

**NEW ISSUES
SERIAL BONDS****RATINGS:** Moody's: Aaa
Standard & Poor's: AA+
Fitch Ratings: AAA

In the opinion of Rogut McCarthy LLC, Bond Counsel to the County, assuming compliance by the County with its Tax Certificate described herein, under existing law, interest on the Bonds is excluded from gross income of the owners thereof for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). In addition, under existing law, interest on the Bonds is not treated as a preference item for purposes of the alternative minimum tax imposed under the Code with respect to individuals and corporations; such interest, however, is included in "adjusted current earnings" for purposes of computing the alternative minimum tax that may be imposed on corporations. In addition, Bond Counsel is further of the opinion that, under the New Jersey Gross Income Tax Act, as enacted and construed on the date hereof, interest on the Bonds and any gain from the sale of the Bonds are not includable in gross income of the holders thereof. See "TAX MATTERS" herein.

\$80,000,000**COUNTY OF UNION, NEW JERSEY****\$65,565,000 General Improvement Bonds of 2011****\$10,280,000 County Vocational-Technical School Bonds of 2011****(New Jersey School Bond Reserve Act)****\$3,000,000 Redevelopment Bonds of 2011****\$1,155,000 County College Bonds of 2011****(Book-Entry Only)****Dated: July 1, 2011****Due: March 1, as shown below**

The General Improvement Bonds of 2011 (the "General Improvement Bonds"), the County Vocational-Technical School Bonds of 2011 (New Jersey School Bond Reserve Act) (the "County Vocational-Technical School Bonds"), the Redevelopment Bonds of 2011 (the "Redevelopment Bonds") and the County College Bonds of 2011 (the "County College Bonds") (collectively, the "Bonds") of the County of Union, New Jersey (the "County"), will be issued as fully registered bonds registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), as registered owner of the Bonds, with the Bonds immobilized in the custody of DTC. Owners of beneficial interests in the Bonds will not receive physical delivery of bond certificates, but are to receive statements or other evidence of such ownership of beneficial interests from sources from which such interests were purchased. Investors may purchase beneficial interests in the Bonds in book-entry form in the denomination of \$5,000 or any integral multiple thereof. See "THE BONDS – Book-Entry Only System" herein. So long as DTC or its nominee, Cede & Co., is the registered owner of the Bonds, payments of the principal of and interest on the Bonds will be made directly to DTC or its nominee, Cede & Co., which will remit such payments to the DTC Participants, which will, in turn, remit such payments to the owners of beneficial interests in the Bonds. Principal of the Bonds is payable on March 1 of each of the years set forth below, and interest on the Bonds is payable on each March 1 and September 1, commencing March 1, 2012, in each year until maturity or prior redemption.

The County College Bonds are not subject to redemption prior to their stated maturities. The General Improvement Bonds, the County Vocational-Technical School Bonds and the Redevelopment Bonds are subject to redemption prior to their stated maturities at the prices, at the times and in the manner described herein. See "THE BONDS – Prior Redemption" herein.

The Bonds are general obligations of the County and are secured by a pledge of the full faith and credit of the County for the payment of the principal thereof and the interest thereon. The County is authorized and required by law to levy *ad valorem* taxes upon all the taxable real property within the County for the payment of the principal of and interest on the Bonds, without limitation as to rate or amount. The County Vocational-Technical School Bonds only are also secured under the provisions of the New Jersey School Bond Reserve Act, P.L. 1980, c. 72, as amended.

COMBINED MATURITY SCHEDULE, INTEREST RATES AND YIELDS OR PRICES

<u>Year</u>	<u>Amount</u> <u>Maturing</u>	<u>Interest</u> <u>Rate</u>	<u>Yield or</u> <u>Price</u>	<u>Year</u>	<u>Amount</u> <u>Maturing</u>	<u>Interest</u> <u>Rate</u>	<u>Yield or</u> <u>Price</u>
2012	\$2,705,000	%	%	2022	\$5,230,000	%	%
2013	2,705,000			2023	5,230,000		
2014	2,705,000			2024	5,230,000		
2015	2,705,000			2025	4,150,000		
2016	2,705,000			2026	4,150,000		
2017	2,705,000			2027	4,150,000		
2018	2,815,000			2028	4,150,000		
2019	5,395,000			2029	4,150,000		
2020	5,410,000			2030	4,150,000		
2021	5,410,000			2031	4,150,000		

The Bonds are offered for sale upon the terms of the notice of sale and subject to the final approving opinion of Rogut McCarthy LLC, Cranford, New Jersey, Bond Counsel. It is anticipated that the Bonds in definitive form will be available for delivery to DTC in New York, New York, on or about July 1, 2011.

**ELECTRONIC BIDS VIA PARITY AND
SEALED PROPOSALS WILL BE RECEIVED
UNTIL 11:00 O'CLOCK A.M. ON JUNE 21, 2011
AT THE FREEHOLDER'S MEETING ROOM
6TH FLOOR, COUNTY ADMINISTRATION BUILDING
ELIZABETHTOWN PLAZA
ELIZABETH, NEW JERSEY 07207**

**COUNTY OF UNION, NEW JERSEY
BOARD OF CHOSEN FREEHOLDERS**

NAME	TITLE	EXPIRATION DATE OF TERM
Deborah P. Scanlon	Chairman	December 31, 2012
Alexander Mirabella	Vice Chairman	December 31, 2012
Linda Carter	Freeholder	December 31, 2013
Angel G. Estrada	Freeholder	December 31, 2011
Christopher Hudak	Freeholder	December 31, 2011
Mohamed S. Jalloh	Freeholder	December 31, 2012
Bette Jane Kowalski	Freeholder	December 31, 2013
Daniel P. Sullivan	Freeholder	December 31, 2013
Nancy Ward	Freeholder	December 31, 2011

COUNTY OFFICIALS

George W. Devanney	County Manager	Indefinite
Robert E. Barry, Esq.	County Counsel	February 29, 2012
Nicole L. DiRado	Clerk of the Board of Chosen Freeholders	December 3, 2013
Bibi Taylor	Director of Finance/County Treasurer	*
Joseph P. Bowe	Deputy Treasurer	*

*** At the Pleasure of the County Manager**

Suplee, Clooney & Company
County Auditors

Rogut McCarthy LLC
Bond Counsel

No dealer, broker, salesperson or other person has been authorized by the County to give any information or to make any representations other than those contained in this Official Statement, and if given or made, such information or representations must not be relied upon as having been authorized by the County. The information set forth herein has been provided by the County and by other sources believed to be reliable by the County, but such information provided by sources other than the County is not guaranteed as to its accuracy or completeness by the County and is not to be construed to be a representation of the County. All of the summaries of the statutes, documents, ordinances and resolutions contained in this Official Statement are made subject to all of the provisions of such statutes, documents, ordinances and resolutions. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County since the date hereof. This Official Statement is submitted in connection with the sale of the securities referred to herein and may not be reproduced or used in whole or in part for any other purpose.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT LEVELS ABOVE THOSE THAT MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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

TABLE OF CONTENTS

	Page		Page
Introduction	1	Tax Collection Data	34
The Bonds	1	County Tax Rates	34
General Description	1	Tax Collection Record	35
Book-Entry Only System	2	Net Total Taxable Value of Land and Improvements	35
Prior Redemption	4	Largest Assessed Valuations	36
Security for the Bonds	4	County Taxes	43
General	4	Tax Appeals	43
Additional Security for County Vocational-Technical		County Government	43
School Bonds Only	5	County Budget and Statements of Revenues and	
Authorization and Purpose of the Bonds	5	Expenditures	44
Maturity Schedule	6	Budget Requirements	44
Purposes of Issue	7	Limitations on County Appropriations and Tax Levy	45
Demographic and Economic Characteristics	11	Annual Audit	46
General Information	11	Deferral of Current Expenses	46
Population	11	Results of Operations	46
Population Comparison	11	2011 Budget	46
Economic Development	12	Statement of Expenditures	47
Employment	13	Statement of Revenues	48
Leading County Businesses	14	Revenue Budget	48
Industrial/Office Parks	14	Appropriation Budget	48
Union County Major Commercial and Public		Budget Process	49
Development Projects	15	Financial Controls and Audit Function	50
Transportation	15	Employees	51
Utility Services	19	Status of Labor Contracts	51
Health Facilities	19	Pension Benefits	53
Educational, Recreational and Cultural Activities	20	Payments to Employee Retirement Funds	54
Education	20	Potential Liability for Accrued Sick Time and Accrued Vacation Time	54
Parks and Recreation	21	Investment of County Funds	54
County Indebtedness and Debt Limits	21	Litigation	55
Legal Framework	21	Documents Accompanying Delivery of the Bonds	55
Debt Limits	21	Absence of Litigation	55
Exceptions to Debt Limit – Extensions of Credit	22	Legal Matters	56
Debt Statements	22	Certificates of County Officials	56
Schedule of Bonded Indebtedness as of		Approval of Official Statement	57
December 31, 2010	22	Ratings	57
History of Bonded Debt Ratios	23	Underwriting	57
Schedule of Comparative Debt	23	Tax Matters	57
Statutory Debt as of December 31, 2010	24	Federal Income Taxes	57
Schedule of Debt Issued by Other Public Bodies		Tax Opinions	58
and Guaranteed by the County as of		Additional Federal Income Tax Consequences	58
December 31, 2010	25	Additional Information	59
Authority Debt	25	Legality For Investment	59
Open Space, Recreation and Historic Preservation	30	Secondary Market Disclosure	59
Debt Service Schedule as of December 31, 2010	31	Miscellaneous	60
Capital Improvement Program	32	Appendices	
Future Financing of the County	32	Financial Statements of the County of Union	A-1
Six Year Capital Program 2011	33	Proposed Form of Bond Counsel Opinion	B-1
		Proposed Form of Continuing Disclosure Certificate	C-1

**OFFICIAL STATEMENT
OF THE COUNTY OF UNION, NEW JERSEY**

**Relating to
\$80,000,000 Bonds**

**Consisting of
\$65,565,000 General Improvement Bonds of 2011
\$10,280,000 County Vocational-Technical School Bonds of 2011
(New Jersey School Bond Reserve Act)
\$3,000,000 Redevelopment Bonds of 2011
\$1,155,000 County College Bonds of 2011**

INTRODUCTION

This Official Statement (the "Official Statement"), which includes the cover page and the appendices attached hereto, has been prepared by the County of Union (the "County"), New Jersey (the "State"), in connection with the sale and issuance of its \$80,000,000 Bonds consisting of \$65,565,000 General Improvement Bonds of 2011, \$10,280,000 County Vocational-Technical School Bonds of 2011 (New Jersey School Bond Reserve Act), \$3,000,000 Redevelopment Bonds of 2011, and \$1,155,000 County College Bonds of 2011, each issue dated July 1, 2011 (individually, the "General Improvement Bonds", the "County Vocational-Technical School Bonds", the "Redevelopment Bonds" or the "County College Bonds"; collectively, the "Bonds").

This Preliminary Official Statement is "deemed final", as of its date, within the meaning of Rule 15c2-12 of the Securities and Exchange Commission ("Rule 15c2-12"), but is subject to (a) completion with certain pricing and other information to be made available by the successful bidder for the Bonds and (b) amendment. This Preliminary Official Statement, as so revised, will constitute the "final official statement" within the meaning of Rule 15c2-12.

THE BONDS

General Description

The Bonds shall be dated July 1, 2011 and will mature on March 1 in the years and in the principal amounts shown on the cover page hereof. The Bonds shall bear interest from their date, payable on each March 1 and September 1, commencing March 1, 2012 (each, an "Interest Payment Date"), in each year until maturity or prior redemption at the rates shown on the cover page hereof. Principal of and interest on the Bonds will be paid to The Depository Trust Company, New York, New York ("DTC"), acting as securities depository, by the Director of Finance/County Treasurer, acting as Bond Registrar/Paying Agent. Interest on the Bonds will be credited to the participants of DTC as listed on the records of DTC as of the fifteenth day of the month preceding the month in which such Interest Payment Date occurs (the record dates for the payment of interest on the Bonds).

The Bonds are issuable as fully registered book-entry bonds in the form of one certificate for each maturity of each issue and in the principal amount of such maturity. The Bonds will be issued in book-entry form only. Investors may purchase beneficial interests in the Bonds in the denomination of \$5,000 or any integral multiple thereof. So long as DTC or its nominee, Cede & Co. (or any successor or assign), is the registered owner of the Bonds, payments of the principal of and interest on the Bonds will be made by the Bond Registrar/Paying Agent directly to Cede & Co. (or any successor or assign), as nominee for DTC. Disbursement of such payments to the participants of DTC is the responsibility of DTC. Disbursement of such payments to the beneficial owners is the responsibility of the DTC participants. See "Book-Entry Only System" below.

Book-Entry Only System

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

DTC, the world's largest 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 Standard & Poor's highest rating: AAA. 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 and www.dtc.org.

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

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

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

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

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

Redemption proceeds and principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the County or the 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 paying agent, if any, or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County or the paying agent, if any, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

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

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

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.

Prior Redemption

County College Bonds

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

General Improvement Bonds, County Vocational-Technical School Bonds and Redevelopment Bonds

The General Improvement Bonds, the County Vocational-Technical School Bonds and the Redevelopment Bonds (collectively the “Callable Bonds”) maturing on or before March 1, 2021 are not subject to redemption prior to their stated maturities. The Callable Bonds maturing on or after March 1, 2022 are subject to redemption at the option of the County prior to maturity, in whole on any date or in part on any Interest Payment Date, on or after March 1, 2021, upon notice as hereinafter set forth, at a redemption price of 100% of the principal amount being redeemed, plus accrued interest to the date fixed for redemption.

If the County determines to optionally redeem a portion of the Callable Bonds prior to maturity, such Callable Bonds so redeemed shall be in such maturities as determined by the County, and within any maturity, by lot; *provided, however*, that the portion of any Callable Bond to be redeemed shall be in the principal amount of \$5,000 or some multiple thereof and that, in selecting Callable Bonds for redemption, the Bond Registrar/Paying Agent shall treat each Callable Bond as representing that number of Callable Bonds that is obtained by dividing the principal amount of such Callable Bond by \$5,000.

Notice of redemption shall be given by first class mail in a sealed envelope with postage prepaid to the registered owners of the Callable Bonds at their respective addresses as they last appear on the registration books kept for that purpose by the Bond Registrar/Paying Agent at least thirty (30) but not more than sixty (60) days before the date fixed for redemption. Such mailing is not a condition precedent to redemption and the failure to mail or to receive any redemption notice will not affect the validity of the redemption proceedings. If any Callable Bond subject to redemption is part of a greater principal amount of the Callable Bonds not to be redeemed, such entire amount shall be surrendered to the Bond Registrar/Paying Agent and, for that portion of the Callable Bond not to be redeemed, a new Callable Bond shall be issued in the name of the registered owner in the amount equal to the principal amount of the Callable Bond surrendered less the amount to be redeemed.

SECURITY FOR THE BONDS

General

The Bonds are direct and general obligations of the County for which the full faith and credit of the County will be pledged. The County is authorized and required by law to levy *ad valorem* taxes on all taxable real property within the County for the payment of the principal of and interest on the Bonds, without limitation as to rate or amount.

Enforcement of a claim for the payment of principal of or interest on the Bonds will be subject to applicable provisions of Federal bankruptcy laws and to the provisions of any statute heretofore and hereafter enacted by the Congress of the United States or by the Legislature of the State affecting creditors rights. Under State law, a county, municipality or other political subdivision may file a petition under Federal bankruptcy laws and a plan for readjustment of its debt, but only after first receiving the approval of the State Municipal Finance Commission, whose powers have been vested in the Local Finance Board, Division of Local Government Services, New Jersey Department of Community Affairs (the “Local Finance Board”).

