J.S.A. 40:14B-1 et seq.) (the “MUA Act”). The governing body of the SCMUA consists of nine members appointed by the Board of County Commissioners for terms on a staggered basis for a maximum term of five years. The SCMUA was created for the purpose of acquiring, constructing, maintaining and operating sewerage facilities for the relief of waters in, bordering or entering the areas within the territorial boundaries of the County from pollution or the threatened pollution and for the improvement of conditions affecting the public health. The SCMUA has been granted additional powers to implement the County solid waste plan.

The SCMUA has broad power under the MUA Act including, among others, the following: to sue and to be sued; to enter into leases and contracts; to acquire property by any lawful means, including the exercise of the power of eminent domain; to hold, operate and administer its property; to issue its negotiable bonds and to secure their payment and rights of holders thereof under a bond resolution; to enter into contracts with municipalities, other authorities and corporations for the treatment and disposal of sewage and solid waste; to charge and collect service charges for the use of its facilities and to revise such service charges which the MUA Act requires to such that the revenue of the SCMUA will at all times be adequate to pay operating and maintenance expenses including reserves, insurance, extensions and replacements; to pay punctually the principal of and interest on any bonds and to maintain reserves and sinking funds therefor as may be required by the terms of any contracts with bondholders; and to make and enforce rules and regulations for the management of its business affairs.

The County and the Sussex County Municipal Utilities Authority (the "SCMUA") have entered into a Deficiency Advance Contract in order to provide security to the holders of obligations of the SCMUA relative to the existing \$88,581,446 Solid Waste New Jersey Infrastructure Bank Bonds, Upper Wallkill Wastewater Facilities Revenue Bonds and the Paulinskill Water Reclamation Facilities USDA – Rural Development Loans. Pursuant to the terms of the Deficiency Advance Contract, the SCMUA can impose and collect from the County of Sussex annual charges, as defined in the contract, in any fiscal year that the SCMUA estimates that the amount of revenue received from all sources will be insufficient to satisfy all of its costs, expenses, or other obligations.

As of November 30, 2025, the SCMUA had outstanding approximately \$31,906,642 of Upper Wallkill Wastewater Facilities Revenue Bonds that are supported by a Deficiency Advance Contract. The SCMUA’s wastewater revenues have been sufficient to meet all costs of operation and maintenance and all debt service costs of the Authority with respect to its wastewater system.

As of November 30, 2025, the SCMUA had outstanding approximately \$39,398,781 of Solid Waste New Jersey Infrastructure Bank Bonds, a \$5,445,489 New Jersey Infrastructure Bank Note and \$5,090,000 Revenue Bonds that are supported by a Deficiency Advance Contract. The SCMUA’s solid waste revenues and surplus had been sufficient to meet all costs of operation and maintenance and all debt service costs of the Authority with respect to its solid waste system.

As of November 30, 2025 the SCMUA had outstanding approximately \$6,740,534 of Paulinskill Basin Water Reclamation Facility USDA –Rural Development Loans which are supported by a Deficiency Advance Contract. The SCMUA’s Paulinskill Facility’s wastewater revenues have been sufficient to meet all costs of operation and maintenance and all debt service costs of the Authority with respect to its wastewater system.

The SCMUA prepared a 2026 budget which anticipates operating revenues will meet all operating and debt service expenses for 2026. Should the actual revenue plus available reserve funds be insufficient, and if the SCMUA has no other source of funding, the county will be required to advance fund to the SCMUA under the Deficiency Advance Contract to the extent other revenue is not obtained to finance the SCMUA’s operations.

In 2017, Mountain Creek filed under Federal Chapter 11 for bankruptcy protection, wherein Vernon Township, a municipal participant of the SCMUA, was listed as an unsecured creditor. While Vernon Township ultimately

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<sup>2</sup> Source: Sussex County Municipal Utilities Authority Auditor

secures the debt to SCMUA, if they are unable to pay SCMUA, SCMUA may have to draw on the Deficiency Advance Contract with the County. However, Vernon Township pledges ad valorem taxes as security for the amount owed to SCMUA. In February 2020, the Bankruptcy court confirmed Mountain Creek's Plan of Reorganization. In a separate agreement in 2019, Vernon Township, the Vernon Township Municipal Utilities Authority and Mountain Creek reached a settlement agreement as part of the Reorganization Plan. Mountain Creek has been making the required payments as part of the agreement.

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**APPENDIX B**

**FINANCIAL STATEMENTS OF THE COUNTY OF SUSSEX  
FOR THE CALENDAR YEARS ENDED 2025, 2024 AND 2023**

COUNTY OF SUSSEX  
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FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2025, 2024 AND 2023

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## Independent Auditors' Report

The Honorable Director and Members  
of the Board of County Commissioners  
County of Sussex  
Newton, New Jersey

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

#### ***Opinions***

We have audited the financial statements – *regulatory basis* - of the various funds and account group of the County of Sussex (the "County") as of and for the years ended December 31, 2025 and 2024, and the related notes to the financial statements, as listed in the table of contents.

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of each fund and account group of the County as of December 31, 2025 and 2024, and the results of operations and changes in fund balance, where applicable, of such funds and account group, thereof for the years then ended in accordance with the accounting practices prescribed or permitted, as described in Note 1, by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division").

#### ***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the accompanying financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund and account group of the County as of December 31, 2025 and 2024, or the changes in financial position where applicable, thereof for the years then ended.

#### ***Basis for Opinions***

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

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

As described in Note 1 of the financial statements, the financial statements are prepared by the County on the basis of the financial reporting provisions prescribed or permitted by the Division, 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's regulatory basis of accounting and the budget laws of New Jersey.

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

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") to demonstrate compliance with the Division's regulatory basis of accounting, and the budget laws of New Jersey. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* and audit 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 *Government Auditing Standards* and audit 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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

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.

Mount Arlington, New Jersey  
April 10, 2026

NISIVOCIA LLP

*Nisivoccia LLP*

COUNTY OF SUSSEX  
COMPARATIVE BALANCE SHEET  
CURRENT FUND

	December 31,		
	2025	2024	2023
<u>ASSETS</u>			
Regular Fund:			
Cash and Cash Equivalents	\$ 48,560,820.90	\$ 50,672,074.50	\$ 60,390,477.45
Added and Omitted Taxes Receivable	172,868.81	212,629.05	250,508.00
Other Receivables	707,406.32	692,268.78	578,658.16
Total General Fund	<u>49,441,096.03</u>	<u>51,576,972.33</u>	<u>61,219,643.61</u>
Federal and State Grant Fund:			
Federal and State Grants Receivable	6,081,632.63	7,916,715.22	8,066,492.40
Interfund Receivable	6,004,181.43	9,469,727.86	15,297,752.62
Total Federal and State Grant Fund	<u>12,085,814.06</u>	<u>17,386,443.08</u>	<u>23,364,245.02</u>
<u>TOTAL ASSETS</u>	<u>\$ 61,526,910.09</u>	<u>\$ 68,963,415.41</u>	<u>\$ 84,583,888.63</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Regular Fund:			
Appropriation Reserves	\$ 13,412,502.57	\$ 12,149,267.69	\$ 15,652,662.94
Other Encumbrances Payable and Other Liabilities	70,267.88	283,729.98	2,783,421.06
Interfund Payables	6,004,181.43	9,381,727.86	15,297,752.62
Cash Reserves for Various Purposes	6,050,042.49	6,018,947.48	4,895,078.87
Reserve for Receivables	880,275.13	904,897.83	829,166.16
Fund Balance	23,023,826.53	22,838,401.49	21,761,561.96
Total General Fund	<u>49,441,096.03</u>	<u>51,576,972.33</u>	<u>61,219,643.61</u>
Grant Fund:			
Appropriated Reserves	4,472,406.40	5,641,909.76	16,015,652.53
Unappropriated Reserves	1,811,563.80	1,659,036.55	271,696.54
Encumbrances Payable	5,801,843.86	10,085,496.77	7,076,895.95
Total Federal and State Grant Fund	<u>12,085,814.06</u>	<u>17,386,443.08</u>	<u>23,364,245.02</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>\$ 61,526,910.09</u>	<u>\$ 68,963,415.41</u>	<u>\$ 84,583,888.63</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

COUNTY OF SUSSEX  
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE  
CURRENT FUND

	Year Ended December 31,		
	2025	2024	2023
<u>Revenue and Other Income Realized</u>			
Fund Balance Anticipated	\$ 8,774,000.00	\$ 7,700,000.00	\$ 7,700,000.00
Miscellaneous Revenue Anticipated	18,244,251.03	18,641,715.83	22,550,232.30
Receipts from Current Taxes	103,907,650.00	102,493,854.00	101,259,145.00
Non-Budget Revenue	3,288,043.77	2,072,443.88	2,299,960.11
Other Credits to Income	4,344,070.64	4,146,232.97	3,101,271.23
Total Income	<u>138,558,015.44</u>	<u>135,054,246.68</u>	<u>136,910,608.64</u>
<u>Expenditures</u>			
Budget and Emergency Appropriations:			
Operations	103,192,520.40	99,798,407.91	102,175,529.72
Capital Improvements	2,100,000.00	2,100,000.00	2,100,000.00
County Debt Service	14,185,228.70	15,507,808.77	15,143,253.18
Deferred Charges and Statutory Expenditures	10,010,301.42	8,738,087.80	8,562,334.00
Other Debits to Income	110,539.88	133,102.67	2,555.31
Total Expenditures	<u>129,598,590.40</u>	<u>126,277,407.15</u>	<u>127,983,672.21</u>
Excess in Revenue	8,959,425.04	8,776,839.53	8,926,936.43
<u>Fund Balance</u>			
Balance January 1	<u>22,838,401.49</u>	<u>21,761,561.96</u>	<u>20,534,625.53</u>
	31,797,826.53	30,538,401.49	29,461,561.96
Decreased by:			
Utilization as Anticipated Revenue	<u>8,774,000.00</u>	<u>7,700,000.00</u>	<u>7,700,000.00</u>
Balance December 31	<u><u>\$ 23,023,826.53</u></u>	<u><u>\$ 22,838,401.49</u></u>	<u><u>\$ 21,761,561.96</u></u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

COUNTY OF SUSSEX  
COMPARATIVE STATEMENT OF REVENUE - CURRENT FUND

	For the Years Ended December 31,					
	2025		2024		2023	
	Budget After Modification	Realized	Budget After Modification	Realized	Budget After Modification	Realized
Fund Balance Anticipated	\$ 8,774,000.00	\$ 8,774,000.00	\$ 7,700,000.00	\$ 7,700,000.00	\$ 7,700,000.00	\$ 7,700,000.00
Miscellaneous Revenue Anticipated	16,806,404.40	18,244,251.03	15,950,453.91	18,641,715.83	19,022,200.72	22,550,232.30
Amount to be Raised by Taxes for Support of Municipal Budget:						
Local Taxes for County Purposes	103,907,650.00	103,907,650.00	102,493,854.00	102,493,854.00	101,259,145.00	101,259,145.00
Total Budget Revenue	129,488,054.40	130,925,901.03	126,144,307.91	128,835,569.83	127,981,345.72	131,509,377.30
Nonbudget Revenue		3,288,043.77		2,072,443.88		2,299,960.11
Grand Total	\$ 129,488,054.40	\$ 134,213,944.80	\$ 126,144,307.91	\$ 130,908,013.71	\$ 127,981,345.72	\$ 133,809,337.41