Additional Security for County Vocational-Technical School Bonds Only

New Jersey School Bond Reserve Act. The County Vocational-Technical School Bonds only are also entitled to the benefits of the provisions of the New Jersey School Bond Reserve Act, P.L. 1980, c. 72 (N.J.S.A. 18A:56-17 *et seq.*), as amended, and, accordingly, the County Vocational- Technical School Bonds will bear the following legend as required thereby:

“Payment of this obligation is secured under the provisions of the ‘New Jersey School Bond Reserve Act’ in accordance with which an amount equal to 1% of the aggregate outstanding bonded indebtedness (but not to exceed the moneys available in the fund), of New Jersey counties, municipalities and school districts for the school purposes as of September 15 of each year, is held within the State Fund for the Support of Free Public Schools as a school bond reserve pledged by law to secure payments of principal and interest due on such bonds in the event of the inability of the issuer to make payment.”

The New Jersey School Bond Reserve Act provides that the school bond reserve shall be composed entirely of direct obligations of the United States Government or of obligations guaranteed by the full faith and credit of the United States Government. Securities representing at least one-third of the minimum market value to be held in the school bond reserve shall be due to mature within one year of issuance or purchase. The trustees for the State Fund for the Support of Free Public Schools, which consist of the Governor, the Attorney General, the Secretary of State, the State Comptroller, the State Treasurer and the Commissioner of Education, are to determine on or before September 15 of each year, the aggregate amount of school purpose bonds issued and outstanding. The trustees shall also maintain the school bond reserve for the ensuing year at an approximate level based upon market valuations of the obligations in the reserve. The funds that are set aside constitute a reserve for the prompt payment to holders of bonds issued for school purposes by counties, municipalities and school districts of the principal of and the interest on bonds issued for school purposes in the event of the inability of the issuer to make payment.

The New Jersey School Bond Reserve Act does not contain a covenant by the State to refrain from repealing, revoking, rescinding, modifying or amending the provisions of that Act.

AUTHORIZATION AND PURPOSE OF THE BONDS

The Bonds are being issued for a current refunding of \$80,000,000 of bond anticipation notes maturing July 1, 2011. There is a total of \$182,746,250 of Bond Anticipation Notes due July 1, 2011. See “County Indebtedness and Debt Limits-Future Financing of the County” herein. The Bonds have been authorized by and are being issued pursuant to the laws of the State, including the Local Bond Law (N.J.S.A. 40A:2-1 *et seq.*) (the “Local Bond Law”). The Bonds are authorized by various bond ordinances and resolutions adopted by the Board of Chosen Freeholders of the County. The bond ordinances were published in full or in summary form after their adoption along with the statement required by the Local Bond Law that the twenty day period of limitation within which a suit, action or proceeding questioning the validity of the bond ordinance can be commenced began to run from the date of the first publication of such estoppel statement. The Local Bond Law provides that after issuance all obligations of the County shall be conclusively presumed to be fully authorized and issued by all laws of the State, and any person shall be stopped from questioning the sale, execution or delivery of the obligations by the County.

Maturity Schedule

	TOTAL BONDS	GENERAL IMPROVEMENT	VOCATIONAL- TECHNICAL	REDEVELOPMENT	COUNTY COLLEGE
2012	2,705,000.00	1,985,000.00	540,000.00	90,000.00	90,000.00
2013	2,705,000.00	1,985,000.00	540,000.00	90,000.00	90,000.00
2014	2,705,000.00	1,985,000.00	540,000.00	90,000.00	90,000.00
2015	2,705,000.00	1,985,000.00	540,000.00	90,000.00	90,000.00
2016	2,705,000.00	1,985,000.00	540,000.00	90,000.00	90,000.00
2017	2,705,000.00	1,985,000.00	540,000.00	90,000.00	90,000.00
2018	2,815,000.00	2,045,000.00	560,000.00	120,000.00	90,000.00
2019	5,395,000.00	3,970,000.00	1,080,000.00	180,000.00	165,000.00
2020	5,410,000.00	3,970,000.00	1,080,000.00	180,000.00	180,000.00
2021	5,410,000.00	3,970,000.00	1,080,000.00	180,000.00	180,000.00
2022	5,230,000.00	3,970,000.00	1,080,000.00	180,000.00	0.00
2023	5,230,000.00	3,970,000.00	1,080,000.00	180,000.00	0.00
2024	5,230,000.00	3,970,000.00	1,080,000.00	180,000.00	0.00
2025	4,150,000.00	3,970,000.00	0.00	180,000.00	0.00
2026	4,150,000.00	3,970,000.00	0.00	180,000.00	0.00
2027	4,150,000.00	3,970,000.00	0.00	180,000.00	0.00
2028	4,150,000.00	3,970,000.00	0.00	180,000.00	0.00
2029	4,150,000.00	3,970,000.00	0.00	180,000.00	0.00
2030	4,150,000.00	3,970,000.00	0.00	180,000.00	0.00
2031	4,150,000.00	3,970,000.00	0.00	180,000.00	0.00
	80,000,000.00	65,565,000.00	10,280,000.00	3,000,000.00	1,155,000.00

GENERAL IMPROVEMENT BONDS

Purposes of Issue

ORD.		DATE OF ORD.	IMPROVE. NO.	PURPOSE	BONDS
480(1)	F	7/23/1998	908-806	Pedestrian Bridges - Rahway River	256,000.00
480	G	7/23/1998	908-808	Elizabeth River Flood Control - Hillside	401,000.00
480	N	7/23/1998	913-607	Various Building Improvements	164,762.50
480	O	7/23/1998	913-608	Communication & Signal Equipment	313,000.00
535	A	7/26/2001	900-008	Loan to U.C. Improvement Authority	40,000.00
536(2)	D	8/28/2001	908-326	Rehab. Dams	806,000.00
536	E	8/28/2001	908-327a	Rahway River Flood Control	658,000.00
540	A	10/25/2001	900-009	Loan U.C.I.A.	230,000.00
555	K	8/22/2002	908-339	Sewer Projects	20,000.00
576	A	5/29/2003	908-345	Bridge and Culvert Improvements	1,328,000.00
578(3)	E	8/21/2003	908-346	Operational Services-Engineering Services	227,000.00
578	L	8/21/2003	909-714	Operational Services-Improvement to Buildings	1,207,000.00
578	M	8/21/2003	909-715	Operational Services-Improvement to Buildings	1,450,000.00
578	N	8/21/2003	909-716	Operational Services-Furniture, Carpet,	65,000.00
578	P	8/21/2003	912-216	Parks-Park and Rec. Improvements	1,179,000.00
578	S	8/21/2003	914-605	Public Safety-security and facility Infrastructure	50,000.00
578	T	8/21/2003	914-606	Public Safety-Police Equipment and Machinery	86,000.00
578	Y	8/21/2003	919-904	Surrogate-Renovations, Furnishings,	3,000.00
601(4)	A	8/19/2004	900-014	Union County Arts Center	5,357,000.00
601	B	8/19/2004	902-611	Info Teck -Equipment and Machinery	56,940.00
601	C	8/19/2004	903-308	Info Teck-communication Equipment	109,985.33
601	CC	8/19/2004	916-605	Sheriff-recon. Firearms Range, security, equip.	617,000.00
601	D	8/19/2004	905-509	Runnells-Rennovate Long Term Units	105,000.00
601	E	8/19/2004	906-604	Human Services-Equipment and Machinery	39,000.00
601	EE	8/19/2004	918-804	Clerk-Renovations and Improvements	93,000.00
601	N	8/19/2004	908-360	Engineering-Environmental Monitoring	343,000.00
601	O	8/19/2004	909-717	Building Services-Improvements to Buildings	7,606,000.00
601	P	8/19/2004	909-718	Building Services-Improvements to Buildings	124,000.00
601	R	8/19/2004	910-105	Various-Equipment, Machinery, Vehicles	221,000.00
601	T	8/19/2004	912-220	Parks and Recreation-Park Improvements	183,000.00
601	V	8/19/2004	912-222	Parks and Recreation-Furniture and Fixtures	192,000.00
601	X	8/19/2004	914-607	Police-Phase V Automated Security	648,815.00
601	Y	8/19/2004	914-608	Police-Equipment and Machinery	1,609.48
601	Z	8/19/2004	913-305	Emergency Mgmt.-Equipment and Machinery	111,000.00
605	A	10/28/2004	900-015	Acq. Property-Peterson Farm, Plainfield	1,700,488.99
608	A	2/10/2005	900-016	Acq. Property-Snyder ave. Berkley Hts	3,000,000.00
616(5)	A	8/18/2005	902-612	Inf Teck-equip & machinery	285,000.00
616	B	8/18/2005	903-309	Inf Teck-Communications & signals Equip	68,000.00
616	C	8/18/2005	905-510	Runnells-Rennovate Long Term Units	691,000.00
616	D	8/18/2005	906-606	Human Serv -Equip & Machinery	278,000.00
616	G	8/18/2005	908-362	Engin. & PW-Culverts	246,000.00
616	H	8/18/2005	908-363	Engin. & PW-Dams	78,000.00
616	I	8/18/2005	908-364	Engin. & pw-Traffic Signals	1,135,000.00

616	J	8/18/2005	908-365	Engin. & PW-Resurface Roads	47,000.00
616	K	8/18/2005	908-366	Engin. & PW - Environmental Monitoring	565,000.00
616	L	8/18/2005	908-367	Engin. & Pw-Equip. & Machinery	45,000.00
616	M	8/18/2005	909-721	Oper. & Facilities-Improve Buildings	1,531,000.00
616	N	8/18/2005	909-722	Oper. & Facilities-Improve Buildings	1,247,000.00
616	O	8/18/2005	910-106	Various -New Automobiles	89,000.00
616	P	8/18/2005	912-224	Parks & Recreation-Improvements	593,000.00
616	Q	8/18/2005	912-225	Parks & Recreation-Equip & Machinery	260,750.00
616	R	8/18/2005	912-226	Parks & Recreation-Automobiles	110,750.00
616	S	8/18/2005	914-609	Public Safety-Police Equipment	91,200.00
616	T	8/18/2005	916-606	Sheriff-Equip. & Machinery	40,000.00
616	V	8/18/2005	917-611	Prosecutor's -Equip. & Machinery	162,422.52
632(6)	A	8/17/2006	902-616	Economic Development-Equip & Machinery	424,000.00
632	B	8/17/2006	903-310	Economic Development-Professional Services	47,000.00
632	C	8/17/2006	905-511	Runnells-Rennovate Long Term Units	316,000.00
632	D	8/17/2006	908-368	Engineering -Replace Bridges	1,810,000.00
632	E	8/17/2006	908-369	Engineering-Culvert repairs	554,000.00
632	F	8/17/2006	908-370	Engineering-Traffic Signals	416,429.57
632	G	8/17/2006	908-371	Engineering-Environmental Monitoring (2)	2,246,000.00
632	H	8/17/2006	908-374	Engineering-West Brook Flood Control	948,000.00
632	K	8/17/2006	912-227	Park Improvements	1,272,000.00
632	L	8/17/2006	912-228	Park Improvements	263,000.00
632	M	8/17/2006	912-229	Parks-Equip & Machinery (3)	1,401,000.00
632	N	8/17/2006	912-231	Parks-Vehicles	47,000.00
632	Q	8/17/2006	909-725	Parks-Facilities-Construct New Building	7,828,000.00
632	S	8/17/2006	910-107	Public Works-Equip, Machinery, Vehicles	675,000.00
632	T	8/17/2006	910-108	Human Services-Vehicles,Equipment	14,000.00
632	U	8/17/2006	910-109	Various departments-Vehicles	69,000.00
632	V	8/17/2006	913-307	Public Safety-Equipment and Machinery	341,000.00
632	W	8/17/2006	916-608	Sheriff-Firearms Range	83,000.00
632	X	8/17/2006	917-613	Prosecutor-Equipment and Machinery	117,000.00
632	Y	8/17/2006	918-806	County Clerk-Computer Equipment	186,000.00
648	A	5/10/2007	908-377	Restoration of Lakes	1,961,846.61
653(7)	B	9/6/2007	902-614	Info-Teck-IT & tele Equip	278,000.00
653	C	9/6/2007	905-512	Runnells-Call sys,Wall Guards,Equip	145,000.00
653	G	9/6/2007	908-381	Engineering- Env. Monitor,Services	1,696,000.00
653	M	9/6/2007	910-110	Parks-Vehicles	428,000.00
653	Q	9/6/2007	910-111	Public Works-Equip & Machinery	164,000.00
653	R	9/6/2007	906-609	Human Services-Equipment and Machinery	65,000.00
653	S	9/6/2007	910-112	Various-Equipment,Machinery,Vehicles	25,000.00
653	T	9/6/2007	914-610	Public Safety-Equipment and Machinery	27,000.00
653	W	9/6/2007	913-309	Emergency Mgmt.-Equipment and Machinery	68,000.00
653	Y	9/6/2007	917-614	Prosecutor-Equipment and Machinery	53,000.00
665	A	3/13/2008	909-731	Addnl Construction-Veneri Bldg-Westfield	2,841,000.00
688	A	8/20/2009	917-617	Acq. Of Property-Child Advocacy Center	2,200,000.00
					<hr/>
					65,565,000.00

- (1) Amended by Ord. Nos. 574-2003, 630-2006 and 674-2008 adopted 4/24/03, 7/20/06 and 12/4/08, respectively.
- (2) Amended by Ord. Nos. 543-01, 547-02, 556-2002, 564-2003, 575-2003 and 719-2011 adopted 12/13/2001, 2/28/02, 9/5/02, 2/13/03, 4/24/03 and 3/31/11, respectively.
- (3) Amended by Ord. No. 708-2010 adopted 6/10/10.
- (4) Amended by Ord. No. 708-2010 adopted 6/10/10.
- (5) Amended by Ord. No. 708-2010 adopted 6/10/10.
- (6) Amended by Ord. Nos. 673-2008 and 708-2010 adopted 12/4/08 and 6/10/10, respectively.
- (7) Amended by Ord. Nos. 708-2010 and 714-2010 adopted 6/10/10 and 12/8/10, respectively.

VOCATIONAL-TECHNICAL SCHOOL BONDS

Purposes of Issue

ORD.		DATE OF ORD.	IMPROVE. NO.	PURPOSE	BONDS
555	AA	8/22/2002	921-109	Vocational - Vehicle	25,000.00
578(1)	BB	8/21/2003	921-110	Vocational-Computers,Equipment,Machinery	125,000.00
578	CC	8/21/2003	921-111	Vocational School-Acq. Vehicles	35,000.00
601(2)	HH	8/19/2004	921-112	Vocational-Computers,Equipment,Machinery	604,000.00
601	II	8/19/2004	921-113	Vocational-Improvements	317,000.00
610	A	3/10/2005	921-115	Vocational -Const. Baxel and West Halls	5,665,000.00
616(3)	AA	8/18/2005	921-116	Vocational-Computers,Equipment,Machinery	633,000.00
616	BB	8/18/2005	921-117	Vocational-Improvements	578,000.00
616	CC	8/18/2005	921-118	Vocational-Equip. & Machinery	10,000.00
632(4)	BB	8/17/2006	921-120	Vocational-Rennovations and Improvements	1,099,000.00
653(5)	AA	9/6/2007	921-122	Vocational-Rennovations and Improvements	122,000.00
653	BB	9/6/2007	921-123	Vocational-Equipment & Furnishings	67,000.00
653	CC	9/6/2007	921-124	Vocational-Construction & Renovation	1,000,000.00
					<hr/>
					10,280,000.00

- (1) Amended by Ord. No. 708-2010 adopted 6/10/10.
- (2) Amended by Ord. No. 708-2010 adopted 6/10/10.
- (3) Amended by Ord. No. 708-2010 adopted 6/10/10.
- (4) Amended by Ord. Nos. 673-2008 and 708-2010 adopted 12/4/08 and 6/10/10, respectively.
- (5) Amended by Ord. Nos. 708-2010 and 714-2010 adopted 6/10/10 and 12/8/10, respectively.