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

COUNTY OF SUSSEX  
COMPARATIVE STATEMENT OF EXPENDITURES  
CURRENT FUND

	For the Years Ended December 31,							
	2025		2024					
	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Canceled	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Canceled
Operations:								
Salaries and Wages	\$ 35,325,570.00	\$ 31,865,852.26	\$ 3,459,717.74		\$ 33,646,588.00	\$ 30,632,282.84	\$ 3,014,305.16	
Other Expenses	67,866,950.40	61,855,441.39	6,011,509.01		66,151,819.91	61,249,169.89	4,902,650.02	
Capital Improvements	2,100,000.00	2,100,000.00			2,100,000.00	2,100,000.00		
County Debt Service	14,185,230.00	14,185,228.70		\$ 1.30	15,507,811.00	15,507,808.77		\$ 2.23
Deferred Charges and Statutory Expenditures	10,010,304.00	9,701,671.39	308,630.03	2.58	8,738,089.00	8,361,427.90	376,659.90	1.20
	\$ 129,488,054.40	\$ 119,708,193.74	\$ 9,779,856.78	\$ 3.88	\$ 126,144,307.91	\$ 117,850,689.40	\$ 8,293,615.08	\$ 3.43

	For the Year Ended December 31, 2023			
	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Canceled
Operations:				
Salaries and Wages	\$ 33,365,066.00	\$ 28,854,372.79	\$ 4,510,693.21	
Other Expenses	68,810,463.72	62,372,517.18	6,437,946.54	
Capital Improvements	2,100,000.00	2,100,000.00		
County Debt Service	15,143,254.00	15,143,253.18		\$ 0.82
Deferred Charges and Statutory Expenditures	8,562,562.00	7,961,942.14	600,391.86	228.00
	\$ 127,981,345.72	\$ 116,432,085.29	\$ 11,549,031.61	\$ 228.82

COUNTY OF SUSSEX  
COMPARATIVE BALANCE SHEET  
TRUST FUNDS

	December 31,		
<u>ASSETS</u>	2025	2024	2023
Cash and Cash Equivalents	\$ 24,156,042.56	\$ 24,076,113.70	\$ 22,822,444.94
Open Space Added and Omitted			
Taxes Receivable	838.66	1,047.07	1,194.70
<u>TOTAL ASSETS</u>	<u>\$ 24,156,881.22</u>	<u>\$ 24,077,160.77</u>	<u>\$ 22,823,639.64</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Escrow Deposits	\$ 829,109.33	\$ 995,725.64	\$ 854,408.60
Cash Reserves for Various Purposes	23,327,771.89	23,081,435.13	21,969,231.04
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>\$ 24,156,881.22</u>	<u>\$ 24,077,160.77</u>	<u>\$ 22,823,639.64</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

COUNTY OF SUSSEX  
COMPARATIVE BALANCE SHEET  
GENERAL CAPITAL FUND

	December 31,		
	2025	2024	2023
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 57,199,951.60	\$ 56,346,016.85	\$ 50,629,842.31
Accounts Receivable	19,557,522.00	18,860,894.59	21,814,205.34
Deferred Charges to Future Taxation:			
Funded	54,513,000.00	61,848,000.00	61,398,000.00
Unfunded	16,877,760.00	18,136,060.92	25,679,236.00
<u>TOTAL ASSETS</u>	<u>\$ 148,148,233.60</u>	<u>\$ 155,190,972.36</u>	<u>\$ 159,521,283.65</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Vocational School and General Improvement Serial Bonds	\$ 44,358,000.00	\$ 50,053,000.00	\$ 49,679,000.00
County College Serial Bonds	10,155,000.00	11,795,000.00	11,719,000.00
Bonds Anticipation Notes	8,871,000.00	7,555,000.00	11,872,000.00
Improvement Authorizations	60,048,234.43	58,426,481.85	62,426,936.79
Capital Improvement Fund	15,568,582.79	18,153,729.78	13,575,916.56
Due to State of NJ	308,912.77	308,912.77	308,912.77
Interfunds Payable		88,000.00	
Cash Reserves for Various Purposes	8,497,975.23	8,476,706.63	9,540,299.26
Capital Fund Balance	340,528.38	334,141.33	399,218.27
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>\$ 148,148,233.60</u>	<u>\$ 155,190,972.36</u>	<u>\$ 159,521,283.65</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

COUNTY OF SUSSEX  
COMPARATIVE STATEMENT OF FUND BALANCE  
GENERAL CAPITAL FUND

	For the Years Ended December 31,		
	2025	2024	2023
Balance January 1	\$ 334,141.33	\$ 399,218.27	\$ 749,870.92
Increased by:			
Cancellation of Fully Funded Improvement Authorizations	6,387.05	34,923.06	99,347.35
	340,528.38	434,141.33	849,218.27
Decreased by:			
Payment to Current Fund as Anticipated Revenue		100,000.00	450,000.00
Balance December 31	\$ 340,528.38	\$ 334,141.33	\$ 399,218.27

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

COUNTY OF SUSSEX  
COMPARATIVE BALANCE SHEET  
SPECIAL REVENUE - COUNTY LIBRARY FUND

	December 31,		
	2025	2024	2023
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 2,196,271.56	\$ 2,122,780.52	\$ 2,282,677.40
Receivables with Full Reserves:			
Added and Omitted Taxes Receivable	10,374.36	13,797.02	14,781.37
Revenue Accounts Receivable	3,401.67	3,579.07	4,919.77
	<u>13,776.03</u>	<u>17,376.09</u>	<u>19,701.14</u>
<u>TOTAL ASSETS</u>	<u>\$ 2,210,047.59</u>	<u>\$ 2,140,156.61</u>	<u>\$ 2,302,378.54</u>
 <u>LIABILITIES, RESERVES, AND FUND BALANCE</u>			
Appropriation Reserves	\$ 933,799.86	\$ 675,870.20	\$ 844,034.39
Contracts Payable	51.44		163,381.13
Unrestricted State per Capita Library Aid	66,418.00	67,246.00	68,596.00
Reserve for Donations	680.87	680.87	680.87
	<u>1,000,950.17</u>	<u>743,797.07</u>	<u>1,076,692.39</u>
Reserve for Receivables	13,776.03	17,376.09	19,701.14
Fund Balance	<u>1,195,321.39</u>	<u>1,378,983.45</u>	<u>1,205,985.01</u>
<u>TOTAL LIABILITIES, RESERVES, AND FUND BALANCE</u>	<u>\$ 2,210,047.59</u>	<u>\$ 2,140,156.61</u>	<u>\$ 2,302,378.54</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

COUNTY OF SUSSEX  
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE  
SPECIAL REVENUE - COUNTY LIBRARY FUND

	Year Ended December 31,		
	2025	2024	2023
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	\$ 680,000.00	\$ 665,000.00	\$ 625,000.00
Receipts from Current Taxes	6,903,272.00	6,486,388.00	6,304,438.00
Miscellaneous Revenue Anticipated	67,246.00	68,596.00	64,945.00
Nonbudget Revenue	110,405.16	140,130.89	114,328.23
Other Credits to Income	385,932.78	697,891.56	586,298.86
	<u>8,146,855.94</u>	<u>8,058,006.45</u>	<u>7,695,010.09</u>
<u>Expenditures</u>			
Budget Expenditures:			
Operations	<u>7,650,518.00</u>	<u>7,220,008.01</u>	<u>6,994,383.00</u>
Excess in Revenue	496,337.94	837,998.44	700,627.09
<u>Fund Balance</u>			
Balance January 1	<u>1,378,983.45</u>	<u>1,205,985.01</u>	<u>1,130,357.92</u>
	1,875,321.39	2,043,983.45	1,830,985.01
Decreased by:			
Utilization as Anticipated Revenue	<u>680,000.00</u>	<u>665,000.00</u>	<u>625,000.00</u>
Balance December 31	<u>\$ 1,195,321.39</u>	<u>\$ 1,378,983.45</u>	<u>\$ 1,205,985.01</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

COUNTY OF SUSSEX  
COMPARATIVE STATEMENT OF REVENUE  
SPECIAL REVENUE - COUNTY LIBRARY FUND

	For the Years Ended December 31,					
	2025		2024		2023	
	Budget After Modification	Realized	Budget After Modification	Realized	Budget After Modification	Realized
Fund Balance Anticipated	\$ 680,000.00	\$ 680,000.00	\$ 665,000.00	\$ 665,000.00	\$ 625,000.00	\$ 625,000.00
Miscellaneous Revenue Anticipated	67,246.00	67,246.00	68,596.00	68,596.00	64,945.00	64,945.00
Amount to be Raised by Taxes for Support of Library Budget:						
Local Tax for County Library Purposes	6,903,272.00	6,903,272.00	6,486,388.00	6,486,388.00	6,304,438.00	6,304,438.00
Total Budget Revenue	7,650,518.00	7,650,518.00	7,219,984.00	7,219,984.00	6,994,383.00	6,994,383.00
Nonbudget Revenue		110,405.16		140,130.89		114,328.23
Grand Total	\$ 7,650,518.00	\$ 7,760,923.16	\$ 7,219,984.00	\$ 7,360,114.89	\$ 6,994,383.00	\$ 7,108,711.23

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
 ARE AN INTEGRAL PART OF THIS STATEMENT

COUNTY OF SUSSEX  
COMPARATIVE STATEMENT OF EXPENDITURES  
SPECIAL REVENUE - COUNTY LIBRARY FUND

	For the Years Ended December 31,				
	2025	2024			
	Budget After Modification	Paid or Charged	Budget After Modification	Paid or Charged	Reserved
Operations:					
Salaries and Wages	\$ 3,439,000.00	\$ 3,242,245.94	\$ 196,754.06	\$ 3,253,512.00	\$ 102,901.71
Other Expenses	4,211,518.00	3,625,301.97	586,216.03	3,966,472.00	386,094.65
	<u>\$ 7,650,518.00</u>	<u>\$ 6,867,547.91</u>	<u>\$ 782,970.09</u>	<u>\$ 7,219,984.00</u>	<u>\$ 488,996.36</u>

For the Year Ended December 31, 2023

	Budget After Modification	Paid or Charged	Reserved
Operations:			
Salaries and Wages	\$ 3,104,445.00	\$ 2,815,224.75	\$ 289,220.25
Other Expenses	3,889,938.00	3,564,433.01	325,504.99
	<u>\$ 6,994,383.00</u>	<u>\$ 6,379,657.76</u>	<u>\$ 614,725.24</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

COUNTY OF SUSSEX  
BALANCE SHEET  
GENERAL FIXED ASSETS ACCOUNT GROUP

<u>ASSETS</u>	December 31,		
	<u>2025</u>	<u>2024</u>	<u>2023</u>
Land	\$ 16,780,552.00	\$ 16,511,452.00	\$ 16,511,452.00
Building	93,444,456.00	91,701,230.00	90,311,692.00
Machinery, Equipment and Vehicles	44,490,459.00	40,769,642.00	35,026,167.00
Work in Progress	5,975,916.00	4,418,417.00	3,078,168.00
<u>TOTAL ASSETS</u>	<u>\$ 160,691,383.00</u>	<u>\$ 153,400,741.00</u>	<u>\$ 144,927,479.00</u>
<u>RESERVE</u>			
Reserve for Fixed Assets	<u>\$ 160,691,383.00</u>	<u>\$ 153,400,741.00</u>	<u>\$ 144,927,479.00</u>
<u>TOTAL RESERVE</u>	<u>\$ 160,691,383.00</u>	<u>\$ 153,400,741.00</u>	<u>\$ 144,927,479.00</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

COUNTY OF SUSSEX  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2025

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

Except as noted below, the financial statements of the County of Sussex include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the County of Sussex, as required by N.J.S. 40A:5-5. Accordingly, the financial statements of the County of Sussex do not include the operations of the County Community College, County Municipal Utilities Authority or the County Vocational School, inasmuch as their activities are administered by separate boards. The operations of the County Welfare Agency have also been excluded inasmuch as they serve as an agent of the State of New Jersey and their records are maintained separately.