REDEVELOPMENT BONDS
Purpose of Issue

ORD.		DATE OF ORD.	IMPROVE. NO.	PURPOSE	BONDS
691	A	9/9/2009	900-023	Loan to Redeveloper-Parking Garage	3,000,000.00

COUNTY COLLEGE BONDS
Purposes of Issue

ORD.		DATE OF ORD.	IMPOOVE. NO.	PURPOSE	BONDS
555	Y	8/22/2002	922-206	College - Equipment & Machinery	43,000.00
578(1)	Z	8/21/2003	922-207	College-Improvements to Cranford	175,000.00
601(2)	GG	8/19/2004	922-120	College-Equipment and Machinery	88,000.00
616(3)	Z	8/18/2005	922-121	College-Equipment and Machinery	148,000.00
632(4)	AA	8/17/2006	922-122	College-Equipment & Machinery	597,000.00
653(5)	Z	9/6/2007	922-123	College-Equipment & Machinery	104,000.00
					<u>1,155,000.00</u>

- (1) Amended by Ord. No. 708-2010 adopted 6/10/10.
- (2) Amended by Ord. No. 708-2010 adopted 6/10/10.
- (3) Amended by Ord. No. 708-2010 adopted 6/10/10.
- (4) Amended by Ord. Nos. 673-2008 and 708-2010 adopted 12/4/08 and 6/10/10, respectively.
- (5) Amended by Ord. Nos. 708-2010 and 714-2010 adopted 6/10/10 and 12/8/10, respectively.

DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS

General Information

The following is a brief description of economic factors affecting the County including information concerning population, employment, commercial activity, construction activity and general economic conditions.

The County was incorporated in 1857, and is a suburban political subdivision located in the northeast portion of the State. It is located within the New York Metropolitan Region and along the Boston-Washington Corridor, which is the area of the heaviest accumulation of population and industry in the nation. The County is bounded by Essex County to the north, Morris and Somerset Counties to the west, Middlesex County to the south, and the Arthur Kill to the east. The County comprises an area of 103.4 square miles. It is unique in its economic diversification due to its location and excellent infrastructure, including a system of Interstate and State Highways, rail lines, and one of the largest container terminals in the world. Newark Liberty International Airport, located in both Union and Essex counties, is one of the region's busiest airports.

Population

The County population, based on 2010 Census data, is 536,499, which represents an increase of 2.7% compared to the County's population in the 2000 Census. The County increase in population compared to the State population increase of 4.5% in the same period shows the County increasing in population at a slightly lower rate compared to the overall State, which is attributable to the urban and suburban nature of the County. The County population density is 5,188 persons per square mile. The median age of County residents was 36.6 years based on 2000 Census.

The County has 21 municipalities consisting of five cities, eight townships, seven boroughs and one town. According to the 2010 Census, the population of these municipalities ranged from Winfield at 1,471 to Elizabeth at 124,969 persons.

Population Comparison

The following is a table of the population trend of the County, the State and the United States.

Year	Union County	New Jersey	United States
1930	305,209	4,041,334	123,203,000
1940	328,344	4,160,165	132,165,000
1950	398,138	4,835,329	151,326,000
1960	504,255	4,076,412	179,323,000
1970	543,116	7,168,164	203,213,000
1980	504,094	7,364,158	226,504,025
1990	493,819	7,730,188	248,709,873
2000	522,541	8,414,350	281,421,906
2010	536,499	8,791,894	308,745,538

Source: US Census Bureau

Economic Development

In 1997, the County initiated an economic development program to coordinate efforts of government, local business, industry, education and other areas to promote the economic development advantages of the County.

In accordance with the program, the Board of Chosen Freeholders of the County (the “Freeholder Board” or “the Board”) continues to adopt initiatives that will help the improve County and its associated municipalities. The Freeholder Board continues to support economic development efforts through various County Departments and interaction with the business community. Services such as workforce training and education help provide a valuable workforce within the County that assists in the attraction of businesses to the County. These policies, services, and interactions help bring together organizations to generate and retain businesses and employment in the County.

The initiative includes:

The Freeholder Economic Development Committee continues the effort to define the economic needs and goals of the County, set priorities for the Freeholder Board’s key policy initiatives, identify third-party resources and relationships and advises the County Manager on setting up and overseeing the Union County Department of Economic Development.

The Parks & Community Renewal Department director with direction from the County Manager and Freeholder Economic Development Committee helps coordinate activities to develop economic opportunities to benefit the County, associated municipalities and residents.

The County utilizes various group and educational institutions such as the following to assist with data assessment and business development:

- The New Jersey Gateway Center for Regional Development at Kean University, in addition to providing demographic, statistical and trend analysis, will serve as a clearinghouse for regional economic development information. Within the Gateway Center will be the Union County Alliance, an organization of business, education, government and civic leaders working for legislative improvements.
- The Union County College Small Business Institute and Center for Advancement will develop workforce training, continuing education and curriculum to address the needs of the County’s diverse population.
- The Union County Economic Development Corporation, a private, non-partisan organization, specializes in business retention and expansion activities such as technical assistance services to small and medium sized firms.
- The Workforce Investment Board, which reviews and approves all applications for government funding of workforce training programs in both private and public sectors, will develop overall plans for coordination of workforce training programs receiving government funding.

As a result of this initiative, the County has already completed several economic development projects such as the Midtown Elizabeth Parking/Mixed Use Facility which will provide 1,500 parking spaces in

the Midtown area to serve retail customers, government employees and Union County College students and staff. The mixed use component adds office space and first floor retail space in the Midtown Elizabeth Area. This facility is being constructed by the Elizabeth Parking Authority in cooperation with Union County, the Elizabeth Development Corporation and the City of Elizabeth. The County also collaborated with the City of Elizabeth on securing Federal Recovery Zone Facility Bonds to help retain and expand the Wakefern Facility. The County, City and State helped secure \$44 million in Facility Bonds and the City of Elizabeth added \$2.5 million in a low-interest loan through its Urban Enterprise Zone. The project will replace a 491,775 square foot warehouse with a “state-of the-art” 524,000 square foot warehouse. This project will help retain 345 current employees and will add approximately 350 jobs over the next twenty years. The total project cost is over \$70 million and construction is proposed to start in 2011 and estimated to be completed in 2013.

An Economic Development Outreach session was conducted early in 2010 that brought together business, academia and non-profit sectors of the County and State together to discuss available programs, funds, and loans to assist new and established businesses. Potential owners were given information on how to start a business and find funding programs that would assist them in their development. New and existing businesses were also given information on programs to help stabilize or expand their business.

Employment

Based on the New Jersey Department of Labor estimates, the County had an average labor force in 2010 of 271,242 compared to the State’s labor force of 4,522,458 for the same year. In 2010 the County had an annual average unemployment rate of 9.7% while the State of New Jersey had a comparable average unemployment rate of 9.5%. These rates represent an annual average of 26,408 persons unemployed in the County and 432,025 unemployed in New Jersey.

Businesses in the County

The County has a diverse business base and population. The County has a major pharmaceutical company in Merck/Schering-Plough and a major port facility with a variety of companies that provide a significant number of jobs in a variety of fields including warehousing, shipping, trucking, rail, air cargo, and related businesses, such as, aviation support and associated maintenance. Other major businesses include warehousing, light industrial, and commercial. Major employers in the County also include medical facilities, government, and higher education facilities.

The business with the most employees in the County is Merck/Schering-Plough with around 10,000 employees in various labs and offices throughout various branches in Kenilworth, Union, Rahway, and Summit. However, due to the merger, the Union facility is scheduled to be closed and the Kenilworth facility will be restructured for laboratory functions. Other major employers in the County include Alcatel-Lucent in New Providence, BOC Cryoplant in New Providence, Guest Packaging Inc., in Rahway, Linde, Inc. in New Providence, Maher Terminals in Elizabeth, NEMF in Elizabeth, USI, Services Group in Springfield, as well as, Overlook Hospital in Summit, Trinitas Hospital in Elizabeth, Children’s Specialized Hospital in Mountainside, Kean University in Union, and Union County College in Cranford, Elizabeth and Plainfield.

State and County Court offices in Elizabeth along with County and Municipal government agencies are large employers in the County.

The following tables and lists outline leading businesses, industrial parks, and office parks in the County. Also included is a list of major commercial development and public improvement projects proposed throughout the County.

LEADING COUNTY BUSINESSES

Firm	Location	Nature of Business	# of Employees²
Merck/Schering-Plough	Kenilworth, Union ¹ Rahway, Summit, Springfield	Pharmaceuticals	10,000
NEMF	Elizabeth	Transport	3,900
USI Services Group	Springfield	Maintenance	3,200
Overlook Hospital	Summit	Hospital	3,119
Trinitas Hospital	Elizabeth	Hospital	2,706
Linden, Inc.	Linden	Food Distribution	1,500

Notes: 1) Merck announced closure of its Union Township facility and changes to its Kenilworth facility to research, not headquarters, which will significantly reduce employment numbers.

2) The number of employees shown above is approximate.

Source: Major Employers List, UCEDC, 2010.

Industrial/Office Parks

Liberty Hall Corporate Center
Morris and North Avenues, Union; GVA Williams

Connell Corporate Park I & II
Two Oak Way, Berkeley Heights; Connell Realty and Development Co.

Dresser Industries
270 Sheffield Street, Mountainside; Weichert Commercial

Murray Hill Inn and Office Park
South Street and Central Avenue, New Providence; The Boyle Co.

Cranford Business Park
14/25 Commerce Drive, Cranford, and 2 Jackson Drive, Cranford; the Schultz Organization

Cranford Office and Industrial Park
Commerce Drive, Cranford; Cali Associates

Morris Plaza I and II
Morris Avenue, Union; M. Alfieri Co.

Port Authority of NY and NJ
Industrial Park at Elizabeth: North Avenue East and Center Drive, Elizabeth
Port Authority of NY and NJ

Source: Union County Economic Development Corporation Economic and Demographic Profile, March 2010

UNION COUNTY MAJOR COMMERCIAL AND PUBLIC DEVELOPMENT PROJECTS

Municipality	Project Name	\$ Value	Jobs	Status
Hillside & Union	Garden State Parkway Interchange 142 New Highway Connection	65 Million	Unknown	In Progress
Elizabeth	Viaduct Replacement	50 Million	75	In Progress
Plainfield	Union County Office Building & Retail Development	33 Million	Unknown	Completed
Elizabeth	Trinitas Cancer Center Addition	26 Million	Unknown	Completed
Elizabeth	Elberon Development/Wakefern	70.1 Million	350	Proposed
Elizabeth	Midtown Parking and Mixed Use	40 Million	60	Under Const.

Source: UCEDC Major Development Projects Report 2010 and Elizabeth Development Corporation.

Transportation

The County's economy is centered upon its strengths in its diverse labor force, regional location and transportation access. The County is a major transportation nexus, served by eight railroad lines and major highways such as the NJ Turnpike, the Garden State Parkway, Interstate Highways 78 and 287, and US Routes 1 & 9. Newark Liberty International Airport is one of the largest airports in the country with extensive domestic and international destinations. The Airport's international service also includes non-stop service to major Asian and European cities. The Port of New York and New Jersey serves as a significant employment center and hub for freight in the region with access to the waterways, access to major highways in Elizabeth/Newark area, access to Newark Liberty International Airport and railways within the County's boundaries.

The sections below outline transportation related services and activities that relate to the County as follows: Port Activity, Airport, Rail, Bus, Roadways and transportation improvement projects.

Port Activity

The Port Authority of New York and New Jersey ("PANYNJ" or "PA") is the largest port on the east coast of North America and is the gateway to the largest consumer market in the world, and is also one of the major facilities handling export activity. The PA handled over 4.6 million twenty-foot maritime container units ("TEU's") in 2009, a 13.4 percent decrease from the 5.3 million TEU's handled in 2008 according to the trade statistics in the PA's 2009 trade statistics newsletter published in March 2010. The value of all cargo handled in 2009 was over \$146 billion, down from \$190 billion in 2008.

In 2009, the total cargo volume by weight handled in the Port area based on U.S. Bureau of Census data was slightly over 77.9 million metric tons of cargo representing a 12.4 percent decrease from the total cargo volume of 88.9 million metric tons reported for 2008.

Within the PA district, there are publicly-owned terminals operated by the PA, as well as privately-owned terminals. Under the jurisdiction of PA is the Port Newark/Elizabeth. It is a 2,100 acre facility encompassing a full range of maritime commerce activities. It is located within the site of Foreign Trade Zone (FTZ) 49, the largest FTZ in the United States comprising 2,909 acres throughout the Port. The Elizabeth Marine Terminal is a 1,200 acre facility with container terminals, on-dock rail terminals and warehousing and distribution space.

In April 2005, PANYNJ opened the Kill Van Kull (to the Newark Bay Channel) to its new depth of 45 feet through its recent channel deepening project with work initiated to deepen the channel to a depth of 50 feet by 2014. This will allow access to the Port of even larger Post-Panamax cargo ships that carry in excess of 4,000 or even 5,000 TEUs and permit PANYNJ to be in a better position to compete in the global economy to the benefit of the entire region.

PANYNJ continues to advance improvements to the ExpressRail system, the PANYNJ on-dock rail terminals in New Jersey, and has a target completion date of 2011. In 2009, ExpressRail handled 308,131 containers which was 18.4 percent decrease from 2008. A \$40 million component of the project was completed to install new track that would double the capacity of ExpressRail Port Newark. In March 2007, construction began on a \$51 million project to build a second lead track into ExpressRail Elizabeth. The new trackage allows Norfolk Southern and CSX trains to depart and arrive simultaneously into ExpressRail Elizabeth and eliminates conflicts between road and rail traffic at the port. This phase was completed in 2008. The ExpressRail system, when fully built, will be able to handle 1.3 million shipping containers a year. The increase in use of rail for freight movement is precipitated by the consistent growth in freight demand and capacity limitations of major truck routes in the region.

In September 2010, the PA agreed to begin a \$1 billion project to raise the Bayonne Bridge to allow larger ships to pass through and provide a boost to New Jersey's economy. The deal will cover the cost of raising the bridge approximately 60 feet, to 215 feet, to give container ships, which have grown in size, room to pass under.

Newark Liberty International Airport – Passenger and Cargo Activity

Expansion continues at Newark Liberty International Airport and the Port Newark/Elizabeth to accommodate projected growth in both cargo and passenger volumes. The Airport handled about 31.9 million passengers in 2010 which is a decrease of 4.2% from 2009.

Approximately 2.6 million tons of freight was moved in 2010 through the Newark Liberty International Airport. The entire Airport had an annual total employment of approximately 24,000. The PA invested more than \$1 billion to upgrade terminals, to redesign the airport roadway system and to provide better access from the NJ Turnpike and Routes 1&9.

With the extension of Newark Liberty International Airport's AirTrain system, passengers utilizing the airport now have access to over 400 Amtrak and NJTransit trains daily. This service allows direct access by rail to the Airport, Penn Station Newark and New York City from the Cities of Elizabeth, Linden and Rahway in the County.

Linden Airport

In addition to the Newark Liberty International Airport, the County has one local general aviation airport in Linden. In recent years, this airport had been redeveloped with totally new facilities (i.e., FBO hangar, Tee hangars, fuel farm, etc.). The Linden Airport hosts approximately 43,000 flights per year or about 120 flights per day. The airport consists of a 188 acre facility with one (two direction) runway, at a length of 4,137 feet. This airport is the home base for approximately 143 aircraft, including a number of area television station helicopters and private airplane services.

Rail Services

The County is served by four major rail passenger lines that are operated by NJ Transit Corporation, the nation's first statewide mass transit operating authority. These are the Northeast Corridor Line ("NEC"),

North Jersey Coast Line (“NJC”), Raritan Valley Line (“RV”) and the Morris and Essex Line (“M&E”), including the Gladstone Branch.

Improvements to the rail system that have already been made or are being engineered directly benefit the County. The communities of Summit, New Providence and Berkeley Heights on the M&E Line have a direct ride into New York City as a result of the Kearny Connection completed in 2004. This is in addition to Elizabeth, Linden and Rahway along the NEC Line which has an existing connection to Newark/New York.

The areas around several train stations are undergoing upgrades. Rahway and Midtown Elizabeth on the NEC Line and Cranford on the RV Line are among only nineteen statewide to receive designation as Transit Villages from the NJ Department of Transportation. It is a program promoting mixed-used development of economic vitality in the area surrounding the stations. In 2007, the County completed a Transit Oriented Development Study funded by the NJ Office of Smart Growth. On the NEC Line, the Rahway station improved its attraction to rail users when, in January 2005, the Rahway Parking Authority opened a 524 space garage. In Cranford, a mixed use development within a short distance of the rail station was recently completed.

County residents along the NEC Line and RV Line have access through the Newark Penn Station and Secaucus Transfer Station to New York City and Hudson County. Access to Hudson County is possible through the Hudson Bergen light rail and path system. The Secaucus Transfer Station also provides train passengers from Union County access to Bergen County and New York City.

A new station was successfully added to the RV Line with its own parking lot in Union Township in 2003, and in the 4th Quarter of Fiscal Year 2007, it experienced 1,035 average weekday boarding passengers according to NJ Transit Corporation. The addition of the Union Township Station has attracted housing development associated to the transit facility. The City of Elizabeth and the County convinced New Jersey Transit and the North Jersey Transportation Planning Authority to consider an intermodal study for the Midtown Elizabeth Train Station Area that will include concepts for a new rail station.

In fiscal year 2010, the County’s five stations (Elizabeth, Summit, Rahway, Westfield and Linden) were among the top 20 most active train stations in New Jersey based on data from NJ Transit on its rail system as noted in the table below.

Ranking	Station Name	Rail Line	Average Weekday Boardings
9	Elizabeth	Northeast Corridor	4,085
11	Summit	Morris & Essex	3,624
14	Rahway	NEC	3,163
19	Westfield	Raritan Valley	2,263
20	Linden	NEC	2,161

Source: New Jersey Transit, FY 2010.

Based on FY 2010 NJ Transit Average Weekday Station Passenger Boarding data, overall rail ridership was 1.5% lower than FY 2009. In the fourth quarter report of 2009 the three rail lines that serve Union County observed average weekday ridership reductions of 5.5% on the NEC Line, 7.3% reduction on the RV Line and a 5.9% reduction on the M&E Line. The ridership numbers remain higher than FY 2000 net passenger totals. The passenger reductions experienced over the past couple of years were caused by the

economic recession and stabilization of fuel prices. As the economy improves and as fuel prices increase the numbers of passengers will increase over time.

In addition to passenger services, there is complete freight service on the four passenger train routes and other lines provided by CONRAIL Shared Assets Organization (“CSAO”), making up a total of approximately 53.58 miles of railroad right-of-way traversing the County. This rail switching company is a joint venture of Norfolk Southern Corporation and CSX Corporation. Thus, County businesses have access to both of these major rail freight systems. In addition, the Canadian Pacific Railroad has intermodal freight facilities in nearby Essex County that are available to County businesses. In the port district, the PA has authorized expansion of the on-dock rail terminals in New Jersey with construction in Port Elizabeth.

Fourteen miles of non-service rail freight lines (former Rahway Valley and Staten Island Railroads) within the County were purchased by the State of New Jersey Department of Transportation in 1994. The County has taken responsibility for these lines with cooperation from NJDOT and contracted with the Morristown & Erie Railway, Inc. to reactivate freight service on these lines in order to foster economic development along these corridors. The majority of the Staten Island Railroad section of the line has been refurbished.

Bus Service

The NJ Transit Corporation also operates 22 different bus routes. Three other carriers operate additional routes. Combined, these routes serve all 21 municipalities in the County. In FY 2010 based on NJ Transit Market Analysis data these bus routes generated a total of 18.8 million passenger trips. There are two private bus operators providing service to Newark Liberty International Airport or New York City. Other related bus services includes specific shuttle routes such as the Township of Union which provides its residents access to the local rail station and the Township of Springfield with a shuttle serving the nearby Short Hills station. A pilot shuttle service continues to serve the retail center on Route 22 taking employees across the highway to prevent pedestrians crossing Route 22.

Major Roadways

Union County is served by the following regional arterial highways: the NJ Turnpike, the Garden State Parkway, Interstate Routes 78 and 278, US Route 22, US Routes 1 & 9, and New Jersey Routes 24, 27, 28, 82 and 439. These roadways serve County residents as the main means within and around the County for access to employment, schools, shopping, recreation and various other activities.

Major Transportation Projects

The County has conducted numerous studies with regard to transportation, safety and infrastructure deficiencies to address future transportation needs. These efforts have identified major projects noted below that are moving toward implementation:

- North Avenue Corridor Improvements, Elizabeth - As part of the Kapkowski Road Transportation Planning Study concluded in October 2003 and the ongoing design work on the North Avenue Corridor Improvement (“NACI”) Project, a series of improvements will separate port destined traffic from those accessing the burgeoning commercial and retail development in the waterfront area of Elizabeth. The project had received additional federal Transportation Earmark funds, an allocation of the Liberty Corridor monies and support from the PA.

- Elizabeth Ferry, Elizabeth - this project remains in the planning process. The completion of construction and implementation of ferry service would provide waterside travel between Elizabeth and lower Manhattan.
- Tremley Point Access in City of Linden - In cooperation with the New Jersey Turnpike, this project will give direct truck access to over 400 acres of brownfields redevelopment for port and distribution related activities. Due to its close proximity to Port Elizabeth/Newark and Newark Liberty International Airport, it is anticipated that this area could accommodate over 4 million square feet of new distribution facilities. The construction of the Tremley Point Connector Road by the New Jersey Turnpike has received funds through the Liberty Corridor and the necessary environmental approval process is advancing. The County continues to actively work with New Jersey Turnpike, City of Linden and other transportation agencies in relation to advancing the associated roadway improvements, connecting bridge, as well as, rail access and potential barge access to the Tremley Redevelopment Area.
- Cross County Rail link – this would provide rail access from Midtown Elizabeth along the former CNJ rail line to a connection at the RV Line in Cranford. The transportation access link would provide commuter access to the NEC Line, which has additional frequency and direct connections to New York City. NJ Transit is considering a Bus Rapid Transit (“BRT”) as an alternative to rail access along the Cross County right-of-way. The BRT would include bicycle and pedestrian adjacent to the dedicated bus lanes.

Utility Services

Three State regulated and investor-owned utility companies provide all electric and gas services to the residents of the County. Public Service Electric & Gas provides the majority of the County’s electric needs. General Public Utilities serves the northwestern sector of the County, which includes Springfield, Berkeley Heights, New Providence and a portion of Mountainside. The Elizabethtown Gas Company provides gas service to a major portion of the County, while Plainfield, Springfield, Summit, Berkeley Heights, New Providence and a portion of Mountainside receive their gas service from Public Service Electric & Gas (PSE&G).

The County’s water supply is furnished by investor-owned water companies, with the exception of the City of Rahway, which owns its own municipal water system, which is operated by Consolidated United Water Company, and the City of Elizabeth, which depends entirely on wholesale water purchase from outside sources. The three major water utility companies that directly supply water to customers in the County are Elizabethtown Water Company, New Jersey-American Water Company and the City of Rahway. During periods of low flow along the Rahway River, the City of Rahway occasionally purchases water from outside sources.

The treatment of sanitary sewerage in the County is presently handled on a regional basis. This method of collection and treatment affords the maximum economy to the participating municipalities. The following regional systems serve the County: the Joint Meeting of Essex and Union Counties, Rahway Valley Sewerage Authority, Plainfield Area Regional Sewerage Authority (customer of Middlesex County Utilities Authority), Linden-Roselle Sewerage Authority and municipally-owned systems that are located in, and provide service to, Berkeley Heights and New Providence.

Health Facilities

The County has seven hospitals located within its boundaries having a total bed capacity of 3,099. Runnells Specialized Hospital of Union County, located in Berkeley Heights, is operated by the County

and has a capacity of 345 beds. It is primarily a long-term and skilled nursing institution. Children's Specialized Hospital also operates an outpatient rehabilitation facility in the Borough of Fanwood. The Elizabeth area is served by Trinitas Hospital. The County is also served by numerous first aid and ambulance squad.

Educational, Recreational and Cultural Activities

The County's diversity of people, businesses and supportive systems servicing urban, suburban and rural communities is further strengthened by its educational, recreational and cultural assets. The County is the birthplace of many renowned scholars, athletes, inventors, researchers and statesmen. The history of the County is rich in elements of the early American foundation movements. Additionally, the County's proximity to New York City offers its residents the opportunity to enjoy a wide variety of the finest cultural resources in the world.

Education

Public Education - There are 26 public school districts in the County which include:

- 97 elementary schools
- 26 middle schools
- 19 four year high schools
- 4 County Vocational-Technical School
- 3 Charter Schools

Non-Public Education - There are 71 non-public schools in the County which include:

- 22 kindergarten schools
- 27 elementary schools
- 10 secondary schools
- 7 combined schools
- 5 special needs schools

Higher Education

- Kean University of New Jersey, Union Township, Undergraduate and graduate degrees.
- Union County College, Cranford, Elizabeth and Plainfield, Associate degree programs.

Institutes of Higher Education within 15 Miles

- Rutgers University, Newark and New Brunswick
- New Jersey Institute of Technology, Newark
- University of Medicine and Dentistry, Newark
- Bloomfield College, East Orange
- Seton Hall University, South Orange
- Caldwell College, Caldwell
- Drew University, Madison
- Fairleigh Dickinson University, Madison

Source: Union County Economic Development Corporation Economic and Demographic Profile 2010

Parks and Recreation

The County's parks and recreation system is among the finest in the nation. The County's Department of Parks and Community Renewal, in conjunction with the Division of Facilities operates and maintains 25 recreational areas on over 5,400 acres of park land. The Trailside Nature and Science Center in Mountainside, the Warinanco Skating Center in Roselle, the Mattano and Cedar Brook Parks in Elizabeth and Plainfield, respectively, Rahway Pool and Wheeler Pool, in Rahway and Linden, respectively, and two public golf courses – Ash Brook in Scotch Plains and Galloping Hill Golf Course in Kenilworth/Union, are only a few of the excellent recreational facilities within the County.

There are numerous historic landmarks and sites in the County, twenty of which are included in the national Register of Historic Places. The County-owned Deserted Village of Feltville in Berkeley Heights was selected in 1980 as a National Historic Site. From the Merchants and Drovers Tavern in Rahway, a principal stop on the main stage coach line between New York and Philadelphia during the era 1750 to 1850, to the Drake House in Plainfield, an 18th century farm house once frequented by George Washington, the County has American history, culture and diversification to appreciate.

The County's proximity to the New Jersey Performing Arts Center ("NJPAC") and Prudential Center, both in Newark, via various modes of transportation, the PNC Arts Center, in Holmdel, via the Garden State Parkway and the Meadowlands Sport Complex, in East Rutherford, via the New Jersey Turnpike are further examples of the resources that surround the County that help to make the County an enjoyable and prosperous place to live, work and conduct business.

COUNTY INDEBTEDNESS AND DEBT LIMITS

Legal Framework

The Local Bond Law provides for the appropriation of funds for certain capital improvements and for the issuance of obligations of the County to finance such appropriations. Bonds of any issue must mature within the average period of usefulness of the items bonded. Serial payment of bond principal is required with no annual installment exceeding by more than 100% the amount of the smallest prior installment. A 5% cash down payment is generally required toward the financing of expenditures for County purposes. The County may sell short-term bond anticipation notes to temporarily finance a capital improvement or project in anticipation of the issuance of bonds if the bond ordinance or subsequent resolution so provides. Bond anticipation notes are full faith and credit obligations of the County, and may be issued for a period not exceeding one year and may be renewed from time to time for up to ten years. The County must begin to amortize such notes beginning in the third year and in each subsequent year. The installment payment that is required to amortize the notes is equal to the amount of the first legally payable installment on the bonds in anticipation of which the notes are issued. If the appropriate amortization is commenced in the third year and in each subsequent year, the notes must finally mature and be paid not later than the first day of the fifth month following the close of the tenth year next following the date of issuance of the original notes.

Debt Limits

The debt of the County is limited by the Local Bond Law to an amount equal to 2% of its equalized valuation basis. The equalized valuation basis of the County is set by statute as the average for the last three years of the equalized value of all taxable real property within its boundaries as annually determined by the State Board of Taxation for each of the three most recent years. Certain categories of debt are permitted by statute to be deducted for purposes of computing the statutory debt limit. The County is within its debt limit. As of December 31, 2010, the County's percentage of statutory net debt was 0.73%.

Although the rental payments under the lease agreements between the County and the Union County Improvement Authority with respect to the Correctional Facility project and other projects, including the Park Madison Building, Juvenile Detention Facility, County College Building and the Child Advocacy Center are direct and general obligations of the County, payable from the levy of *ad valorem* taxes, the rental payments do not constitute “Debt” under the Local Bond Law. Even if such rental payments were considered “Debt” under the Local Bond Law, the County would still be within its debt limit. See “Authority Debt” herein.

Exceptions to Debt Limit – Extensions of Credit

The debt limit of the County may be exceeded only with the approval of the Local Finance Board, Division of Local Government Services (the “Division”) of the New Jersey Department of Community Affairs. If all or any part of the proposed debt authorization would exceed its debt limit, the County must apply to the Local Finance Board for an extension of credit. In considering the request, the Local Finance Board concentrates its review on the effect of the proposed authorization on outstanding obligations and operating expenses and the anticipated ability of the County to meet the proposed obligations. If the Local Finance Board determines, pursuant to statute and regulation, that a proposed debt authorization would materially impair the ability of the County to meet its obligations or to provide essential services, approval would be denied.

Debt Statements

The County must report all new authorizations of debt or changes in previously authorized debt to the Division. The Supplemental Debt Statement, as this report is known, must be submitted to the Division before final passage of any debt authorization. Before January 31 of each year, the County must file an Annual Debt Statement 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 borrowings. 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.

The following tables show the categories for which the County has issued general obligation bonds as of December 31, 2010. The County’s full faith and credit have been pledged for the payment of the principal of and interest on such indebtedness.

SCHEDULE OF BONDED INDEBTEDNESS AS OF DECEMBER 31, 2010

General County Purposes	\$230,506,000
College Bonds	8,057,000
Vocational School Bonds	<u>21,510,000</u>
Gross Bonded Debt	<u>\$260,073,000</u>

HISTORY OF BONDED DEBT RATIOS

YEAR	NET VALUATION	GROSS BONDED DEBT AS OF DECEMBER 31	GROSS BONDED DEBT TO NET VALUATION
2005	\$59,414,617,644	\$243,245,000	0.41%
2006	\$67,053,789,221	\$226,901,000	0.33%
2007	\$71,703,667,012	\$210,125,000	0.29%
2008	\$77,343,647,994	\$298,278,000	0.39%
2009	\$78,858,273,025	\$278,877,000	0.30%
2010	\$75,561,098,741	\$260,073,000	0.34%

Source: Abstract of Ratables, Union County Board of Taxation.

YEAR	POPULATION*	GROSS BONDED DEBT AS OF DECEMBER 31	GROSS BONDED DEBT PER CAPITA
2005	522,541*	\$243,245,000	\$465.50
2006	522,541*	\$226,901,000	\$434.23
2007	522,541*	\$210,125,000	\$402.12
2008	522,541*	\$298,278,000	\$570.82
2009	522,541*	\$278,877,000	\$533.69
2010	536,499**	\$260,073,000	\$484.76

* - 2000 Census.

** - 2010 Census.

SCHEDULE OF COMPARATIVE DEBT

DATE	BONDS OUTSTANDING	BOND ANTICIPATION NOTES OUTSTANDING	AUTHORIZED NOT ISSUED	TOTAL DEBT
December 31, 2010	\$260,073,000.00	\$182,746,250.00	\$109,671,027.83	\$552,490,277.83
December 31, 2009	\$278,877,000.00	\$152,746,250.00	\$98,416,397.83	\$530,039,647.83
December 31, 2008	\$298,278,000.00	\$60,000,000.00	\$125,427,436.83	\$483,705,436.83
December 31, 2007	\$210,125,000.00	\$105,000,000.00	\$127,706,995.00	\$442,831,995.00
December 31, 2006	\$226,901,000.00	\$75,000,000.00	\$110,410,704.00	\$412,311,704.00

See also, Schedule of Debt Issued by Other Public Bodies and Guaranteed by the County.