Governmental Accounting Standards Board ("GASB") Codification Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents. (2) The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization. (3) The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. As the financial reporting entity was established in accordance with New Jersey statutes, the requirements of GASB Codification Section 2100 were not followed and, accordingly, the reporting entity could be different from accounting principles generally accepted in the United States of America.

Financial Statements for each of the component units may be obtained from the entity's administrative offices.

Sussex County Community College  
College Hill  
Newton, NJ 07860

Sussex County Municipal Utilities Authority  
34 South Route 94  
Lafayette, NJ 07848

Sussex County Division of Social  
Services  
83 Spring Street  
PO Box 218  
Newton, NJ 07860

Sussex County Technical School  
105 North Church Road  
Sparta, NJ 07871

COUNTY OF SUSSEX  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2025  
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

B. Description of Funds

The accounting policies of the County of Sussex conform to the accounting practices applicable to municipalities and counties which have been prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Such practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the County of Sussex accounts for its financial transactions through the following separate funds:

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

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

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

Special Revenue - County Library Fund - Resources and expenditures for the operations of the County Library system.

General Fixed Assets Account Group - These accounts were established with estimated values of land, buildings, and certain fixed assets of the County as discussed in Note 1E – “Basis of Accounting”.

C. Basis of Accounting

Basis of accounting refers to when revenue and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The more significant accounting policies in New Jersey follow.

Revenue is recorded when received in cash except for the prepayment of future years' revenue and State and Federal Grant Funds which are recorded as revenue in the year they are anticipated in the budget. The amounts recorded as County taxes receivable have not been included in revenue. Amounts that are due to the County which are susceptible of accrual are recorded as receivables with offsetting reserves in the Current, Health and Library Funds. Expenditures are charged to operations generally based on budgeted amounts.

COUNTY OF SUSSEX  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2025  
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

C. Basis of Accounting (Cont'd)

Exceptions to this general rule include:

1. Accumulated unpaid vacation, sick pay and other employee amounts are not accrued.
2. Prepaid expenses, such as insurance premiums applicable to subsequent periods, are charged to current budget appropriations in total.
3. Principal and interest on long-term debt are recognized when due.

Expenditures, if any, in excess of appropriations, appropriation reserves or ordinances, become deferred charges which must be raised by future taxes. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements and constitute part of the statutory appropriation reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31 of each year and recorded as liabilities, except for amounts which may be cancelled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet additional encumbrances which have not been recorded as of December 31, for specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income.

The cash basis of accounting is followed in the Trust and General Capital Funds.

Had the County's financial statements been prepared under accounting principles generally accepted in the United States of America, encumbrances would not be considered as expenditures; appropriation reserves would not be recorded; revenue susceptible to accrual would have been reflected without offsetting reserves; Federal and State grants and assistance would be recognized when earned, not when awarded or budgeted; and inventories would not be reflected as expenditures at the time of purchase, investments would generally be stated at fair value, lease assets and payable as well as the related expense would be recorded for leases for which the County is a lessee, lease receivables and deferred lease resources as well as the related revenue would be recorded for leases for which the County is a lessor, a financed purchases payable would be recorded for financed purchase agreements under which the County acquires and owns a fixed asset, and the County's net OPEB liability and net pension liability and related deferred inflows and outflows, where applicable, would be recorded.

- D. Deferred Charges to Future Taxation – The General Capital Fund balance sheet includes both funded and unfunded deferred charges. Funded means that bonds have been issued and are being paid off on a serial basis. Unfunded means the debt has been authorized but not permanently financed. A county can eliminate an unfunded deferred charge by raising it in the budget or collecting a grant. The unfunded deferred charge may also be funded by selling bonds, by issuing loans or through financed purchases agreements.

COUNTY OF SUSSEX  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2025  
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

E. Other significant accounting policies include:

Management Estimates – The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents – Amounts include petty cash, change funds, amounts on deposit, and short-term investments with original maturities of three months or less.

Investments – Investments are stated at cost.

Allowance for Uncollectible Accounts – No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

Compensated Absences – Expenditures relating to unused vested accumulated vacation and sick pay are not recorded until paid.

Interfunds – Interfund receivables in the Current Fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves.

Inventories of Supplies - The cost of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The cost of inventories is not included on the various balance sheets.

General Fixed Assets Account Group – In accordance with N.J.A.C. accounting requirements, the County developed a fixed assets accounting and reporting system based on the following.

General fixed assets are recorded at cost, except for land which is recorded at assessed value, and buildings, which are recorded at historical cost, or adjusted historical cost. Infrastructure assets are not included in general fixed assets, as per state directive. Major renewals and betterments are charged to the asset accounts; maintenance and minor repairs and replacements, which do not improve or extend the lives of the respective assets, are expensed currently. Donated fixed assets are valued at their fair market value on the date donated. No depreciation has been provided for on general fixed assets. The total value recorded for general fixed assets is offset by a "Reserve for Fixed Assets." When properties are retired or otherwise disposed of, the asset and the reserve are adjusted accordingly. Assets recorded in the General Fixed Assets Account Group may also be recorded in the Current Fund and the General Capital Fund. The values recorded in the General Fixed Assets Account Group, Current Fund and the General Capital Fund may not always agree due to differences in valuation methods, timing of recognition of assets, and the recognition of infrastructures. Fixed assets are reviewed for impairment.

Grants Receivable - Grants receivable represent the total grant awards less amounts collected to date. Because the amount of grant funds to be collected is dependent on the total costs eligible for reimbursement, the actual amount collected may be less than the total amount awarded.

COUNTY OF SUSSEX  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2025  
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

F. Budget/Budgetary Control – Annual appropriated budgets are usually prepared in the 1<sup>st</sup> quarter for the current operating and open space trust funds. The budget is submitted to the governing body and the State Division of Local Government Services. Additionally, a budget is prepared for the County Library Fund which is approved by the governing body but does not require approval by the State Division of Local Government Services. The budgets are prepared using the cash basis of accounting. The legal level of budgetary control is established at the line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the flexible chart of accounts referenced in NJSA 40A. All budget amendments/transfers must be approved by the County during the year.

Note 2: Long-Term Debt

Summary of County Debt

The Local Bond Law governs the issuance of bonds to finance general County capital expenditures. All bonds are retired in serial installments within the statutory period of usefulness. All bonds issued by the County are general obligation bonds. The County's full faith and credit and taxing power has been pledged to the payment of general obligation debt principal and interest.

	December 31,		
	2025	2024	2023
Issued:			
General Bonds	\$ 54,513,000	\$ 61,848,000	\$ 61,398,000
Notes	8,871,000	7,555,000	11,872,000
Authorized but not Issued:			
General Bonds and Notes	8,006,760	10,581,061	13,807,236
	71,390,760	79,984,061	87,077,236
Less:			
Funds Temporarily Held to Pay Bond and Note Principal:			
Reserve to Pay Debt Service	416,674	606,162	1,004,988
Reserve to Pay Vocational School Bonds	67,370	68,792	70,872
Capital Projects for County Colleges (NJSA 18A:64A-22.1 to 22.8)	5,220,000	6,185,000	6,292,000
	5,704,044	6,859,954	7,367,860
Net Bonds and Notes Issued and Authorized but not Issued	\$ 65,686,716	\$ 73,124,107	\$ 79,709,376

COUNTY OF SUSSEX  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2025  
(Continued)

Note 2: Long-Term Debt (Cont'd)

All debt issued for the Sussex County Community College is a direct obligation of the County.

The Sussex County Vocational School is a Type I School District; therefore, according to statute, the County is responsible for all debt authorized by the Vocational School.

Summary of Municipal Debt Issued and Outstanding - Prior Year

<u>Fund</u>	<u>Balance 12/31/2023</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 12/31/2024</u>
Serial Bonds:				
General Capital Fund	\$ 61,398,000.00	\$ 12,305,000.00	\$ 11,855,000.00	\$ 61,848,000.00
Bond Anticipation Notes:				
General Capital Fund	11,872,000.00	19,427,000.00	23,744,000.00	7,555,000.00
	<u>\$ 73,270,000.00</u>	<u>\$ 31,732,000.00</u>	<u>\$ 35,599,000.00</u>	<u>\$ 69,403,000.00</u>

Summary of Municipal Debt Issued and Outstanding - Current Year

<u>Fund</u>	<u>Balance 12/31/2024</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 12/31/2025</u>
Serial Bonds:				
General Capital Fund	\$ 61,848,000.00	\$ 1,100,000.00	\$ 8,435,000.00	\$ 54,513,000.00
Bond Anticipation Notes:				
General Capital Fund	7,555,000.00	8,871,000.00	7,555,000.00	8,871,000.00
	<u>\$ 69,403,000.00</u>	<u>\$ 9,971,000.00</u>	<u>\$ 15,990,000.00</u>	<u>\$ 63,384,000.00</u>

The County's debt issued and outstanding at December 31, 2025 is as follows:

Vocational School Serial Bonds

<u>Purpose</u>	<u>Final Maturity</u>	<u>Rate</u>	<u>Balance Dec. 31, 2025</u>
Vocational School	02/15/2026	5.00%	\$ 588,000
Vocational School	06/01/2032	2.00-3.00%	2,100,000
Vocational School	06/15/2036	2.00-3.00%	1,255,000
			<u>3,943,000</u>

COUNTY OF SUSSEX  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2025  
(Continued)

Note 2: Long-Term Debt (Cont'd)

The County's debt issued and outstanding at December 31, 2025 is as follows: (Cont'd)

<u>General Improvement Serial Bonds</u>			
<u>Purpose</u>	<u>Final Maturity</u>	<u>Rate</u>	<u>Balance Dec. 31, 2025</u>
General Improvements	06/01/2032	2.00-3.00%	\$ 12,250,000
General Improvements	06/15/2036	2.00-3.00%	19,825,000
General Improvements	06/15/2032	4.00%	8,340,000
			40,415,000