STATUTORY DEBT AS OF DECEMBER 31, 2010*

Gross Debt

Serial Bonds issued and outstanding	\$260,073,000.00	
Bond Anticipation Notes issued and Outstanding	\$182,746,250.00	
Authorized but not issued	\$109,671,027.83	
Bonds Issued by other bodies and guaranteed by the County	\$144,962,990.20	
Dam Restoration Loan	\$3,061,761.37	
		\$700,515,029.40

Statutory Deductions

Reserve to pay Serial Bonds	\$80,645.61	
State Aid County College Bonds	\$0.00	
Bonds issued by other public bodies and guaranteed by the County	\$144,962,990.20	
Local Unit Refunding Bonds	\$7,815,000.00	
		<u>\$152,858,635.81</u>

Net Debt

\$547,656,393.59

Equalized Valuation of Real Property

Year 2008	\$78,612,443,908.00
Year 2009	\$74,911,051,683.00
Year 2010	\$70,766,864,441.00

3 year average Equalized Valuation of Real Property

\$74,763,453,344.00

Percentage of Net Debt of Equalized Valuation Basis

0.73%

Source: Debt Statement Filed with the New Jersey Division of Local Government Services.

* - Unaudited.

**SCHEDULE OF DEBT ISSUED BY OTHER PUBLIC
BODIES AND GUARANTEED BY THE COUNTY**

AS OF DECEMBER 31, 2010

<u>Issuer*</u>	<u>Purpose</u>	<u>Year</u>	<u>Issued</u>	<u>Unissued</u>	<u>Total</u>
UCUA	Solid Waste Bonds	1998	\$48,421,161.20	\$0.00	\$48,421,161.20
UCUA	Solid Waste Bonds	1998	9,936,829.00	0.00	9,936,829.00
			<u>\$58,357,990.20</u>	<u>\$0.00</u>	<u>\$58,357,990.20</u>
UCIA	Educational Services Comm.	1997	\$3,530,000.00	\$0.00	\$3,530,000.00
UCIA	Sheridan Gardens	2003	1,430,000.00	0.00	1,430,000.00
UCIA	Linden Theater	2004	2,500,000.00	0.00	2,500,000.00
UCIA	Linden Theater	2006	860,000.00	0.00	860,000.00
UCIA	Cherry Street Building	2007	925,000.00	0.00	925,000.00
UCIA	Oakwood Plaza**	2009	16,870,000.00	3,130,000.00	20,000,000.00
UCIA	Child Advocacy Building	2010	2,575,000.00	785,000.00	3,360,000.00
UCIA	Oakwood Refunding	2010	18,695,000.00	1,305,000.00	20,000,000.00
UCIA	Ferry Project		0.00	14,000,000.00	14,000,000.00
UCIA	Renewable Energy Program***		0.00	20,000,000.00	20,000,000.00
			<u>\$47,385,000.00</u>	<u>\$39,220,000.00</u>	<u>\$86,605,000.00</u>
TOTAL			<u>\$105,742,990.20</u>	<u>\$39,220,000.00</u>	<u>\$144,962,990.20</u>

* - Refers to the Union County Utilities Authority and Union County Improvement Authority. See below.

** - Defeased by Oakwood refunding bonds.

***- UCIA issued \$15,190,000 of Bonds on May 18, 2011.

AUTHORITY DEBT

Union County Improvement Authority

The Union County Improvement Authority (the "UCIA") was created by ordinance of the Union County Board of Chosen Freeholders on June 5, 1986, as amended. From time to time the UCIA has financed eligible projects on behalf of various entities. The bonds issued to finance such projects are special obligations of the UCIA payable solely out of revenues derived from such entities or projects. Because such other bonds are special obligations of the UCIA, any defaults in the payments that may occur by any such entity do not have any effect on the other bonds of the UCIA.

As of December 31, 2010, the UCIA had the following bonds outstanding:

<u>Description of Debt</u> <u>(all current interest except as noted)</u>	<u>Amount</u>
City of Linden General Obligation Lease Revenue Bonds (Linden Airport Project), Series 1998	\$4,000,000

Description of Debt (all current interest except as noted)	<u>Amount</u>
General Obligation Guaranteed Lease Revenue Bonds (Union Township Train Station Redevelopment Project) Series 2003A	\$4,215,000
General Obligation Lease Revenue Bonds (Capital Equipment Lease Program), Series 2001	\$390,000
Revenue Refunding Bonds (Correctional Facility Project), Series 2002	\$4,345,000 (2)
Sewer System Lease Revenue Bonds, Series 2002 (Elizabeth Wastewater System Project) [Federally Taxable]	\$15,640,000
Lease Revenue Bonds, Series 2003 (Plainfield Park-Madison Redevelopment Project)	\$26,845,000 (2)
General Obligation Lease Revenue Bonds, Series 2003 (Capital Equipment and Infrastructure Lease Program)	\$870,000
Loan Revenue Bonds (2003 Pooled Early Retirement Incentive Refunding)	\$11,295,000 (3)
Revenue Refunding Bonds (Correctional Facility Project), Series 2003	\$4,350,000 (2)
City Guaranteed Loan Revenue Bonds (Police Athletic League, Inc. of Linden)	\$1,330,000
County Guaranteed Mortgage Revenue Bonds, Series 2003 (Sheridan Gardens Project – Roselle)	\$1,430,000 (1)(4)
County Guaranteed Revenue Bonds, Series 2004 (City Of Linden – Linden Theater Redevelopment Project) (Federally Taxable)	\$2,390,000 (1)(2)
City Guaranteed Revenue Bonds, Series 2004 (City Of Linden – South Wood Avenue Redevelopment Project) (Federally Taxable)	\$3,150,000
General Obligation Lease Revenue Bonds (Capital Equipment and Infrastructure Lease Program), Series 2004	\$1,830,000 (1)
County of Union General Obligation Lease Revenue Bonds, Series 2004 (Juvenile Detention Center Facility Project)	\$4,635,000 (2)
Lease Revenue Bonds, City of Linden Guaranteed (Linden Football and Track Stadium Project)	\$3,960,000

Description of Debt (all current interest except as noted)	<u>Amount</u>
Lease Revenue Bonds, City of Linden Guaranteed (Linden Library Project)	\$2,305,000
Lease Revenue Bonds, Series 2005 (Juvenile Detention Center Facility Project)	\$28,220,000 (2)
Lease Revenue Bonds, Series 2005 (County Prosecutor's Office Project)	\$2,370,000 (2)
Union County College, Series 2006 A, B & C	\$40,860,000 (2)
City of Linden General Obligation Lease Revenue Bonds, Series 2006 (City of Linden Firehouse Project)	\$21,200,000
Capital Equipment & Infrastructure Lease Revenue Bonds, Series 2006	\$5,700,000
County Guaranteed Revenue Bonds, Series 2006 (City of Linden – Linden Theater Redevelopment Project)	\$860,000 (1)(2)
County Guaranteed Revenue Bonds, Series 2007 (Acquisition of 10 Cherry Street)	\$925,000 (1)(2)
City of Linden Guaranteed Revenue Bonds, Series 2007 (City of Linden Morning Star Redevelopment Project) (Federally Taxable)	\$4,660,000
City of Linden Guaranteed, Lease Revenue Bonds, Series 2007 (City of Linden Public Library Project)	\$6,290,000
Mortgage Revenue Bonds, Series 2008 (African American Fund of New Jersey – Plainfield Project)	
2008A (Tax-exempt)	\$7,260,000
2008B (Taxable)	\$240,000
City of Linden General Obligation Lease Revenue Refunding Bonds (Linden Airport Project) [Federally Taxable], Series 2010	\$10,880,000
County Guaranteed Revenue Bonds, Series 2010 (Union County Child Advocacy Center Project)	\$2,575,000 (1)
County Guaranteed Revenue Refunding Bonds, Series 2010 (Oakwood Plaza-Elizabeth Project) [Federally Taxable]	<u>\$18,695,000</u> (1)
Total Outstanding UCIA Debt as of December 31, 2010	<u>\$243,715,000</u>

- (1) This debt is guaranteed by the County.
- (2) This debt is paid by the County subject to annual appropriations as a lease payment.
- (3) Pursuant to this pooled financing, the Local Units participated by issuing their own general obligation bonds to the UCIA in the cumulative amount totaling \$17,730,000 in order to refund certain obligations. These bonds and related loan repayments are pledged by the UCIA to secure the 2003 Pooled Early Retirement Incentive Refunding Bonds. The County participated in this program to the extent of \$12,870,000.
- (4) This debt is guaranteed by the County, but is payable from revenues on the project. The debt is further secured by a mortgage on the project.

Union County Utilities Authority

The Union County Utilities Authority (the “UCUA”) was created by ordinance of the Union County Board of Chosen Freeholders on June 5, 1986, as amended on December 11, 1986. The UCUA was designated by the Board as the implementing agency for the County Solid Waste Management Plan (the “Plan”) and is empowered to plan, acquire, construct, maintain and operate (or cause to be planned, acquired, constructed, maintained and operated) facilities for the processing, disposal and/or recycling of solid waste throughout the County.

The UCUA’s solid waste system (the “System”) includes a mass-burn solid waste disposal, resource recovery and electric generation facility located at 1499 Routes 1 & 9 North, Rahway, New Jersey (the “Facility”). The Facility includes three mass-burn, waterwall boilers and a turbine-generator nominally rated at 45 megawatts. The Facility has a permitted processing capacity of 1,540 tons of solid waste per day, or approximately 562,000 tons per year. All governmental licenses, permits and approvals applicable to the Facility and material to its operation are in full force and effect. The Facility commenced commercial operation on February 7, 1994.

Covanta Union, Inc. (formerly Ogden Martin Systems of Union, Inc., the “Company”) leases the Facility from the UCUA pursuant to a Facility Lease Agreement, dated as of June 15, 1998 (the “Facility Lease Agreement”), between the UCUA and the Company. Under the terms of the Facility Lease Agreement, the Company pays “fixed annual rent” to the UCUA in an amount that is sufficient to make payment of debt service on the UCUA’s 1998 Lease Revenue Bonds (defined below). Covanta Union, LLC (the “Operator”), an affiliate of the Company, operates and maintains the Facility pursuant to an Operation and Maintenance Agreement, dated as of June 15, 1998 (the “O&M Agreement”), between the Company and the Operator. Pursuant to an Amended and Restated Waste Disposal Agreement, dated as of February 15, 1998, as amended and restated as of June 15, 1998, and as further amended (the “Waste Disposal Agreement”), between the UCUA and the Company, the Company is obligated to, among other things, accept and dispose of all acceptable waste delivered to the Facility by the UCUA. The UCUA is obligated to deliver to the Facility at least 250,000 tons of acceptable waste per year and to pay the Company a per ton Service Charge for each ton of acceptable waste delivered. The Facility Lease Agreement, the O&M Agreement and the Waste Disposal Agreement all expire in 2023, subject to a 5-year extension at the option of the Company.

In order to fulfill its waste delivery obligations to the Company under the Waste Disposal Agreement, the UCUA entered into “Local Waste Agreements” with certain governmental units in the County, including the County, the municipalities of Elizabeth, Garwood, Hillside, Kenilworth, Linden, New Providence, Rahway, Roselle, Roselle Park, Springfield, Union and Winfield, and the Plainfield Municipal Utilities Authority and the Summit Municipal Utilities Authority. Each such local unit is required to pay the UCUA an amount equal to its guaranteed tonnage multiplied by a service charge as set forth in the Local Waste Agreements. In addition, the UCUA has imposed a program of regulatory waste flow control (“flow control”) in order to direct waste generated in the County (other than waste received through Local

Waste Agreements) through its System. Each collection company that delivers solid waste to the Facility pursuant to “flow control” is obligated to pay the UCUA a per ton service charge set by the UCUA. The “flow control” plan was approved by the New Jersey Department of Environmental Protection on June 13, 2003, and was implemented on July 21, 2003. The Local Waste Agreements, together with “flow control”, currently account for the processing of 100% of the processible solid waste generated in the County and are the UCUA’s principal source of revenues.

As of December 31, 2010, the UCUA had the following bonds outstanding:

Description of Debt (all current interest except as noted)	Outstanding Amount
\$181,290,000 Solid Waste Facility Senior Lease Revenue Bonds (Ogden Martin Systems of Union, Inc. Lessee - Series 1998A), and	\$122,085,000 (1)
\$20,000,000 Solid Waste Facility Subordinated Lease Revenue Bonds (Ogden Martin Systems of Union, Inc. Lessee - Series 1998A), both dated as of July 15, 1998 (collectively, the “1998 Lease Revenue Bonds”)	\$13,370,000 (1)
\$53,266,161.20 original principal amount/issue value of Solid Waste Bonds County Deficiency Agreement AMT, Series 1998A, and	\$48,421,161 (2)
\$10,916,829.00 original principal amount/issue value of Solid Waste Bonds County Deficiency Agreement, Series 1998C, both issued as capital appreciation bonds and dated July 22, 1998 (collectively, the “1998 County Deficiency Agreement Bonds”)	\$9,936,829 (2)
\$36,435,000 Solid Waste Landfill Taxable Revenue Bonds (Series 1998), dated July 22, 1998 (the “1998 Landfill Bonds”)	<u>\$27,130,000</u> (3)
Total Outstanding UCUA Debt as of December 31, 2010	<u>\$193,840,120</u>

- (1) The 1998 Lease Revenue Bonds are paid from fixed annual rent under the Facility Lease Agreement, and are further supported by a Limited Deficiency Agreement, dated as of June 15, 1998, between the County and the UCUA (the “Limited Deficiency Agreement”). Under the Limited Deficiency Agreement, the County has agreed, among other things, to pay to the UCUA an amount equal to the service charges, monthly shortfall payments and the shortfall amount payable under the Waste Disposal Agreement with respect to the difference between the guaranteed tonnage of the UCUA under the Waste Disposal Agreement and the aggregate guaranteed tonnages of the participating local units under the Local Waste Agreements. To date, the County has not made any payments under the Limited Deficiency Agreement; however, the UCUA has made payments from its funds, totaling in excess of \$1,857,155, to the Company for waste mitigation shortfalls. The UCUA does not expect to make additional waste mitigation payments as a result of the implementation of flow control.
- (2) The 1998 County Deficiency Bonds are secured by a County Deficiency Agreement, dated as of June 15, 1998, between the County and the UCUA (the “County Deficiency Agreement”). Under the County Deficiency Agreement, in any fiscal year that the Trustee for the 1998 County Deficiency Agreement Bonds provides notice to the County and the UCUA that an insufficient amount of revenues are available to provide for payment of the principal of and/or interest on such bonds, the Trustee is obligated to withdraw the amount of such deficiency from the Bond Reserve Fund for such bonds for application to payment of the principal of and/or interest on the 1998 County Deficiency Agreement Bonds when due. In such event,

the County is obligated to pay the amount of the deficiency to the UCUA for deposit directly in the Bond Reserve Fund. The obligation of the County to make payment of the deficiency is absolute and unconditional and remains in full force and effect for the term of the County Deficiency Agreement. To date, the County has not been required to make payments under the County Deficiency Agreement.

- (3) The 1998 Landfill Bonds financed certain costs of acquiring landfill rights for the disposal of ash revenue generated by the Facility and other solid waste. The Landfill Bonds are secured by payments from Covanta under a Residue Disposal Agreement with the UCUA.

The 1998 Lease Revenue Bonds and 1998 County Deficiency Agreement Bonds were issued to provide all or part of the costs of (i) refunding certain bonds issued by the UCUA to finance certain costs associated with the development and construction of the Facility and certain recycling and landfill costs, (ii) paying certain amounts due to Ogden Martin Systems of Union, Inc., the operator of the Facility, (iii) reimbursing the UCUA for certain administrative and operating losses and/or expenses, and funding or replenishing certain reserves, (iv) funding a bond reserve fund, (v) funding capitalized interest on all or a part of such bonds, and (vi) paying the costs of issuing such bonds.

Additionally, in 1999, the UCUA reached a settlement agreement with the Bergen County Utilities Authority (the "BCUA") regarding its litigation to compel the BCUA to meet its agreed upon solid waste delivery obligations to the Facility. Under the terms of the settlement, the BCUA made payments to the UCUA totaling \$38,000,000. These payments came from a combination of State of New Jersey funding sources and BCUA funds. The proceeds from this settlement have been invested and used to pay a portion of the debt service on the 1998 County Deficiency Agreement Bonds. The remaining balance of these funds, as of December 31, 2010, available to pay debt service is in excess of \$3,131,656.36 (\$2,236,437.82 of this amount is unrestricted).

On December 31, 2010, the UCUA and the Company entered into a Second Amendment to Amended and Restated Waste Disposal Agreement (the "Second Amendment"). Subject to the satisfaction of the conditions precedent set forth therein, the Second Amendment, among other things, extends the Waste Disposal Agreement from 2023 to December 31, 2045, with a Company option to renew for an additional five years to 2050, increases the UCUA's guaranteed tonnage from 250,000 tons per year to 430,000 tons per year, and provides for a reduction in the amount of the service charge payable to the Company for processing such waste. The Second Amendment and related transactions will provide other economic benefits to the UCUA and the County through lease extension payments and revenue sharing arrangements. In order to obtain the full benefits from the Second Amendment, the UCUA will be required to refinance and restructure, including extending the maturity of, the 1998 Lease Revenue Bonds and 1998 County Deficiency Agreement Bonds, in current refunding transactions, as well as to add approximately \$12,000,000 of new money. Each such series of new bonds is expected to be supported by the same revenues and security as the bonds they are being issued to refund. Corresponding amendments will be made to the Facility Lease Agreement, O&M Agreement, and the Limited Deficiency Agreement (to cover the increased guaranteed tonnage, among other things), among others. The County will be expected to enter into a new County Deficiency Agreement to support bonds that refund the 1998 County Deficiency Agreement Bonds. The effectiveness of the Second Amendment and, consequently, the issuance of the new bonds, are subject to certain conditions, including substantial regulatory review and approvals, which are in progress. No assurance can be given that such approvals will be received or that all such conditions will be met.

Open Space, Recreation and Historic Preservation

On November 7, 2000, the voters of the County approved a referendum authorizing the creation of an Open Space Recreation and Historic Preservation Trust Fund (the "Fund").

The Fund is funded by a tax levy of 1.5 cents per \$100 of County equalized real property valuation for a period of twenty years.

The Fund is used for acquisition of lands for recreation and conservation purposes, development of lands acquired for recreation and conservation purposes, maintenance of lands acquired for recreation and conservation purposes, preservation of historic properties, acquisition of such properties for historic preservation purposes, or payment of debt service of indebtedness issued by the County for such purposes (other than maintenance purposes).

The first quarterly collection of open space taxes was paid on August 15, 2001. The County collected \$11,334,164.83 in the year 2010.

**COUNTY OF UNION
DEBT SERVICE SCHEDULE
AS OF DECEMBER 31, 2010**

YEAR	BOND PRINCIPAL	BOND INTEREST	LEASE PAYMENTS	DAMS	INT. BANS	TOTAL
2011	\$19,465,000.00	\$10,278,393.50	\$11,071,927.17	\$209,540.32	\$3,289,035.90	\$44,313,896.89
2012	20,655,000.00	9,505,988.00	10,887,479.93	209,550.31	0.00	41,258,018.24
2013	21,055,000.00	8,719,132.00	11,124,749.05	209,586.31	0.00	41,108,467.36
2014	21,798,000.00	7,938,480.00	11,007,146.29	209,586.31	0.00	40,953,212.60
2015	21,385,000.00	7,157,839.00	10,357,378.04	209,550.30	0.00	39,109,767.34
2016	20,235,000.00	6,323,801.75	9,982,266.29	209,550.31	0.00	36,750,618.35
2017	21,215,000.00	5,415,174.75	9,988,698.54	209,586.31	0.00	36,828,459.60
2018	21,515,000.00	4,475,887.25	9,834,798.04	209,586.31	0.00	36,035,271.60
2019	11,550,000.00	3,773,218.75	9,814,308.04	209,586.31	0.00	25,347,113.10
2020	11,550,000.00	3,314,062.50	9,798,594.16	209,586.31	0.00	24,872,242.97
2021	11,550,000.00	2,834,562.50	9,485,004.53	209,586.31	0.00	24,079,153.34
2022	11,550,000.00	2,334,718.75	5,902,801.27	209,550.31	0.00	19,997,070.33
2023	11,550,000.00	1,829,187.50	5,502,411.01	209,550.31	0.00	19,091,148.82
2024	7,000,000.00	1,417,500.00	5,039,452.51	209,550.31	0.00	13,666,502.82
2025	7,000,000.00	1,102,500.00	5,030,169.51	209,586.30	0.00	13,342,255.81
2026	7,000,000.00	787,500.00	5,207,953.13	209,550.31	0.00	13,205,003.44
2027	7,000,000.00	472,500.00	4,404,887.50	133,498.45	0.00	12,010,885.95
2028	7,000,000.00	157,500.00	4,391,325.00	107,369.48	0.00	11,656,194.48
2029	0.00	0.00	4,316,712.50	54,694.74	0.00	4,371,407.24
2030	0.00	0.00	4,543,912.50	0.00	0.00	4,543,912.50
2031	0.00	0.00	4,530,475.00	0.00	0.00	4,530,475.00
2032	0.00	0.00	4,507,612.50	0.00	0.00	4,507,612.50
2033	0.00	0.00	4,475,350.00	0.00	0.00	4,475,350.00
2034	0.00	0.00	4,443,437.50	0.00	0.00	4,443,437.50
Total	\$260,073,000	\$77,837,946.25	\$175,648,850.01	\$3,648,645.62	\$3,289,035.9	\$520,497,477.78

Capital Improvement Program

A capital budget and capital improvement program is designed to function as a planning tool for legislators and managers at municipal and county levels. It allows public officials to evaluate alternatives and determine priorities for projects and programs in relation to available and projected financial resources. A carefully organized program and project schedule avoids costly, improper decisions or ill-timed action in a project involving the allocation of scarce capital resources.

The main purpose of the capital budget is to initiate planning for ultimate authorization of capital projects for the first year of the six year program. The Capital Budget and Capital Improvement Program do not represent actual authorization of projects, but rather conceptual recognition of the County's need for specific capital improvements.

With restrictions on current spending and new financial resources limited, it is imperative that capital planning and budgeting become more responsive to public needs, both present and long range. In addition to the cost of the selection process, the impact of each project on future operating budgets must be considered. In prioritizing capital projects, a major consideration is the degree to which a facility will be able to either generate revenues or significantly reduce costs.

The County's Capital Improvement Plan requires that all departments justify the need for a particular capital project or piece of equipment. All capital requests are scrutinized to determine if the request (1) meets the needs of the citizens of the County; (2) are important to the County's governmental operations; (3) are within the financial guidelines set forth for all capital projects; and (4) are able to realize additional revenues.

Future Financing of the County

The County's general plan is to issue general obligation bonds at a minimum of every two to four years. The County also issues bond anticipation notes for specific capital improvements, as needed, and retires them with the next issue of general obligation bonds. The County's last new money bond issue was a \$105,000,000 issue which closed on February 28, 2008 and refinanced outstanding bond anticipation notes. The County issued \$75,700,000 of refunding bonds on March 3, 2009 to refund several prior issues of bonds in order to achieve debt service savings. The County issued \$182,746,250 of bond anticipation notes on July 1, 2010 which mature on July 1, 2011 (the "Outstanding Notes"). \$80,000,000 of the Outstanding Notes will be retired by the 2011 Bonds. The County intends to roll over approximately \$100 million of the balance of the Outstanding Notes (after retiring approximately \$2,651,000 of such Notes from unspent note proceeds) and add approximately \$30,000,000 of new money Notes.

Six Year Capital Program 2011

<u>Project Title</u>	<u>Six Year Estimate</u>
Department of Parks and Community Renewal	
Division of Information Technologies	\$1,650,000.00
Division of Parks-Improvements	\$39,034,116.00
Runnells Specialized Hospital	\$1,208,000.00
Department of Public Works & Engineering	
Division of Engineering	\$49,481,000.00
Division of Facilities-Improvements	\$28,450,000.00
Division of Park Maintenance	\$24,725,000.00
Division of Public Works-Equipment & Vehicles	\$10,887,000.00
Department of Human Services	\$1,495,843.00
Department of Public Safety	
Division of Police	\$504,500.00
Division of Emergency Management	\$5,460,000.00
Department of Correctional Services	\$41,000.00
Sheriff	\$1,679,500.00
Prosecutor	\$1,343,400.00
Vocational-Technical	\$8,200,000.00
County College	\$15,627,421.00
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<u>Funding Per Year</u>	
2011	\$49,038,443.00
2012	\$32,349,028.00
2013	\$25,442,272.00
2014	\$33,561,337.00
2015	\$23,575,300.00
2016	\$25,820,400.00
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<u>Funding Sources</u>	
Grants	\$4,881,000.00
Down Payments, Bonds & Notes	\$184,905,780.00
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	\$189,786,780.00

TAX COLLECTION DATA

County Tax Rates

The following table sets forth the valuations on which County taxes are apportioned:

NET VALUATION ON WHICH TAXES ARE APPORTIONED

Year	Net Valuation
2007	\$71,703,667,012
2008	\$77,343,647,994
2009	\$78,858,273,025
2010	\$75,561,098,741
2011	\$71,050,555,996

Source: Union County Board of Taxation

ASSESSED VALUATION

Year	Net Valuation Taxable
2007	\$23,952,106,354
2008	\$23,979,799,122
2009	\$24,030,545,250
2010	\$23,995,108,507
2011	\$23,818,060,554

Source: Union County Board of Taxation

COUNTY TAX RATE PER \$100 OF EQUALIZED VALUATION

Year	Tax Rate
2007	\$0.3341
2008	\$0.3292
2009	\$0.3381
2010	\$0.3690
2011	\$0.4124

Source: Union County Board of Taxation

TAX COLLECTION RECORD

FISCAL YEAR BEGINNING JANUARY	TOTAL COUNTY TAX	PERCENT OF COLLECTION
2006	\$226,632,767	100.00%
2007	\$238,582,767	100.00%
2008	\$251,657,663	100.00%
2009	\$265,056,170	100.00%
2010	\$277,356,170	100.00%

Source: Union County Board of Taxation

NET TOTAL TAXABLE VALUE OF LAND AND IMPROVEMENTS

	2010	2009	2007	2006	2005
1. Vacant Land	\$ 265,022,700	\$ 281,324,200	\$ 244,745,150	\$ 242,713,400	\$ 245,485,500
2. Residential	17,636,323,265	17,617,890,015	17,510,496,240	17,382,748,515	17,236,212,215
3a. Regular Farm	1,098,000	1,098,900	1,098,900	1,098,900	1,302,600
3b. Qualified Farm	158,120	124,320	157,520	157,520	157,520
4a. Commercial	3,080,242,285	2,954,831,085	2,953,504,485	2,991,009,785	3,059,803,900
4b. Industrial	2,372,627,180	2,575,134,530	2,623,531,530	2,673,840,930	2,732,107,713
4c. Apartment	603,112,700	600,142,200	612,089,600	625,998,800	628,306,400
Total Assessed Value	\$23,958,585,150	\$23,903,375,848	\$23,897,916,928	\$23,877,152,400	\$23,737,336,403

**LARGEST ASSESSED VALUATIONS
YEAR 2011**

<u>MUNICIPALITY</u>	<u>ASSESSED VALUE</u>	<u>PROPERTY TAXES</u>
<u>Berkeley Heights</u>		
Alcatel-Lucent USA	\$95,000,000	\$5,461,981.00
The Connell Company	\$37,500,000	\$1,243,875.00
Connell Corporate Center I, LLC	\$26,400,000	\$875,688.00
Diamond Hill Joint Venture, LLC	\$33,101,000	\$1,097,960.13
Mountain Heights Center	\$32,496,800	\$1,077,918.88
The Connell Company	\$20,200,000	\$670,034.00
Connell East LLC	\$18,518,300	\$614,252.00
The Connell Co./Lifetime Fitness	\$18,207,000	\$603,926.19
Berkeley Development L.P.	\$9,000,000	\$298,530.00
Lockhern Associates, L.L.C.	\$8,311,700	\$275,699.09
<u>Clark</u>		
CW Associates	\$8,000,000	\$571,840.00
Feil	\$6,000,000	\$428,880.00
Lexington Village Apartments	\$5,199,200	\$371,688.82
Target	\$4,717,500	\$356,493.81
Feil	\$4,573,400	\$326,906.63
Largo Clark	\$4,521,800	\$323,218.26
GM	\$4,473,000	\$322,012.06
U.S. Gypsum Co.	\$3,917,800	\$280,044.34
Ivy Park	\$3,710,000	\$265,190.80
Hillcrest Assoc.	\$3,700,000	\$264,476.00
<u>Cranford</u>		
H-Cranford Credit Ltd. Partnership	\$12,421,300	\$625,164.03
Cranford Development % Atria Living	\$9,747,800	\$490,606.77
20 Commerce DR Assoc % Mack-Cali	\$12,421,300	\$520,576.69
H-Cranford Credit Ltd. Partnership	\$5,505,200	\$277,076.72
Long Island Holding	\$7,393,100	\$372,094.72
Ashley Business Park	\$6,594,000	\$352,008.02
Central Cranford Assoc.	\$5,850,000	\$294,430.50
Excel-Care Inc.	\$5,700,000	\$286,881.00
H-Cranford Credit LTD Partnership	\$5,505,200	\$277,076.72
Apple Seven Hospitality Ownership	\$5,053,600	\$254,347.69
The Moen Organization Inc.	\$4,277,900	\$215,306.71

<u>MUNICIPALITY</u>	<u>ASSESSED VALUE</u>	<u>PROPERTY TAXES</u>
<u>Elizabeth</u>		
IKEA	\$3,649,300	\$772,629.80
New Jersey Metro Mall	\$6,390,400	\$1,352,975.49
Tri-Port Distribution Center	\$4,574,300	\$968,470.80
Vestal	\$4,045,400	\$856,703.81
Elveron Development Co. LLC	\$4,396,000	\$930,721.12
Penn Lines/Norfolk	\$4,689,400	\$992,839.77
Wakefern Food. Corp	\$3,507,800	\$742,671.42
Catellus LLC	\$4,12,200	\$872,328.74
Hartz	\$4,144,500	\$877,473.54
Baker Center	\$3,366,900	\$712,840.07
Lucky Bear, LLC% Thomson Reuters	\$3,535,500	\$748,536.06
Tern Landing Development, LLC	\$3,356,500	\$710,638.18
<u>Fanwood</u>		
CRP Fanwood LLC	\$2,464,900	\$253,860.05
Fanwood Plaza Partners	\$580,100	\$71,433.94
105 South Ave Inc.	\$600,000	\$61,794.00
James Pilewski	\$558,200	\$57,489.02
Kenneth Duda	\$479,500	\$49,383.71
Seaboard Associates	\$477,500	\$49,177.73
South Ave Fanwood LLC	\$273,500	\$35,742.00
34 South Avenue Realty	\$295,300	\$30,412.95
MJC @ South Ave LLC	\$273,500	\$28,167.77
<u>Garwood</u>		
A C P Partnership	\$5,060,800	\$401,878.00
Garwood Mall Partnership	\$4,090,800	\$324,850.00
Village Supermarket, Inc.	\$3,728,300	\$296,064.00
The Lofts At Garwood, LLC	\$2,781,200	\$220,855.00
Garwood, LLC	\$2,246,100	\$178,363.00
Gator Garwood Partners, LTD	\$2,200,000	\$174,702.00
Garwood Plaza	\$2,029,900	\$161,194.00
Cascale Industries	\$1,640,100	\$130,240.00
Westwood, Inc.	\$1,460,800	\$116,002.00
Kalis Realty	\$1,374,300	\$109,133.00