<u>County College Bonds</u>			
<u>Purpose</u>	<u>Final Maturity</u>	<u>Rate</u>	
County College	03/15/2028	2.625-4.00%	\$ 465,000
County College	06/01/2030	2.00-3.00%	750,000
County College	06/15/2027	2.00-3.00%	440,000
County College	06/15/2028	3.00-4.00%	660,000
County College	06/15/2032	3.00-4.00%	900,000
County College	06/15/2032	4.00%	1,170,000
County College	06/15/2030	4.125-5.0%	550,000
			4,935,000

<u>County College Bonds (Ch. 12)</u>			
<u>Purpose</u>	<u>Final Maturity</u>	<u>Rate</u>	
County College (Ch. 12)	09/01/2026	4.00%	\$ 285,000
County College (Ch. 12)	03/15/2028	2.625-4.00%	465,000
County College (Ch. 12)	06/01/2030	2.00-3.00%	750,000
County College (Ch. 12)	06/15/2027	2.00-3.00%	440,000
County College (Ch. 12)	06/15/2028	3.00-4.00%	660,000
County College (Ch. 12)	06/15/2032	3.00-4.00%	900,000
County College (Ch. 12)	06/15/2032	4.00%	1,170,000
County College (Ch. 12)	06/15/2030	4.125-5.0%	550,000
			5,220,000
			\$ 54,513,000

<u>Bond Anticipation Notes</u>			
<u>Purpose</u>	<u>Final Maturity</u>	<u>Rate</u>	
Various Capital Improvements	06/25/2026	4.00%	\$ 3,951,000
Sussex Technical School Improvements	06/25/2026	4.00%	4,920,000
			8,871,000
Total Debt Issued and Outstanding			\$ 63,384,000

COUNTY OF SUSSEX  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2025  
(Continued)

Note 2: Long-Term Debt (Cont'd)

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of .266%.

	Gross Debt	Deductions	Net Debt
General, Vocational School and County College Debt	\$ 74,535,760	* \$ 5,704,044	\$ 68,831,716

Net Debt \$68,831,716 divided by Equalized Valuation Basis per N.J.S. 40A:2-2 as amended, \$25,879,849,681 = 0.266%.

\*Includes \$3,145,000 Bonds issued by the Morris County Improvement Authority which are included as part of the Gross and Net Debt. See Note 15 for further information.

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

2% Average Equalized Valuation of Real Property	\$ 517,596,994
Net Debt	68,831,716
Remaining Borrowing Power	\$ 448,765,278

The foregoing debt information is in agreement with the Annual Debt Statement filed by the Chief Financial Officer.

Schedule of Annual Debt Service for Principal and Interest for the Next Five Years and Each Five Year Interval Thereafter for Bonded Debt Issued and Outstanding

\* Does not include principal and interest on County College Bonds issued pursuant to Chapter 12, Public Laws of 1971, which will be paid by the State Department of Treasury.

Calendar Year	General Improvements		Vocational School		County College*		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2026	\$ 4,635,000	\$ 1,048,000	\$ 1,003,000	\$ 96,450	\$ 1,160,000	\$ 168,846	\$ 8,111,296
2027	4,625,000	905,475	415,000	69,875	1,165,000	118,444	7,298,794
2028	4,795,000	752,075	415,000	57,425	950,000	80,975	7,050,475
2029	4,760,000	605,950	415,000	45,550	565,000	52,725	6,444,225
2030	4,760,000	478,400	415,000	35,750	565,000	31,550	6,285,700
2031-2035	15,010,000	839,900	1,170,000	57,300	530,000	20,000	17,627,200
2036	1,830,000	18,300	110,000	1,100			1,959,400
	\$ 40,415,000	\$ 4,648,100	\$ 3,943,000	\$ 363,450	\$ 4,935,000	\$ 472,540	\$ 54,777,090

COUNTY OF SUSSEX  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2025  
(Continued)

Note 3: Fund Balances Appropriated

Fund balances at December 31, 2025 which are appropriated and included in the adopted budgets as anticipated revenue in their own respective funds for the year ending December 31, 2026 are as follows:

Current Fund	\$ 8,774,000
County Library Fund	680,000

Note 4: Pension Plans

County employees participate in one of two contributory, defined benefit public employee retirement systems: the State of New Jersey Public Employee’s Retirement System (PERS) or the State of New Jersey Police and Firemen’s Retirement System (PFRS); or the Defined Contribution Retirement Program (DCRP), a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) 401(a).

A. Public Employees’ Retirement System (PERS)

Plan Description

The State of New Jersey, Public Employees’ Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about the PERS, please refer to the annual financial statements which can be found at [www.state.nj.gov/treasury/pensions/annual-reports.shtml](http://www.state.nj.gov/treasury/pensions/annual-reports.shtml).

Benefits Provided

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 to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 with 25 or more years of service credit before age 62 and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service.

COUNTY OF SUSSEX  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2025  
(Continued)

Note 4: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Benefits Provided (Cont'd)

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.

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. 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 2024, the State's pension contribution was more than the actuarially determined amount.

The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers were credited with the full payment and any such amounts were not included in their unfunded liability. The actuaries have determined the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability is being 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 is adjusted by the rate of return on the actuarial value of assets.

County contributions to PERS amounted to \$3,214,979 for 2025. During the fiscal year ended June 30, 2025, the State of New Jersey contributed \$282,281 to the PERS for normal pension benefits on behalf of the District.

The employee contribution rate was 7.50% effective July 1, 2018.

Special Funding Situation

Under N.J.S.A. 43:15A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed that legally obligated the State if certain circumstances occurred. The legislation, which legally obligates the State, is Chapter 366, P.L. 2001 and Chapter 133, P.L. 2001. The amounts contributed on behalf of the local participating employers under the legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under the legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows of resources to report in the financial statement of the local participating employers related to the legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net pension liability that is associated with the local participating employer.

COUNTY OF SUSSEX  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2025  
(Continued)

Note 4: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Special Funding Situation (Cont'd)

In addition, each local participating employer must disclose pension expense as well as revenue associated with the employers in an amount equal to the nonemployer contributing entity's total proportionate share of the collective pension expense associated with the local participating employer.

Pension Liabilities and Pension Expense

At June 30, 2024, the County's liability was \$38,435,986 for its proportionate share of the net pension liability. The net pension liability, which includes certain component units of the County, was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023 which was rolled forward to June 30, 2024. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2024, the County's proportion was .2829%, which was an increase of 0.0037% from its proportion measured as of June 30, 2023. The County has rolled forward the net pension liability as of June 30, 2024 with no adjustments. The State of New Jersey Public Employees' Retirement System (PERS)' valuation cycle is July 1 instead of December 31. The Division of Local Government Services, Department of Community Affairs, State of New Jersey is permitting municipalities and counties to include the June 30, 2024 information in the Notes to the Financial Statements as the June 30, 2025 information has not been released as of the date of this audit.

Additionally, the State's proportionate share of the net pension liability attributable to the County is \$1,810,906 as of June 30, 2024. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023 which was rolled forward to June 30, 2024. The State's proportionate share of the net pension liability associated with the County was based on a projection of the County's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2024, the State's proportion was 1.583%, which was an increase of 0.035% from its proportion measured as of June 30, 2023.

For the year ended December 31, 2025, the County recognized actual pension expense in the amount of \$3,214,979. During the fiscal year ended June 30, 2024, the State of New Jersey's expense related to the County for the PERS' special funding situation was \$159,787.

COUNTY OF SUSSEX  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2025  
(Continued)

Note 4: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Pension Liabilities and Pension Expense (Cont'd)

County's Proportionate Share of the Net Pension Liability	\$ 38,435,986
State's Proportionate Share of the Net Pension Liability Associated with the County	1,810,906
Total Net Pension Liability	\$ 40,246,892

Actuarial Assumptions

The total pension liability for the June 30, 2024 measurement date was determined by an actuarial valuation as of July 1, 2023 which was rolled forward to June 30, 2024. This actuarial valuation used the following actuarial assumptions:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	2.75 – 6.55% 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 of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2024) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and

COUNTY OF SUSSEX  
NOTES TO FINANCIAL STATEMENTS  
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(Continued)

Note 4: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Long Term Expected Rate of Return (Cont'd)

by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2024 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Rate of Return</u>
U.S. Large-Cap Equity	24.00%	6.90%
U.S. Small/Mid Cap Equity	4.00%	7.40%
Non-U.S. Developed Large-Cap Equity	9.50%	6.70%
Non-U.S. Developed Small Cap Equity	2.00%	7.50%
Emerging Markets Large-Cap Equity	6.00%	9.60%
Emerging Markets Small-Cap Equity	1.50%	9.60%
U.S. Treasury Bond	7.00%	4.10%
U.S. Corporate Bond	5.00%	5.90%
U.S. Mortgage-Backed Securities	5.00%	4.40%
Global Multisector Fixed Income	6.00%	6.50%
Cash	2.00%	3.40%
Real Estate Core	3.00%	5.10%
Real Estate Non-Core	4.00%	6.50%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2024. 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 upon 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 in determining the total pension liability.

COUNTY OF SUSSEX  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2025  
(Continued)

Note 4: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

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

The following presents the County's proportionate share of the collective net pension liability as of June 30, 2024 calculated using the discount rate as disclosed below, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2024		
	At 1% Decrease (6.00%)	Current Discount Rate (7.00%)	At 1% Increase (8.00%)
County's proportionate share of the Net Pension Liability	\$ 51,071,975	\$ 38,435,986	\$ 27,682,828

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial statements.

B. Police and Firemen's Retirement System (PFRS)

Plan Description

The State of New Jersey, State of New Jersey Police and Firemen's Retirement System (PFRS), is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey Division of Pensions and Benefits (the Division). For additional information about the PFRS, please refer to the Division's annual financial statements which can be found at [www.nj.gov/treasury/pensions/annual-reports.shtml](http://www.nj.gov/treasury/pensions/annual-reports.shtml).

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:16A. The 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.

COUNTY OF SUSSEX  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2025  
(Continued)

Note 4: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS) (Cont'd)

Benefits Provided (Cont'd)

The following represents the membership tiers for PFRS:

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

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

Contributions

The contribution policy for PFRS is set by N.J.S.A. 43:16A and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate, which includes the normal costs and unfunded accrued liability. For fiscal year 2024, the State contributed an amount more than the actuarially determined amount.

The Local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers in local group of PFRS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers were credited with the full payment and any such amounts were not included in their unfunded liability. The actuaries have determined the unfunded liability by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability is being paid by the employer in level annual amounts over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and is adjusted by the rate of return on the actuarial value of the assets.

COUNTY OF SUSSEX  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2025  
(Continued)

Note 4: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS) (Cont'd)

Special Funding Situation

Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specified financed amounts), there is no net pension liability or deferred outflows or inflows of resources to report in the financial statements of the local participating employers related to this legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the nonemployer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer.

County contributions to PFRS amounted to \$2,572,044 for the year ended December 31, 2025. During the fiscal year ended June 30, 2024, the State of New Jersey contributed \$435,498 to the PFRS for normal pension benefits on behalf of the County, which is more than the contractually required contribution of \$435,499.