<u>MUNICIPALITY</u>	<u>ASSESSED VALUE</u>	<u>PROPERTY TAXES</u>
<u>Hillside</u>		
Hillside Realty	\$14,950,000	N/A
HIC Realty	\$7,997,800	N/A
Vitamin Realty Assoc. LLC	\$5,125,000	N/A
2200 Arch Associates C/O FVF & Assoc.	\$4,400,000	N/A
635 Partners LLC	\$3,715,000	N/A
Hillside Office Park, LLC	\$3,128,000	N/A
AH Realty Assoc., LLC	\$3,025,500	N/A
225 Long Avenue, LLC	\$2,918,200	N/A
Wessex, LTD	\$2,765,300	N/A
<u>Linden</u>		
Bayway Refining Company	\$250,000,000	\$13,272,500.00
Merck & Co.	\$109,739,700	\$5,826,080.67
Infineum USA LP	\$63,152,200	\$3,352,750.30
Aviation Tower	\$43,988,600	\$2,335,354.77
Citgo Petroleum Corp.	\$40,551,000	\$2,152,879.14
Public Service Electric & Gas Co.	\$36,146,000	\$1,918,991.14
Buckeye Pipeline Co.	\$28,914,800	\$1,535,086.73
CO-GEN Technologies Inc.	\$30,600,000	\$1,624,554.00
Linden Development LLC	\$24,700,000	\$1,311,323.00
Linden Plaza Inc.	\$19,943,900	\$1,058,821.65
<u>Kenilworth</u>		
Merck	\$247,956,700	\$9,700,066.00
Kenilworth-Grocery/Benenson	\$8,243,700	\$322,494.00
Boright Realty	\$7,426,800	\$323,092.00
Castle & Cooke NJ, LLC	\$7,867,100	\$307,761.00
Cristie Properties, LLC	\$6,903,600	\$270,069.00
FDV Realty, LLC	\$4,605,100	\$180,151.00
ADHP Real Estate, LLC	\$4,500,000	\$176,400.00
Gibbons, Anne t/a Elberon Dev.	\$3,850,000	\$150,612.00
K'Worth Storage, LLC	\$3,500,000	\$144,744.00
Brix Kenilworth, LLC	\$3,300,000	\$149,223.00

<u>MUNICIPALITY</u>	<u>ASSESSED VALUE</u>	<u>PROPERTY TAXES</u>
<u>Mountainside</u>		
Echo Recreation Partners	\$7,155,000	\$402,540.30
253 Sheffield Inc.	\$1,700,000	\$95,642.00
Delaney Real Estate Holdings, L.P.	\$3,700,600	\$208,195.76
CNL Retirement PCI NJ, LP	\$3,600,000	\$233,853.66
Safeguard Self Storage, Dept. 127	\$2,450,000	\$137,837.00
152 Glen Road LLC	\$2,175,800	\$122,410.51
HCR Manor Care #551	\$2,100,000	\$118,146.00
Storage Assets, LLC	\$2,026,800	\$114,027.77
ASC Mountainside Realty LLC	\$1,792,000	\$100,817.82
HCP PCI New Jersey, LLC	\$3,300,000	\$185,658.00
<u>New Providence</u>		
BOC	\$21,085,000	\$860,722.36
41 Spring St. LLC	\$17,143,400	\$699,793.59
CR Bard, Inc	\$11,500,000	\$469,430.00
Martindale-Hubbell, Inc	\$14,678,385	\$525,779.75
HT Mountain Ave, Assoc. LLC	\$11,352,600	\$463,413.13
N Providence, LLC	\$14,272,800	\$582,615.70
Tower Management	\$10,775,800	\$439,868.16
Murray Hill Apt. Co., LLC	\$8,700,000	\$355,134.00
Lucent Technologies, Inc.	\$8,178,300	\$333,838.21
N.P. Gardens Co., LLC	\$6,642,000	\$267,044.44
<u>Plainfield</u>		
New Jersey Bell Telephone Company	\$7,518,109	\$ 507,322.00
Plainfield Apartments	\$4,827,800	\$325,780.00
Norwood Estates	\$4,178,000	\$281,931.00
Formation Properties	\$3,865,300	\$260,830.00
Channel Park Avenue, LLC	\$3,230,000	\$217,960.00
Paramount Properties, 337 Park, LLC	\$2,746,100	\$185,307.00
Plainfield South Avenue Center Assoc.	\$1,955,000	\$131,923.00
New Meadow Associates	\$2,652,700	\$179,004.00
Dornoch Plainfield LLC	\$1,947,000	\$131,384.00

<u>MUNICIPALITY</u>	<u>ASSESSED VALUE</u>	<u>PROPERTY TAXES</u>
<u>Rahway</u>		
Merck & Co. Inc.	\$249,669,700	N/A
Park Terrace at Rahway, LLC	\$6,694,500	N/A
Alard Realty Assoc	\$5,477,900	N/A
Giacobbe Investment Corp	\$5,762,400	N/A
Woodbridge Plaza LLC % Rush Properties	\$4,329,500	N/A
Rahway Industrial Site	\$4,296,900	N/A
New Jersey Bell	\$3,578,279	N/A
Martin-Elston Assoc	\$3,671,700	N/A
Ninette Group LP	\$3,659,600	N/A
Renaissance at Rahway LLC	\$5,392,800	N/A
<u>Roselle</u>		
Related Management	\$9,298,700	N/A
Warren J. Lockwood	\$7,159,500	N/A
Roselle Shopping Center, Inc.	\$6,024,200	N/A
Roselle Golf Club	\$4,243,900	N/A
O.T. Group	\$3,000,000	N/A
Rainbow Gardens Associates	\$2,350,000	N/A
Bell Atlantic NJ	\$3,378,700	N/A
Roselle Equities LLC	\$2,179,600	N/A
WEC 2000A - 23 LLC	\$2,000,000	N/A
Lincoln Mold Realty Co	\$2,007,600	N/A
<u>Roselle Park</u>		
Woodside Gardens Associates	\$4,750,000	\$552,234.98
Sunrise Village	\$3,740,000	\$434,812.41
220 Sumner, LLC	\$2,000,000	\$232,520.00
147 Westfield Ave., LLC	\$1,050,000	\$122,073.00
Sullivan Chevrolet	\$1,061,500	\$123,409.99
Parkway Ford Realty	\$1,071,200	\$124,371.71
Paradise Management	\$730,000	\$84,869.80
415 Westfield Associates LLC	\$725,000	\$84,288.50
Joseph Centanni	\$700,000	\$87,195.00
Jackmowicz Partners LP	\$650,000	\$81,382.00
Vazquez, Evelides	\$700,000	\$81,382.00
Ashford Prop. C/O Boyle Property Mgmnt	\$685,000	\$79,638.10
Crossfield Products Corp.	\$620,000	\$72,081.20

<u>MUNICIPALITY</u>	<u>ASSESSED VALUE</u>	<u>PROPERTY TAXES</u>
<u>Scotch Plains</u>		
Lamberts Mill Village	\$8,400,000	\$755,748.00
Ashbrook Manor	\$7,500,000	\$674,775.00
Shackamaxon Country Club	\$3,168,000	\$254,165.25
Snuffy Pantagis	\$4,496,600	\$404,759.10
Riverside Village	\$2,900,000	\$260,913.00
Automatic Associates	\$1,900,000	\$170,943.00
Dornbusch	\$1,750,000	\$157,447.50
VS Realty LLC	\$1,243,200	\$112,050.70
Scotch Plains Gardens	\$1,200,000	\$107,964.00
Green Brook Plaza	\$1,146,400	\$103,341.61
<u>Springfield</u>		
Baltusrol Golf Club	\$22,802,900	\$1,305,446.38
Short Hills Club	\$12,244,000	\$706,601.23
Skyline Ridge	\$9,855,000	\$568,732.06
Toresco Automotive	\$9,780,300	\$564,421.13
Springfield Gardens	\$9,548,800	\$493,922.59
Segal Realty	\$9,120,000	\$526,315.19
The Villas	\$6,600,000	\$380,886.00
ARC Springfield	\$6,351,700	\$366,556.62
Park Place Co.	\$6,257,000	\$361,091.48
22 Springfield	\$6,237,000	\$359,960.34
<u>Summit</u>		
The Summit Property Company	\$225,888,004	\$8,445,952.71
Altantic Health Systems	\$18,297,500	\$684,143.44
First Union national Bank (c/o Thomson Reuters)	\$14,000,000	\$523,460.00
Celgene Corp Research	\$16,541,000	\$618,468.00
Bouras Offices	\$14,140,600	\$549,370.68
Bassett Associates	\$9,835,000	\$382,384.82
The Maple Group	\$8,241,400	\$320,425.63
Canoe Brook Country Club	\$8,040,500	\$300,643.00
SHPI/CSL Summit, LLC	\$7,000,000	\$261,730.00
Canoe Brook Country Club	\$6,800,000	\$224,808.00
Constantine Village Associates	\$6,800,000	\$254,252.01

<u>MUNICIPALITY</u>	<u>ASSESSED VALUE</u>	<u>PROPERTY TAXES</u>
<u>Union</u>		
Merck Corporation	\$26,328,600	N/A
Union Mill Run, LLC	\$10,450,000	N/A
Union VF, LLC	\$9,076,000	N/A
Union 22 Plaza	\$8,928,600	N/A
McMinn-L. Robbins, Trustee	\$7,250,000	N/A
VNO 2445 Springfield Ave.	\$6,948,000	N/A
Bed, Bath & Beyond	\$4,010,000	N/A
Liberty Hall Joint Venture	\$3,855,600	N/A
Target Corporation	\$3,372,700	N/A
Dayton Hudson Corp.	\$3,029,400	N/A
<u>Westfield</u>		
Wychwood Gardens	\$8,235,000	\$596,599.20
Echo Lake Country Club	\$6,592,300	\$479,392.06
Adcor Realty Group	\$6,566,000	\$503,342.00
Westfield Assoc, LLC	\$5,100,000	\$370,872.00
Westfield Meridian LP	\$4,409,600	\$320,666.11
Maurice Weill	\$4,200,000	\$324,576.00
Sunrise Assisted Living	\$4,176,700	\$303,729.62
Ernstoff, Robert	\$3,500,000	\$254,520.00
55 Cardinal Drive Partners	\$3,041,300	\$221,163.33
Bell Atlantic	\$2,971,182	\$220,824.54
<u>Winfield</u>		
Winfield Mutual Housing Corp.	\$1,382,200	\$2,671,365.66

County Taxes

County taxes are collected by the municipalities and paid to the County Treasurer. The municipal levy includes all County, school and municipal taxes as well as the Open Space, Recreation and Historic Preservation Trust Fund.

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. This assures the County of 100% collection.

Tax Appeals

The Union County Board of Taxation (the “Tax Board”) processes all appeals of County tax assessments. The appeal process is described below:

The taxpayer remits the full assessment (including any disputed amount) to the municipal tax collector. The municipality then remits the amount of County tax assessed against the municipality to the County Treasurer.

The taxpayer files an appeal with the Tax Board, which conducts a hearing. If the appeal is granted, the municipality remits payment to the taxpayer. The County tax assessed to the municipality for the succeeding year is then reduced by the total amount of the appeals that were granted. Therefore, the County does not remit payment to the taxpayer or the municipality for appeals granted.

If the Tax Board does not grant the appeal or if the taxpayer is not satisfied with the amount granted, the taxpayer has a right to a hearing by the New Jersey Tax Court. If the appeal is successful at this level, the reimbursement procedures are the same as described above.

COUNTY GOVERNMENT

The County operates under N.J.S.A. 40:41A-1 *et seq.*, the “Optional County Charter Law”. Specifically, the County structure is the County Manager Plan. The legislative powers and responsibilities of the County are vested in the (elected) Board of Chosen Freeholders. There are nine members on the Board, all elected on an at-large basis from the County’s twenty-one municipalities. The Board sets policy, adopts the operating and capital budgets for the County, enacts ordinances and generally sets the direction in which County government moves toward the delivery of governmental services. Freeholder board members serve for terms of three years beginning on the first day of January following their election, with terms being staggered such that three seats on the Board are up for election each year. The Board meets 4 times a month in accordance with the Optional County Charter Law.

The executive/administrative powers and responsibilities of the County are vested in the County Manager. There are eight major administrative departments (Administrative Services, Parks and Community Renewal, Finance, Human Services, Public Safety, Corrections, Engineering and Public Works and Runnells Specialized Hospital). Additionally, there are Constitutional Officers (County Clerk, County Prosecutor, County Sheriff and County Surrogate) and other statutory functions (County Counsel, Clerk of the Board, Election Board, Tax Board, Superintendent of Schools and Extension Services). The major administrative departments are required to make reports to the County Manager concerning the financial, personnel, purchasing and general services management. The County Manager is responsible

for enforcing the Charter and Administrative Code and all resolutions, ordinances and general laws of the County. The County Manager reports to the Board of Chosen Freeholders and the public on the result of the previous year's operations in an Annual Report and submits an Annual Executive Budget and Work Program outlining the goals, objectives and funding plan for each year. The County Manager appoints the Directors of the County Departments and all personnel within the County (with the exception of the County Counsel and Clerk of the Board, which are appointed by the Board), subject to State Department of Personnel rules and regulations.

The County Manager may attend meetings of the Board and participate in all discussions and matters relative to County Government, but has no vote or veto rights in the proceedings of the Board. The current County Manager was appointed by the Board of Chosen Freeholders for an indefinite term beginning March 16, 2002.

COUNTY BUDGET AND STATEMENTS OF REVENUES AND EXPENDITURES

Budget Requirements

No County budget may be adopted without the approval of the Director of the Division of Local Government Services (the "Director"). The Director approves the budget once a determination has been made that the budget meets all of the requirements of the Local Budget Law (Chapter 4 of Title 40A of the New Jersey Statutes, as amended), and all of the regulations of the Local Finance Board.

The Local Budget Law imposes various restrictions on the formulation of the County Budget, the more important of which pertain to anticipation of revenues and review of adequacy of appropriations. Among other restrictions, the Local Budget Law requires that the budget be balanced and that the Director 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 non-disbursement items. Anticipated nontax revenues are limited to the amount actually realized in the previous year unless the Director certifies a higher figure. Tax anticipation notes are limited in amount by law and must be paid off in full within 120 days of the close of the fiscal year in which they were issued.

Miscellaneous revenues generally consist of operating surplus from the prior year, County purpose tax, State and Federal Aid, interest on investments, user fees, license fees and permits.

No miscellaneous revenues from any source shall be included as an anticipated revenue in the budget in an amount in excess of the amount actually realized in cash from the same source during the next preceding fiscal year, unless the 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. (N.J.S.A. 40A:4-26)

The exception to this is the inclusion of categorical grants-in-aid contracts for their face amount with an offsetting appropriation. The fiscal years for such grants rarely coincide with the municipality's calendar fiscal year.

No budget or amendment thereof shall be adopted unless the Director shall have previously certified his approval thereof. (N.J.S.A. 40A:4-10)

Limitations on County Appropriations and Tax Levy

A statute passed in 1976 as amended and supplemented (N.J.S.A. 40A:4-45.1 et seq.), commonly known as the “Cap Law,” imposed limitations on increases in county appropriations and the county tax levy subject to various exceptions. While the Cap Law restricts the ability of a county to increase its overall appropriations and tax levy, the payment of debt service is an exception from these limitations. The Cap formula is somewhat complex, but basically, it permits a county to increase its overall appropriations and tax levy by the lesser of 2.5% or the Cost-of- Living Adjustment (“COLA”). Increases up to 3.5% in the tax levy are allowed by adoption of a resolution whenever the COLA is less than 2.5%. The COLA is the rate of annual percentage increase in the Implicit Price Deflator for State and Local Government purchases of goods and services computed by the U.S. Department of Commerce. Exceptions to the limitations imposed by the Cap Law also exist for other items including capital expenditures; extraordinary expenses approved by the Local Finance Board for implementation of an interlocal services agreement; expenditures mandated as a result of certain emergencies; and certain expenditures for services mandated by law. The Cap Law does not limit the obligation of the County to levy *ad valorem* taxes upon all taxable real property within the County to pay debt service.