The employee contributions for PFRS are 10.00% of employees' annual compensation, as defined.

Pension Liabilities and Pension Expense

At June 30, 2024, the County's liability for its proportionate share of the net pension liability was \$19,201,642. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023 which was rolled forward to June 30, 2024. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2024, the County's proportion was 0.1859%, which was a decrease of 0.0222% from its proportion measured as of June 30, 2023.

COUNTY OF SUSSEX  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2025  
(Continued)

Note 4: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS) (Cont'd)

Pension Liabilities and Pension Expense (Cont'd)

The County has rolled forward the net pension liability as of June 30, 2024 with no adjustments. The State of New Jersey Police and Firemen's Retirement System (PFRS)' valuation cycle is July 1 instead of December 31. The roll forward methodology puts them a year in arrears in terms of valuation. The Division of Local Government Services, Department of Community Affairs, State of New Jersey is permitting municipalities and counties to include the June 30, 2024 information in the Notes to the Financial Statements as the June 30, 2025 information has not been released as of the date of this audit.

Additionally, the State's proportionate share of the net pension liability attributable to the County is \$3,785,563 as of June 30, 2024. The net pension liability was measured as of June 30, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023 which was rolled forward to June 30, 2024. The State's proportionate share of the net pension liability associated with the County was based on a projection of the County's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2024, the State's proportion was 0.1859%, which was a decrease of 0.0222% from its proportion measured as of June 30, 2023 which is the same proportion as the County's.

County's Proportionate Share of the Net Pension Liability	\$ 19,201,642
State's Proportionate Share of the Net Pension Liability Associated with the County	3,785,563
Total Net Pension Liability	\$ 22,987,205

For the year ended December 31, 2025, the County recognized total pension expense of \$2,572,044.

Actuarial Assumptions

The collective total pension liability for the June 30, 2024 measurement date was determined by an actuarial valuation as of July 1, 2023 which was rolled forward to June 30, 2024. This actuarial valuation used the following actuarial assumptions:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
All future years	3.25 – 16.25% based on years of service
Investment Rate of Return	7.00%

COUNTY OF SUSSEX  
NOTES TO FINANCIAL STATEMENTS  
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(Continued)

Note 4: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS) (Cont'd)

Actuarial Assumptions (Cont'd)

Employee mortality rates were based on the Pub-2010 Safety Employee amount-weighted mortality table (sex specific) projected generationally from 2010 with Scale MP-2021 mortality projection. For healthy annuitants, mortality rates were based on the Pub-2010 Safety Retiree Below Median amount-weighted mortality table (sex-specific), projected generationally from 2010 with Scale MP-2021 mortality projection. Disability rates were 144% of the Pub-2010 Safety Disabled Retiree amount-weighted mortality table for males and 100% of the Pub-2010 Safety Disabled Retiree amount-weighted mortality table for females, projected generationally from 2010 with Scale MP-2021 mortality projection.

The actuarial assumptions used in the July 1, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2024) is determined by the State Treasurer, after consultation with the PFRS Board of Trustees, the Directors of the Division of Investment and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PFRS' target asset allocation as of June 30, 2024 are summarized in the following table:

COUNTY OF SUSSEX  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2025  
(Continued)

Note 4: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS) (Cont'd)

Long Term Expected Rate of Return (Cont'd)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Large-Cap Equity	24.00%	6.90%
U.S. Small/Mid Cap Equity	4.00%	7.40%
Non-U.S. Developed Large-Cap Equity	9.50%	6.70%
Non-U.S. Developed Small Cap Equity	2.00%	7.50%
Emerging Markets Large-Cap Equity	6.00%	9.60%
Emerging Markets Small-Cap Equity	1.50%	9.60%
U.S. Treasury Bond	7.00%	4.10%
U.S. Corporate Bond	5.00%	5.90%
U.S. Mortgage-Backed Securities	5.00%	4.40%
Global Multisector Fixed Income	6.00%	6.50%
Cash	2.00%	3.40%
Real Estate Core	3.00%	5.10%
Real Estate Non-Core	4.00%	6.50%
Infrastructure	3.00%	7.00%
Private Debt/Credit	8.00%	9.10%
Private Equity	10.00%	10.10%

Discount Rate – PFRS

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2024. 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 upon 100% of the actuarially determined contributions for the employers in the State Group and 100% of actuarially determined contributions for the employers in the Local Group. 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 in determining the total pension liability.

COUNTY OF SUSSEX  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2025  
(Continued)

Note 4: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS) (Cont'd)

Sensitivity of the Total Net Pension Liability (including the State's proportionate share of the net pension liability attributable to the County) to Changes in the Discount Rate

The following presents the total net pension liability (including the State's proportionate share of the net pension liability attributable to the County) as of June 30, 2024 calculated using the discount rate 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:

	June 30, 2024		
	At 1% Decrease (6.00%)	Current Discount Rate (7.00%)	At 1% Increase (8.00%)
County's proportionate share of the NPL and the State's proportionate share of the Net Pension Liability associated with the County	\$ 32,843,577	\$ 22,987,205	\$ 14,778,976

Pension Plan Fiduciary Net Position - PFRS

Detailed information about the PFRS's fiduciary net position is available in the separately issued PFRS financial statements.

C. Defined Contribution Retirement Program (DCRP)

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or PFRS, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the DCRP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

For DCRP, the County recognized pension expense of \$61,099.87 for the year ended December 31, 2025. Employee contributions to DCRP amounted to \$112,016.49 for the year ended December 31, 2025.

COUNTY OF SUSSEX  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2025  
(Continued)

Note 5: Accrued Sick and Vacation Benefits

The County has permitted employees to accrue unused vacation and sick pay, which may be taken as time off or paid at a later date at an agreed-upon rate. The current cost of such unpaid compensation has been estimated at approximately \$2,716,967.89 at December 31, 2025 and is not reported either as an expenditure or liability. However, it is expected that the cost of such unpaid compensation would be included in the County's budget operating expenditures in the year in which it is used and/or charged.

This amount is reserved in the Reserve for Accrued Sick and Vacation of \$3,004,743.80 on the Other Trust Funds balance sheet at December 31, 2025.

Balance at December 31, 2024	\$	2,897,715.39
Net Change		(180,747.50)
Balance at December 31, 2025	\$	2,716,967.89
Amount Due within One Year	\$	143,448.96

Note 6: Selected Tax Information

County Tax Calendar

County taxes are billed approximately two months prior to the respective due dates to the municipalities in the County. The first three quarterly billings are based on an estimate of the current year's levy based on the prior year's taxes. These three quarterly billings are due February 15<sup>th</sup>, May 15<sup>th</sup> and August 15<sup>th</sup>. The fourth quarter's billing reflects an adjustment to the current year's actual levy and is due November 15<sup>th</sup>.

Comparison of Tax Levies and Collection Currently

A study of this tabulation could indicate a possible trend in future tax levies. A decrease in the percentage of current collection could be an indication of a possible increase in future tax levies.

<u>Year</u>	<u>General Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collection</u>
2025	\$ 103,907,650	\$ 103,907,650	100.00%
2024	102,493,854	102,493,854	100.00%
2023	101,259,145	101,259,145	100.00%
<u>Year</u>	<u>Open Space Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collection</u>
2025	\$ 395,000	\$ 395,000	100.00%
2024	395,000	395,000	100.00%
2023	395,000	395,000	100.00%

COUNTY OF SUSSEX  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2025  
(Continued)

Note 6: Selected Tax Information (Cont'd)

Comparison of Tax Levies and Collection Currently (Cont'd)

<u>Year</u>	<u>Library Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collection</u>
2025	\$ 6,903,272	\$ 6,903,272	100.00%
2024	6,486,388	6,486,388	100.00%
2023	6,304,438	6,304,438	100.00%

Also, increases in future tax levies can also be warranted if revenue sources outside of those directly generated by the County, such as federal or state aid, should decline without corresponding decreases in budgeted expenditures.

Comparative Tax Information

<u>Year</u>	<u>Net Valuation on Which Taxes Are Apportioned</u>	<u>County General Tax Rate</u>	<u>County Library Tax Rate</u>	<u>County Open Space Tax Rate</u>
2025	\$ 26,118,935,442	\$ 0.398	\$ 0.032	\$ 0.002
2024	23,579,223,310	0.435	0.034	0.002
2023	21,185,772,331	0.478	0.037	0.002

Note 7: Sussex County Municipal Utilities Authority Receivable

The Current Fund balance sheet reflects a receivable from the Sussex County Municipal Utilities Authority ("SCMUA") in the amount of \$324,949.42 at December 31, 2025.

The \$324,949.42 represents funds advanced to the SCMUA for the study of several projects. The SCMUA is to repay the funds when the projects have been completed and permanently financed from proceeds of bonds, temporary bonds or from proceeds of grants received for the projects. However, due to the lack of federal funds available, the construction of the projects under study is questionable; therefore, the collection of the receivable is uncertain. The management of the County feels that if the receivable is not collected, it would not adversely affect the County's financial position because the receivable is offset with a reserve.

COUNTY OF SUSSEX  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2025  
(Continued)

Note 8: Commitment

The County of Sussex and the Sussex County Municipal Utilities Authority (the "SCMUA") have entered into a Deficiency Advance Contract in order to provide security to the holders of obligations of the SCMUA relative to the existing \$88,581,446 Solid Waste New Jersey Infrastructure Bank Bonds, Upper Wallkill Wastewater Facilities Revenue Bonds and the Paulinskill Water Reclamation Facilities USDA – Rural Development Loans. Pursuant to the terms of the Deficiency Advance Contract, the SCMUA can impose and collect from the County of Sussex annual charges, as defined in the contract, in any fiscal year that the SCMUA estimates that the amount of revenue received from all sources will be insufficient to satisfy all of its costs, expenses, or other obligations.

As of November 30, 2025 the SCMUA had outstanding approximately \$31,906,642 of Upper Wallkill Wastewater Facilities Revenue Bonds that are supported by a Deficiency Advance Contract. The SCMUA's wastewater revenues have been sufficient to meet all costs of operation and maintenance and all debt service costs of the Authority with respect to its wastewater system.

As of November 30, 2025, the SCMUA had outstanding approximately \$39,398,781 of Solid Waste New Jersey Infrastructure Bank Bonds, a \$5,445,489 New Jersey Infrastructure Bank Note and \$5,090,000 Revenue Bonds that are supported by a Deficiency Advance Contract. The SCMUA's solid waste revenues and surplus have been sufficient to meet all costs of operation and maintenance and all debt service costs of the Authority with respect to its solid waste system.

As of November 30, 2025, the SCMUA had outstanding approximately \$6,740,534 of Paulinskill Basin Water Reclamation Facility USDA –Rural Development Loans which are supported by a Deficiency Advance Contract. The SCMUA's Paulinskill Facility's wastewater revenues have been sufficient to meet all costs of operation and maintenance and all debt service costs of the Authority with respect to its wastewater system.

The SCMUA prepared a 2026 budget which anticipates operating revenues will meet all operating and debt service expenses for 2026. Should the actual revenue plus available reserve funds be insufficient, and if the SCMUA has no other source of funding, the County will be required to advance funds to the SCMUA under the Deficiency Advance Contract to the extent other revenue is not obtained to finance the SCMUA's operations.

In 2017, Mountain Creek filed under Federal Chapter 11 for bankruptcy protection, wherein Vernon Township, a municipal participant of the SCMUA, was listed as an unsecured creditor. While Vernon Township ultimately secures the debt to SCMUA, if they are unable to pay SCMUA, SCMUA may have to draw on the Deficiency Advance Contract with the County. However, Vernon Township pledges ad valorem taxes as security for the amount owed to SCMUA. In February 2020, the Bankruptcy court confirmed Mountain Creek's Plan of Reorganization. In a separate agreement in 2019, Vernon Township, the Vernon Township Municipal Utilities Authority and Mountain Creek reached a settlement agreement as part of the Reorganization Plan. Mountain Creek has been making the required payments as part of the agreement.

COUNTY OF SUSSEX  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2025  
(Continued)

Note 9: Cash and Cash Equivalents and Investments

Cash and cash equivalents include petty cash, change funds, amounts in deposits, money market accounts, and short-term investments with original maturities of three months or less.

Investments are stated at cost. The County classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB requires disclosure of the level of custodial credit risk assumed by the County in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

Interest Rate Risk - In accordance with its cash management plan, the County ensures that any deposit or investment matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk - The County limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed on the following page.

Custodial Credit Risk – The County's policy with respect to custodial credit risk requires that the County ensures that County funds are only deposited in financial institutions in which NJ counties are permitted to invest their funds.

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 insure deposits or the State of New Jersey Cash Management Fund.

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

The market value of the collateral must equal 5% of the average daily balance of public funds on deposit, and

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

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.

COUNTY OF SUSSEX  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2025  
(Continued)

Note 9: Cash and Cash Equivalents and Investments (Cont'd)

Investments:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part or within which the school district is located;
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law" P.L. 1983, c. 313 (C.40A:5A-1 et seq.) Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Local Government Services in the Department of Community Affairs for investment by local units;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or
- (8) Agreements for the repurchase of fully collateralized securities if:
  - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties and entities subject to the "Local Authorities Fiscal Control Law", P.L. 1983 c.313 (C.40A:5A-1 et seq.);
  - (b) the custody of collateral is transferred to a third party;
  - (c) the maturity of the agreement is not more than 30 days;
  - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
  - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

COUNTY OF SUSSEX  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2025  
(Continued)

Note 9: Cash and Cash Equivalents and Investments (Cont'd)

As of December 31, 2025, cash and cash equivalents of the County of Sussex consisted of the following:

Fund	Cash on Hand	Checking and Savings Accounts	Total
Current	\$ 1,450	\$ 48,559,371	\$ 48,560,821
Other Trust		24,156,043	24,156,043
General Capital		57,199,952	57,199,952
County Library	1,104	2,195,168	2,196,272
	\$ 2,554	\$ 132,110,534	\$ 132,113,088

The carrying amount of the County's cash and cash equivalents at December 31, 2025, was \$132,113,088 and the bank balance was \$132,807,319. The County held no investments at December 31, 2025

Note 10: Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County obtains their health benefit coverage through Horizon Blue Cross/Blue Shield of NJ.

Property, Liability and Workers' Compensation

The County is a member of the Statewide Insurance Fund (the "Fund"). The Fund provides its members with Property and Liability Insurance and Workers' Compensation. The Fund is a risk-sharing public entity risk pool that is both an insured and self-administered group of governmental entities established for the purpose of providing low-cost insurance coverage for its members in order to keep local property taxes at a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the Fund are elected.

As a member of the Fund, the County could be subject to supplemental assessments in the event of deficiencies. If the assets of the Fund were to be exhausted, members would become responsible for their respective shares of the Fund's liabilities.

The Fund can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body. The members may either receive payment or offset their subsequent year assessments with their respective share of the distribution.

COUNTY OF SUSSEX  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2025  
(Continued)

Note 10: Risk Management (Cont'd)

Property, Liability and Workers' Compensation (Cont'd)

The December 31, 2025 audit report of the Statewide Insurance Fund is not filed as of the date of this audit. Selected financial information for the Fund as of December 31, 2024 is as follows:

	Statewide Insurance Fund December 31, 2024
Total Assets	\$ 52,029,337
Net Position	\$ 6,502,450
Total Revenue	\$ 38,558,413
Total Expenses	\$ 43,908,474
Change in Net Position	\$ (5,350,061)
Member Dividends	\$ - 0 -

Financial statements for the Fund is available at the office of the Fund's Executive Directors

Statewide Insurance Fund  
One Sylvan Way  
Parsippany, NJ 07054  
(862) 260-2050

New Jersey Unemployment Compensation Insurance

The County has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the County is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The County is billed quarterly for amounts due to the State.

The following is a summary of the interest earnings, County and employees' contributions and reimbursements to the State for benefits paid, and the ending balance of the County's expendable trust fund for the current and previous two years:

<u>Year</u>	<u>Interest Earnings</u>	<u>County/ Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2025	\$ 22,228.54	\$ 76,117.51	\$ 71,428.42	\$ 743,241.87
2024	21,429.58	75,344.19	67,120.62	716,324.24
2023	20,993.93	70,094.13	89,073.14	686,671.09

COUNTY OF SUSSEX  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2025  
(Continued)

Note 11: Interfund Receivables and Payables

The following interfund balances remained on the balance sheet at December 31, 2025:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund		\$ 6,004,181.43
Federal & State Grant Fund	\$ 6,004,181.43	
	<u>\$ 6,004,181.43</u>	<u>\$ 6,004,181.43</u>

The interfund receivable in the Federal and State Grant Fund and the interfund payable in the Current Fund are the result of grant revenues received by the Current Fund that have not been transferred in cash to the Federal and State Grant Fund prior to year-end.

Note 12: Deferred Compensation

The County of Sussex offers its employees deferred compensation plans (the “Plans”) created in accordance with Section 457 of the Internal Revenue Code. The Plans, which are administered by Nationwide Retirement Solutions, Equitable and ICMA Retirement Solutions, are available to all County employees and permit participants to defer a portion of their salary. The deferred compensation is not available to employees until termination, retirement, unforeseeable emergency or upon death to their beneficiaries.

Note 13: Open Space Trust Fund

On January 17, 2001, the County created an Open Space Trust Fund to provide for farmland preservation and open space acquisition. Collection of funds for the Trust Fund commenced during 2001 with a tax equal to \$.02 per \$100 of total county equalized real property valuation. The levy for 2025 was set at \$.002 per \$100. As of December 31, 2025 the balance in the Open Space Trust Fund was \$6,684,593.32.

Note 14: Economic Dependency

The County receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, may have an effect on the County’s programs and activities.

Note 15: Contingent Liabilities

The County is periodically involved in various lawsuits arising in the normal course of business, including claims for property damage, personal injury, and various contract disputes. The County vigorously contests these lawsuits and believes the ultimate resolution will not have a material adverse effect on its financial position.

COUNTY OF SUSSEX  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2025  
(Continued)

Note 15: Contingent Liabilities (Cont'd)

Amounts received or receivable from grantors, principally the federal and state governments are subject to regulatory requirements and adjustments by the agencies. Any disallowed claims, including amounts previously recognized by the County as revenue would constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantors cannot be determined at this time, although County officials expect such amounts, if any, to be immaterial.

On December 7, 2011, the Morris County Improvement Authority issued Bonds in the principal amount of \$26,715,000 designated as “County of Sussex Guaranteed Renewable Energy Program Lease Revenue Bonds Series 2011 A” (Federally Taxable). Additionally, in 2015 the Morris County Improvement Authority issued bonds or notes in the principal amount of \$6,750,000 designated as “County of Sussex Guaranteed Renewable Energy Program Lease Revenue Notes and Bonds, Series 2015. On January 28, 2021, the Morris County Improvement Authority issued Refunding Bonds for the 2011 Issue in the principal amount of \$10,500,000. The purpose of these fundings was to develop Renewable Energy Projects for various public entities in the County of Sussex including School Districts, Municipalities, the Sussex County Technical School, the Sussex County Community College and the County. In 2012 a dispute arose between the developer and its contractor which delayed the completion of approximately 50% of the projects. On March 3, 2015, the dispute was settled by all parties. The Morris County Improvement Authority issued a Default Notice. The resultant shortage of funds will therefore require, the County of Sussex, as Guarantor, to assume the payment of the remaining \$3,145,000 of outstanding debt at December 31, 2025. The County will offset future debt service with PPA and SREC revenues. Any revenue shortfall will be funded annually by appropriation within the overall County Budget. As of December 31, 2025, the County has reserves funded to cover the remaining debt service and therefore does not have an appropriation in the 2026 budget.

Note 16: Related Party Transactions

During the years ended December 31, 2025 and 2024, the County of Sussex provided financial support for current operations to the following component units:

	December 31,	
	2025	2024
Sussex County Technical School	\$ 8,307,058	\$ 7,847,578
Sussex County Community College	3,970,000	4,020,000
Sussex County Division of Social Services	1,995,007	1,983,898
	\$ 14,272,065	\$ 13,851,476

These funds are raised through the County’s tax levy and disbursed to the county vocational school, the county college and the Division of Social Services for their operations.

COUNTY OF SUSSEX  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2025  
(Continued)

Note 17: Post-Retirement Benefits Other than Pensions (OPEB)

General Information about the County's OPEB Plan

Plan Description and Benefits Provided

The County provides post-retirement benefits, as follows, to County employees who meet the following criteria:

1. Police (PBA, including officers, sheriffs, prosecutors): Generally, an employee must retire with at least 25 years of service in a New Jersey pension system (and also either 10, 20 or 25 years with the County).
2. Other employees: Generally, an employee must retire after age 55 with at least 25 years of service in a New Jersey pension system (and also 15 years with the County).

Generally, the costs of post-retirement benefits are 100% County funded. However, if an employee did not have 20 years of service as of June 28, 2011, some level of retiree contribution is required according to the state mandated scale.

Deductibles of up to \$1,500 per year per person or \$3,000 per year per family will be reimbursed by the County for all employees

Prosecutors hired after 2007 only receive coverage until age 65. CWA employees hired after May 13, 2020 only receive coverage until Medicare eligible.

The County's funding policy is to contribute the current annual premium (net of employee contributions) for all retired participants (i.e. pay-as-you-go). Current New Jersey state law prohibits counties from pre-funding retiree medical benefit obligations in a Trust.

Employees Covered by Benefit Terms

As of December 31, 2025, there was a total of 878 employees and retirees, reflecting the sum of 496 active employees and 382 retirees.

Total OPEB Liability

The County's OPEB liability of \$238,166,114 was measured as of December 31, 2025 and was determined by an actuarial valuation as of January 1, 2025 (12/31/2024 census).

Actuarial Assumptions and Other Inputs

The total OPEB liability in the January 1, 2025 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	4.43%
Salary Increases	3.00% per year
Inflation Assumptions	3.00% per year

COUNTY OF SUSSEX  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2025  
(Continued)

Note 17: Post-Retirement Benefits Other than Pensions (OPEB) (Cont'd)

General Information about the County's OPEB Plan (Cont'd)

Actuarial Assumptions and Other Inputs (Cont'd)

The actuarial valuation assumed the following:

- 1 – The contribution percentage was 20% for future retirees who did not have 20 years of service as of June 28, 2011.
- 2 - The current and future retirees and dependents are expected to utilize 100% of the annual deductible.
- 3 – 100% of eligible retirees are expected to participate.

The selected discount rate was based on the Standard and Poor's Municipal bond 20-year High Grade Index as of December 31, 2025 which is 4.43%.

The following are the health care cost trend rates:

<u>Year</u>	<u>Assumed Increase</u>
1	7.00%
2	6.50%
3	6.25%
4	6.00%
5	5.75%
6	5.50%
7	5.25%
8	5.00%
9	4.75%
10+	4.50%

Mortality rates were based on the PUB 2010 mortality table and MP-2021 projection.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at January 1, 2025	\$ 213,924,415
Changes for Year:	
Service Cost	2,828,312
Interest Cost	9,079,023
Benefit Payments	(9,252,035)
Changes in Assumptions	(4,650,355)
Difference between Expected and Actual Experience	<u>26,236,754</u>
Net Changes	<u>24,241,699</u>
Balance at December 31, 2025	<u><u>\$ 238,166,114</u></u>

COUNTY OF SUSSEX  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2025  
(Continued)

Note 17: Post-Retirement Benefits Other than Pensions (OPEB) (Cont'd)

General Information about the County's OPEB Plan (Cont'd)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the County as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage lower (3.43 percent) or 1 percentage higher (5.43 percent) than the current discount rate:

	December 31, 2025		
	1% Decrease (3.43%)	Discount Rate (4.43%)	1% Increase (5.43%)
Total OPEB Liability	\$ 276,248,586	\$ 238,166,114	\$ 207,811,268

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

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

	December 31, 2025		
	1% Decrease (6.0% Decreasing to 3.5%)	Healthcare Trend Rates (7.0% Decreasing to 4.5%)	1% Increase (8.0% Increasing to 5.5%)
Total OPEB Liability	\$ 208,261,850	\$ 238,663,398	\$ 276,065,580

OPEB Expense

For the year ended December 31, 2025, the County's OPEB benefit was \$28,663,398 as determined by the actuarial valuation.

The County's portion of post-retirement benefits is funded on a pay-as-you go basis from the Current Fund operating budget. During 2025 and 2024, the County had approximately 382 and 382 employees who met eligibility requirements and recognized expenses of approximately \$9,617,277 and \$9,312,500, respectively.

COUNTY OF SUSSEX  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2025  
(Continued)

Note 18: Fixed Assets

The following schedules are a summarization of the County of Sussex's fixed assets at December 31, 2025 and 2024:

	Balance Dec. 31, 2024	Additions	Adjustments/ Deletions	Balance Dec. 31, 2025
Land	\$ 16,511,452	\$ 269,100		\$ 16,780,552
Buildings	91,701,230	1,743,226		93,444,456
Machinery, Equipment and Vehicles	40,769,642	5,170,600	\$ (1,449,783)	44,490,459
Construction In Progress	4,418,417	1,676,644	(119,145)	5,975,916
	<u>\$ 153,400,741</u>	<u>\$ 8,859,570</u>	<u>\$ (1,568,928)</u>	<u>\$ 160,691,383</u>

  

	Balance Dec. 31, 2023	Additions	Adjustments/ Deletions	Balance Dec. 31, 2024
Land	\$ 16,511,452			\$ 16,511,452
Buildings	90,311,692	\$ 1,389,538		91,701,230
Machinery, Equipment and Vehicles	35,026,167	7,540,632	\$ (1,797,157)	40,769,642
Construction In Progress	3,078,168	2,289,991	(949,742)	4,418,417
	<u>\$ 144,927,479</u>	<u>\$ 11,220,161</u>	<u>\$ (2,746,899)</u>	<u>\$ 153,400,741</u>

Note 19: Tax Abatement

Governmental Accounting Standards Board (GASB) requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues.

County property tax revenues were potentially reduced by approximately \$1,280,228 under agreements entered by several municipalities in the County, however, because the County property tax levy is guaranteed to be paid in full by the municipalities, the County collected its full tax levy in 2025. The entities (including nonprofit organizations and redevelopers) under these agreements pay the municipalities an annual service charge or payment in lieu of taxes. Under a certain number of these agreements, the municipalities remit 5% of the annual service charges to the County. The County received \$59,329 in 2025.

Note 20: Leases

The County has three lease agreements, with three separate entities for radio equipment and 9-1-1 communication antenna sites throughout the County. The terms of the leases are for 5 to 10 years with various renewal option terms with commencement dates which began in 2019 and have expiration dates through 2030. The County made total lease payments of approximately \$31,800 to the three entities for 2025.

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**APPENDIX C**

**FORM OF APPROVING LEGAL OPINION FOR THE BONDS**

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ARCHER & GREINER, P.C.  
ATTORNEYS AT LAW  
RIVERVIEW PLAZA  
10 HIGHWAY 35  
RED BANK, NJ 07701  
732-268-8000  
FAX 732-345-8420

June \_\_, 2026

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

Ladies and Gentlemen:

We have served as Bond Counsel in connection with the authorization, sale, issuance and delivery of \$4,881,000 General Obligation Bonds, Series 2026, consisting of: \$3,731,000 Vocational-Technical School Bonds, Series 2026 (New Jersey School Bond Reserve Act, 1980 N.J. Laws c. 72, As Amended) (the "Vocational-Technical School Bonds") and \$1,150,000 County College Bonds, Series 2026 (County College Bond Act, 1971 N.J. Laws C. 12, As Amended) (the "Chapter 12 Bonds" and together with the Vocational-Technical School Bonds, the "Bonds") of the County of Sussex (the "County"), a body politic and corporate of the State of New Jersey.

The Bonds are authorized by and issued pursuant to: (i) N.J.S.A. 18A:56-1 et seq., as amended and supplemented; (ii) N.J.S.A. 18A:54-1 et seq., as amended and supplemented; (iii) the Local Bond Law, N.J.S.A. 40A:2-1 et seq., as amended and supplemented (the "Local Bond Law"); (iv) various bond ordinances of the County duly adopted on the dates set forth herein and published as required by law; and (v) a resolution duly adopted by the Board of County Commissioners on May 13, 2026 (the "Resolution").

Proceeds of the Bonds are being used to: (i) provide for the permanent financing of capital improvements and acquisition of related capital equipment at and for certain facilities of Sussex County Vocational-Technical School; (ii) provide for the permanent financing of capital improvements and acquisition of related capital equipment at and for certain facilities of Sussex County Community College; and (iii) provide funds for the costs incurred in connection with the authorization, sale and issuance of the Bonds.

The Bonds are issued in fully registered form, without coupons, initially registered in the name of and held by Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), an automated depository for securities and clearing house for securities transactions. One certificate shall be issued for the aggregate principal amount of the Bonds maturing in each year. Purchases of the Bonds

will be made in book-entry only form, without certificates, in principal denominations of \$5,000, except that those Bonds in excess of the largest principal amount thereof not equaling a multiple of \$5,000 shall be in denominations of \$1,000 or any integral multiple thereof. So long as DTC or its nominee is the registered owner of the Bonds, payments of the principal of and interest on the Bonds will be made by the County as Paying Agent (or a duly appointed Paying Agent) directly to Cede & Co., as nominee for DTC. Disbursal of such payments to the DTC participants is the responsibility of DTC and disbursal of such payments to the beneficial owners of the Bonds is the responsibility of the DTC participants.

The Bonds are dated and shall bear interest from their date of delivery, which interest shall be payable semiannually on the fifteenth day of June and December (each an "Interest Payment Date"), commencing June 15, 2027, in each year until maturity. The Bonds shall mature on June 15 in each of the years, in the principal amounts and at the interest rates as follows:

<u>Maturity</u>	<u>Vo-Tech Bonds</u>	<u>Chapter 12 Bonds</u>	<u>Combined Bonds</u>	<u>Interest Rates</u>
2027	\$376,000	\$230,000	\$606,000	%
2028	400,000	240,000	640,000	
2029	425,000	240,000	665,000	
2030	425,000	240,000	665,000	
2031	425,000	200,000	625,000	
2032	425,000	--	425,000	
2033	425,000	--	425,000	
2034	425,000	--	425,000	
2035	405,000	--	405,000	

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

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

We are of the opinion that (i) such proceedings and proofs show lawful authority for the issuance and sale of the Bonds pursuant to the New Jersey Statutes, (ii)

the Bonds have been duly authorized, executed and delivered and constitute valid and legally binding obligations of the County enforceable in accordance with their terms, and (iii) the County has pledged its faith and credit for the payment of the principal of and interest on the Bonds, and, unless paid from other sources, all the taxable property within the County is subject to the levy of *ad valorem* taxes, without limitation as to rate or amount, for the payment of principal of and interest on the Bonds.

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

In our opinion, under existing statutes, regulations, rulings and court decisions, and assuming continuing compliance by the County with the requirements of the Code described in the preceding paragraph, interest on the Bonds is not includable for Federal income tax purposes in the gross income of the owner of the Bonds pursuant to section 103 of the Code and is not treated as a preference item under Section 57 of the Code for purposes of computing the Federal alternative minimum tax; however, interest on the Bonds is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under the Code.

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

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

Except as stated in the preceding three (3) paragraphs, we express no opinion as to any Federal, state or local tax consequences of the ownership or disposition of the Bonds. Furthermore, we express no opinion as to any Federal, state or local tax law consequences with respect to the Bonds, or the interest thereon, if any action is taken with respect to the Bonds or the proceeds thereof upon the advice or approval of other bond counsel.

Director and Members of the  
Board of County Commissioners  
of the County of Sussex  
June \_\_, 2026  
Page 4

This opinion is qualified to the extent that the enforceability of the rights or remedies with respect to the Bonds may be limited by bankruptcy, insolvency, debt adjustment, moratorium, reorganization or other similar laws affecting creditors' rights or remedies heretofore or hereafter enacted to the extent constitutionally applicable and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

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

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

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

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

Very truly yours,

ARCHER & GREINER P.C.

**APPENDIX D**

**FORM OF APPROVING LEGAL OPINION FOR THE NOTES**

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ARCHER & GREINER, P.C.  
ATTORNEYS AT LAW  
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10 HIGHWAY 35  
RED BANK, NJ 07701  
732-268-8000  
FAX 732-345-8420

June \_\_\_\_, 2026

Director and Members of the  
Board of County Commissioners  
of the County of Sussex  
Newton, New Jersey

Ladies and Gentlemen:

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

**\$4,101,000**  
**COUNTY OF SUSSEX**  
**STATE OF NEW JERSEY**  
**BOND ANTICIPATION NOTES, SERIES 2026**

**Dated: June 24, 2026**

The \$4,101,000 aggregate principal amount of Bond Anticipation Notes, Series 2026 (the "Notes") of the County are dated June 24, 2026, mature on June 23, 2027 and bear interest at the rate of \_\_\_\_\_ and \_\_\_\_\_ hundredths percentum (\_\_\_\_%) per annum. The Notes are issued in fully registered form, without coupons, initially registered in the name of and held by Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), an automated depository for securities and clearing house for securities transactions. Individual purchases of the Notes may be made in the principal amount of \$5,000 or any integral multiple thereof, except that those Notes in excess of the largest principal amount thereof not equaling a multiple of \$5,000 shall be in denominations of \$1,000 or any integral multiple thereof. So long as DTC or its nominee is the registered owner of the Notes, payments of the principal of and interest on the Notes will be made by the County or a duly designated paying agent directly to Cede & Co., as nominee for DTC.

The Notes are not subject to redemption prior to maturity.

The Notes are authorized by and are issued pursuant to: (i) N.J.S.A. 40A:2-1 et seq., as amended and supplemented (the "Local Bond Law"); (ii) various bond ordinances of the County duly adopted on the dates set forth herein and published

as required by law; and (iii) a resolution duly adopted by the County Commissioners on May 13, 2026 (the "Resolution"). Proceeds of the are being used to: (i) currently refund a portion of the \$8,871,000 Bond Anticipation Notes, Series 2025, dated and issued on June 26, 2025 and maturing on June 25, 2026; (ii) provide for the temporary financing of capital improvements and acquisition of related capital equipment in and for the County; and (iii) provide funds for the costs incurred in connection with the authorization, sale and issuance of the Notes.

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

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

In our opinion, under existing statutes, regulations, rulings and court decisions, and assuming continuing compliance by the County with the requirements of the Code described in the preceding paragraph, interest on the Notes is not includable for Federal income tax purposes in the gross income of the owner of the Notes pursuant to section 103 of the Code and is not treated as a preference item under Section 57 of the Code for purposes of computing the Federal alternative minimum tax; however, interest on the Notes is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under the Code.

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

We are further of the opinion that the Notes constitute "qualified tax-exempt obligations" within the meaning of section 265(b)(3)(B) of the Code and, therefore, will be

treated as if they were acquired on August 7, 1986 for purposes of the limitations on deductibility by financial institutions of interest expense allocable to tax-exempt interest.

Except as stated in the preceding three (3) paragraphs, we express no opinion as to any Federal, state or local tax consequences of the ownership or disposition of the Notes. Furthermore, we express no opinion as to any Federal, state or local tax law consequences with respect to the Notes, or the interest thereon, if any action is taken with respect to the Notes or the proceeds thereof upon the advice or approval of other bond counsel.

This opinion is qualified to the extent that the enforceability of the rights or remedies with respect to the Notes may be limited by bankruptcy, insolvency, debt adjustment, moratorium, reorganization or other similar laws affecting creditors' rights or remedies heretofore or hereafter enacted to the extent constitutionally applicable and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

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

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

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

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

Very truly yours,

ARCHER & GREINER P.C.

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**APPENDIX E**

**FORM OF CONTINUING DISCLOSURE CERTIFICATE FOR THE BONDS**

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## CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate dated as of June \_\_\_\_, 2026 (the "Disclosure Certificate") is executed and delivered by the County of Sussex, State of New Jersey (the "County" or the "Issuer") in connection with the issuance of its \$4,881,000 General Obligation Bonds, Series 2026, consisting of: \$3,731,000 Vocational-Technical School Bonds, Series 2026 (New Jersey School Bond Reserve Act, 1980 N.J. Laws c. 72, As Amended) (the "Vocational-Technical School Bonds") and \$1,150,000 County College Bonds, Series 2026 (County College Bond Act, 1971 N.J. Laws C. 12, As Amended) (the "Chapter 12 Bonds" and together with the Vocational-Technical School Bonds, the "Bonds"), all such Bonds being dated June \_\_\_\_, 2026. The Bonds are being issued pursuant to a bond ordinance duly adopted by the Board of County Commissioners of the County and published as required by law, a resolution duly adopted by the Board of County Commissioners of the County on May 13, 2026 (the "Bond Resolution"). The County covenants and agrees as follows:

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

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

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

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

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

"Dissemination Agent" shall mean, initially, Phoenix Advisors, a division of First Security Municipal Advisors, Inc., Hamilton, New Jersey, or any Dissemination Agent subsequently designated in writing by the County which has filed with the County a written acceptance of such designation.

"EMMA" shall mean the Electronic Municipal Market Access system, a website created by the MSRB and approved by the SEC to provide a central location where investors can obtain municipal bond information including disclosure documents.

The County or the Dissemination Agent shall submit disclosure documents to EMMA as a PDF file to [www.emma.msrb.org](http://www.emma.msrb.org).

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

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

"MSRB" shall mean the Municipal Securities Rulemaking Board.

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

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

"State" shall mean the State of New Jersey.

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

### SECTION 3. Provision of Annual Reports.

(a) The County shall provide or cause to be provided to the Dissemination Agent not later than 270 days following the end of each year, commencing with the year ending December 31, 2026, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Each Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the County may be submitted separately from the balance of the Annual Report; and provided, further, that if the audited financial statements of the County are not available by September 1 of each year, the County shall include unaudited financial statements with its Annual Report and when such audited financial statements become available to the County, the same shall be submitted to the Dissemination Agent no later than thirty (30) days after the receipt of the same by the County.

(b) Not later than 285 days following the end of each year, commencing with the year ending December 31, 2026, the Dissemination Agent shall provide to EMMA a copy of the Annual Report received by the Dissemination Agent pursuant to subsection (a) hereof.

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

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

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

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

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

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

2. The general financial information and operating data of the County consistent with the information set forth in Appendix A to the Official Statement dated June 10, 2026, prepared in connection with the sale of the Bonds (the "Official Statement") consisting of (i) County indebtedness including a schedule of outstanding debt issued by the County, (ii) property valuation information, and (iii) tax rate, levy and collection data and in the forepart thereof under the heading entitled, "Litigation".

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

SECTION 5. Reporting of Significant Events.

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

1. Principal and interest payment delinquencies;
2. Nonpayment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
7. Modifications to rights of Bondholders, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances of the Bonds;
10. Release, substitution or sale of property securing repayment of the Bonds, if material;
11. Rating changes relating to the Bonds;
12. Bankruptcy, insolvency, receivership or similar event of the County;
13. The consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of the assets of the County, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

14. Appointment of a successor or additional trustee for the Bonds or the change of name of a trustee for the Bonds, if material;
15. Incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material; and
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

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

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

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

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

(e) If the Dissemination Agent has been instructed in writing by the County to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the MSRB, through the EMMA system, in a timely manner not in excess of ten (10) business days after the occurrence thereof, with a copy to the County (if the Dissemination Agent is not the County). Notwithstanding the foregoing, notice of

Listed Events described in subsections (a)(8) and (9) hereof need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to the Bondholders of the affected Bonds pursuant to the Bond Resolution.

SECTION 6. Termination of Reporting Obligation. The County's obligations under this Disclosure Certificate shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds or when the County is no longer an "Obligated Person" (as defined in the Rule). The County shall file a notice of the termination of its reporting obligations pursuant to the provisions hereof with the Dissemination Agent, which notice shall be filed with the MSRB, through the EMMA system, in accordance with the provisions of Section 5(e) hereof.

SECTION 7. Compliance with the Rule. Except as specifically disclosed in the Official Statement, as of the date hereof, the County is in compliance with its previous undertakings with regard to continuing disclosure for prior obligations issued.

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

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

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the County shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or

waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the County. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements (i) notice of such change shall be given in the same manner as a Listed Event under Section 5 hereof, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

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

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

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

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

SECTION 14. Notices. All notices and submissions required hereunder shall be given to the following, or their successors, by facsimile transmission (with written confirmation of receipt), followed by hard copy sent by certified or registered mail, personal delivery or recognized overnight delivery:

(a) If to the County: Elke Yetter, Chief Financial Officer

County of Sussex  
Sussex County Administrative Center  
One Spring Street  
Newton, New Jersey 07860

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

initially: Anthony P. Inverso  
Senior Managing Director  
Phoenix Advisors, a division of First Security Municipal Advisors, Inc.  
2000 Waterview Drive, Suite 101  
Hamilton, New Jersey 08691

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

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

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

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

**COUNTY OF SUSSEX**

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**Elke Yetter,  
County Treasurer/Chief Financial Officer**

**Acknowledged and Accepted by:**

**PHOENIX ADVISORS,  
a division of First Security Municipal Advisors, Inc.**

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**ANTHONY INVERSO,  
Senior Managing Director**

**EXHIBIT A**

**NOTICE TO MSRB VIA EMMA OF FAILURE TO FILE ANNUAL REPORT**

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

Name of Bond Issue: \$4,881,000 General Obligation Bonds, Series 2026, consisting of: \$3,731,000 Vocational-Technical School Bonds, Series 2026 (New Jersey School Bond Reserve Act, 1980 N.J. Laws c. 72, As Amended) (the "Vocational-Technical School Bonds") and \$1,150,000 County College Bonds, Series 2026 (County College Bond Act, 1971 N.J. Laws C. 12, As Amended) (the "Chapter 12 Bonds" and together with the Vocational-Technical School Bonds, the "Bonds")  
Dated: June \_\_, 2026  
(CUSIP Number 869265\_\_\_\_)

Date of Issuance: June \_\_, 2026

NOTICE IS HEREBY GIVEN that the above designated County has not provided an Annual Report with respect to the above-named Bonds as required by the Bond Resolution and a Continuing Disclosure Certificate dated as of June \_\_, 2026 executed by the County.

DATED: \_\_\_\_\_

\_\_\_\_\_  
DISSEMINATION AGENT  
(on behalf of the County)

cc: County of Sussex

**APPENDIX F**

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

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

I, ELKE YETTER, County Treasurer/Chief Financial Officer of the County of Sussex (the "County"), a body politic and corporate organized and existing under the laws of the State of New Jersey, DO HEREBY CERTIFY to \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, the purchaser (the "Purchaser") of \$4,101,000 aggregate principal amount of Bond Anticipation Notes, Series 2026 (the "Notes"), dated June 24, 2026 and maturing June 23, 2027, in connection with the issuance of the Notes, that pursuant to the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended and supplemented (the "Rule"), specifically subsections (d)(3) and (b)(5)(i)(C) thereof, the County will provide notice of certain events (the "Notice") to the Municipal Securities Rulemaking Board (the "MSRB") via its Electronic Municipal Market Access system ("EMMA") as a PDF file to [www.emma.msrb.org](http://www.emma.msrb.org), of any of the following events with respect to the Notes herein described, as applicable: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes; (7) modifications to rights of Note holders, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution or sale of property securing repayment of the Notes, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the County; (13) the consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of the assets of the County, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee for the Notes or the change of name of a trustee for the Notes, if material; (15) incurrence of a Financial Obligation (as defined below) of the County, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the County, any of which affect security holders, if material; or (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

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

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

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

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

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

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IN WITNESS WHEREOF, I have hereunto set my hand on behalf of the  
County this \_\_\_\_ day of June, 2026.

**COUNTY OF SUSSEX**

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**ELKE YETTER,**  
**County Treasurer/**  
**Chief Financial Officer**

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