Chapter 62 of the Pamphlet Laws of 2007 (“Chapter 62”) imposed restrictions upon the allowable annual increase in the tax levy of municipalities, counties, fire districts and solid waste collection districts. For counties, the amount of the tax levy increase is limited to the lesser of the increase permitted by the already existing Cap Law discussed above and Chapter 62. The appropriation cap under the Cap Law is unaffected by Chapter 62. In general under Chapter 62, starting with the 2008 budgets, counties had their tax levies limited to a four percent (4%) increase. The cap calculation is subject to various adjustments, such as the value of increased assessments, and allows for an increase in the adjusted tax levy for various items, including amounts required for increases in debt service, amounts required to replace reductions in State formula aid, certain increased pension contributions, increases greater than four percent (4%) in the reserve for uncollected taxes, and increases in health care costs in excess of four percent (4%) (but not in excess of the percentage increase in the State Health Benefits Program). The law also allows the Local Finance Board to grant waivers for extraordinary circumstances (some of which are defined in the Law) and authorizes a county to submit a public question to the voters for approval (by an affirmative vote of at least sixty percent (60%)) to increase the amount to be raised by taxation by more than the allowable adjusted tax levy.

As is the case with the Cap Law, Chapter 62 does not limit the obligation of the County to levy *ad valorem* taxes upon all taxable real property within the County to pay debt service.

The County tax levy and appropriation increases for the year 2010 were within the limits allowed by the Cap Law and Chapter 62, taking into account applicable adjustments and without requesting any waivers from the Local Finance Board.

On July 13, 2010, P.L. 2010, c. 44 was approved, effective for budget years following enactment (the 2011 budget for the County), reducing the Chapter 62 tax levy cap to 2% and limiting the exclusions to amounts required to be raised by taxation for debt service as defined by law, certain pension contributions and health care costs in excess of 2% and extraordinary costs directly related to a declared emergency. Majority voter approval may be requested to increase the amount to be raised by taxation by more than the allowable adjusted tax levy. The County’s 2011 budget complies with the tax levy and appropriation caps, taking into account applicable adjustments.

Annual Audit

The Local Fiscal Affairs Law, Chapter 5 of Title 40A of the New Jersey Statutes, as amended, regulates the non-budgetary financial activities of the County. An annual, independent audit of the County's accounts for the previous year must be performed by a license Registered Municipal Accountant. The audit, conforming to the Division's "requirement of audit," includes recommendations for improvement of the County's financial procedures and must be filed with the Director of the Division prior to July 1 of each year. A synopsis of the audit report, together with all recommendations made, must be published in a local newspaper within 30 days of its completion.

The chief financial officer of the County must file annually with the Director a verified statement of the financial condition of the County and all constituent boards, agencies or commissions.

Deferral of Current Expenses

Supplemental appropriations made after the adoption of the budget and determination of the tax rate may be authorized by the Board of Chosen Freeholders. However, with minor exceptions, if such appropriations exceed 3% of the adopted operation budget, consent of the Director must be obtained. (N.J.S.A. 40A:4-48).

Results of Operations

The County's fund balance at December 31, 2010 is \$22,532,876.46 (unaudited). This was accomplished through close monitoring of expenditures whereby over \$12,640,938.49 of appropriation balances either lapsed or were cancelled into fund balance.

2011 Budget

The County adopted the 2011 Budget on May 12, 2011. The total amount of the budget is \$482,202,495. The tax levy included in the budget is \$291,168,537.

**STATEMENT OF EXPENDITURES
LAST FIVE YEARS**

	2010*	2009	2008	2007	2006
General Government	\$86,048,970.75	\$88,177,600	\$76,237,335.61	\$73,748,726.09	\$ 71,203,167.88
Regulation/Public Safety	88,429,472.36	89,110,649	82,943,644.90	80,501,554.82	79,830,452.36
Roads & Bridges/ Operational Services**	18,921,527.91	16,874,705.00	14,379,196.74	1,023,070.92	1,179,560.21
Health & Welfare	124,665,794.53	122,927,522.00	113,217,579.46	111,934,340.72	105,870,763.12
Educational	21,846,603.36	17,995,662.00	17,591,031.90	16,879,195.50	16,411,208.12
Recreational**	0.00	0.00	9,884,275.20	23,343,687.49	22,895,718.10
Unclassified	9,121,664.05	11,940,251.68	11,010,575.86	11,506,197.15	9,388,615.71
State & Federal Programs	40,745,202.00	50,010,444.00	42,601,151.00	42,902,342.00	41,212,124.00
Contingent	0.00	50,000.00	0.00	38,000.00	0.00
Total Operations	\$389,779,234.96	\$367,864,790.67	\$367,864,790.67	\$361,877,114.69	\$347,991,609.50
Capital Improvements	4,770,000.00	2,900,000.00	2,724,999.00	2,800,000.00	2,800,000.00
Debt Service	46,948,161.63	42,307,952.77	42,473,101.53	39,831,901.38	36,783,770.20
Deferred Charges and Statutory Expenditures	34,070,415.65	25,870,883.00	27,725,104.24	21,312,240.52	18,796,433.10
Total	<u>\$475,567,812.24</u>	<u>\$468,165,675.45</u>	<u>\$440,787,995.44</u>	<u>\$425,821,256.59</u>	<u>\$406,371,812.80</u>

* - Unaudited.

** - Reorganization of facilities management from operational services to Dept. of Parks and Recreation and creation of parks and community renewal included in General Government in 2009.

**STATEMENT OF REVENUES
LAST FIVE YEARS**

REVENUE TYPE	2010*	2009	2008	2007	2006
Fund Balance	\$ 24,250,000.00	\$ 18,500,000.00	\$ 18,500,000.00	\$ 20,550,000.00	\$ 22,000,000.00
Misc. Revenue	178,991,234.37	194,451,669.71	180,970,704.05	176,896,052.96	173,670,000.00
Tax Levy	<u>277,356,170.00</u>	<u>265,056,017.00</u>	<u>251,657,663.00</u>	<u>238,582,767.00</u>	<u>226,632,767.00</u>
Subtotal Revenue	\$480,597,404.37	\$478,007,839.71	\$451,128,367.05	\$436,828,819.96	\$422,302,767.00
Unanticipated Revenue	<u>11,811,372.71</u>	<u>7,114,912.76</u>	<u>8,064,077.15</u>	<u>6,616,340.39</u>	<u>5,208,725.00</u>
Total Revenue	<u><u>\$492,408,777.08</u></u>	<u><u>\$485,122,752.47</u></u>	<u><u>\$459,192,444.20</u></u>	<u><u>\$442,645,160.35</u></u>	<u><u>\$427,511,492.00</u></u>

* - Unaudited.

REVENUE BUDGET

Revenue Type	Anticipated 2011*	Anticipated 2010*	Realized 2010*
Surplus Anticipated	18,700,000.00	24,250,000.00	24,250,000.00
Miscellaneous Revenue	172,333,958.00	185,593,469.00	178,991,234.37
Amount to be raised taxation	<u>291,168,537.00</u>	<u>277,356,170.00</u>	<u>277,356,170.00</u>
	<u>482,202,495.00</u>	<u>487,199,639.00</u>	<u>480,597,404.37</u>

* - Unaudited.

APPROPRIATION BUDGET

	BUDGET 2011*	BUDGET 2010*	EXPENDED 2010*	RESERVED 2010*
OPERATIONS				
Regular	\$368,830,493.00	\$361,801,646.00	\$350,817,032.96	\$6,209,606.85
Public & Private Offset with Revenues	25,526,989.00	38,740,123.00	38,712,202.00	27,921.00
Contingent	50,000.00	50,000.00	0.00	50,000.00
Capital Improvements	3,400,000.00	4,200,000.00	4,770,000.00	0.00
Debt Service	44,920,000.00	47,751,045.00	46,948,161.63	0.00
Deferred Charges & Statutory Expenditures	<u>39,475,013.00</u>	<u>34,656,825.00</u>	<u>34,320,415.65</u>	<u>136,409.35</u>
	<u><u>\$482,202,495.00</u></u>	<u><u>\$487,199,639.00</u></u>	<u><u>\$475,567,812.24</u></u>	<u><u>\$6,423,937.20</u></u>

* - Unaudited.

Budget Process

Primary responsibility for the County's budget process lies within the Department of Finance. This responsibility stems from the authority of the County Manager as the chief administrative officer in the County organizational structure. As prescribed by the Local Budget Law, adoption of the budget should occur by the end of February. However, extensions may be granted by the Division to any local governmental unit. In the first quarter in which the budget formulation is taking place, the County operates under a temporary budget. Upon adoption of any annual operating budget by the Board of Chosen Freeholders, the Board of Taxation computes a tax rate for County purposes and apportions County tax requirements to be paid by each municipality. The tax rate for each municipality includes County tax requirements.

The following is a description of the steps and procedures taken under the County Administrative Code to prepare the budget and to make expenditures after its adoption:

1. **FISCAL YEAR.** The fiscal year of the County shall be the calendar year except as may be otherwise provided by the Local Budget Law.
2. **BUDGET PREPARATION GENERALLY.** The budgetary process of the County shall be subject to all requirements of the Local Budget Law and the promulgations of the Division and the Local Finance Board. On or before September 1st of the year preceding the budget year, the County Manager shall establish the schedules and procedures to be followed by all County departments, offices and agencies to prepare the required budget documents. He or she may conduct such analysis or hearing as he or she deems necessary. On or before January 15th of each year, the County Manager shall submit to the Board a budget document consisting of the proposed County budget and a budget message.
3. **SCOPE OF BUDGET AND MESSAGE.** The budget document shall be prepared by County Manager in such form as will comply with the Local Budget Law, together with such additional schedules as he or as she deems desirable, or as may be required by the Board.

The budget message shall explain the budget both in fiscal terms and work to be done. It shall outline the proposed financial policies of the County for the ensuing fiscal year, describe the important features of the budget plan and indicate its major objectives. It shall indicate any major changes in financial policies and in expenditures, appropriations and revenues as compared with the preceding fiscal year, and shall set forth reasons for the changes.

4. **BOARD ACTION.** The Board shall consider and act upon the County Manager's budget in accordance with requirements of the Local Budget Law.
5. **APPROPRIATION REQUESTS; ALLOTMENTS.** As part of the budget request by each department, office and agency of the County to the County Manager, there shall be included a work program for the year showing all requested appropriations broken down into monthly or quarterly allotments, as may be required by the County Manager. The County Manager shall review requested allotments in light of the work program of the department, office or agency concerned, and if he or she deems it necessary, may review, alter or change them before the same are submitted to the Board. The aggregate of such allotments shall not exceed the total appropriation available to each department, office or agency for the fiscal year.

The County Manager shall, where practicable, provide for the establishment and cooperation of a system of work programs and quarterly allotments for operation of the budget. It shall be the

duty of the County Manager to develop and report appropriate unit costs of budgeted revenues and expenditures.

6. **PAYMENTS AND OBLIGATIONS; CERTIFICATION; PENALTIES.** No payments shall be authorized or made and no obligation shall be incurred against the County except in accordance with appropriations duly made. No obligation shall be paid against any allotment or appropriation unless the County Manager or designee first certified that sufficient funds therefor will be available to meet the obligation concerned when it becomes due and payable. Any County officer or employee who knowingly authorizes or makes any payments in violation of the provisions of this paragraph or takes part therein may, in addition to any other penalty provided by law, be removed from his office or employment.
7. **VOUCHERS AND CERTIFICATION.** No bill, demand or claim shall be paid unless a detailed statement of the terms or demands, specifying particularly how the bill or demand is made up, and a certification of the party claiming payment that it is correct; nor shall any bill, claim or demand be paid unless the voucher on which it is presented carries a certification of the head of the department, office or agency, or of his duly designated representative, having personal knowledge of the facts, that the goods have been received by, or the services rendered to, the County.
8. **AUDIT, WARRANT AND PAYMENT OF BILLS AND CLAIMS; LISTING.**
 - a. All bills, claims and demands against the County shall be deemed approved by the County Manager (for the purpose of N.J.S.A. 40A:5-17) in accordance with the action of the Treasurer. A voucher on a form prescribed by the Department of Finance shall be paid only upon the audit, warrant and approval of the Treasurer.
 - b. Disbursement shall be made by a combination warrant-bank check or draft warranted by the Comptroller, if any, and countersigned by the Treasurer, except that payroll checks shall be signed by the Treasurer alone upon voucher and warrant of the Comptroller, if any, for an entire or part of a payroll.
 - c. The Department of Finance shall prepare for each regular meeting of the Board a list of bills, claims and vouchers that have been paid through the close of business two days prior to the meeting and since the last preceding list was compiled. Such list shall be filed with the Clerk of the Board as a public record.
9. **CENTRAL PAYROLL.** Salaries, wages and other compensation of all pensioners, officers and employees of the County shall be paid weekly or biweekly as appropriate. The head of each department, office or agency shall certify to the Department of Finance at such times, and in such form as it shall prescribe, the names and positions of all persons employed in or by the department who are entitled to be paid in the next ensuing payroll. The Comptroller shall then complete a central payroll for the County.

Financial Controls and Audit Function

The County is continually enhancing controls relative to the budgetary spending, revenues and procedural compliance. As part of the budgeting system each department, division or agency must include a description of their organizational goals and objectives and work program along with its budget submission package.

During the year, appropriations are reviewed, supervised and controlled by the Department of Finance through sufficiency of funds, encumbrances and forecasting procedures.

The Finance Department has been concentrating on the development of audit programs, cash controls and departmental compliance audits. With the use of these audit programs, scheduled audits are conducted to improve upon the overall efficiency within departments.

In addition to the constant reviews conducted by the Department of Finance, all County departments are responsible for records overseeing their daily operations. The aforementioned areas ensure that records kept within County government are in proper condition for the annual audit and the preparation of financial statements. These conditions have stabilized and in some instances minimized time spent on audits. As required under the Local Fiscal Affairs Law (N.J.S.A. 40A:5-4), the Board of Chosen Freeholders must appoint an outside auditing firm to conduct an annual audit of all County finances.

The County's implementation of various programs and systems designed to ensure good management practices has been recognized by state and federal levels of government. The National Association of Counties has awarded the County National Achievement Awards in areas of budget management, indirect cost/federal-state grant management, employment skills training and development and ridesharing/van-pooling transportation

Employees

The County provides services through approximately 3,000 equivalent full-time employees. County employees are represented by labor organizations recognized by the County under the Public Employees Relations Commission Act of 1968.

The principal union of County employees is the Union County Civil Service Association Council #8. This union represents approximately 910 County employees in all classifications of County titles other than those represented by 19 other unions and those employees who are classified as management or confidential.

Status of Labor Contracts

BARGAINING UNIT NAME	CONTRACT DURATION	NO. YRS.	STATUS
UNION COUNCIL NO. 8 NJCSA/IFPTE	1/1/2008 - 12/31/2011	4	Settled
UNION CO PARK FOREMAN'S ASSOC	1/1/2008 - 12/31/2011	4	Settled
HPAE LOCAL 5112 AFL-CIO RUNNELLS NURSES	1/1/2008 - 12/31/2011	4	Settled
UNION CO SOCIAL SERVICES TMSTRS 102 SECONDARY SUPVRS	1/1/2008 - 12/31/2011	4	Settled

BARGAINING UNIT NAME	CONTRACT DURATION	NO. YRS.	STATUS
UNION COUNTY SUPERVISORS ASSOC	1/1/2008-12/31/2011	4	Settled
TEAMSTERS LOCAL 102-PUBLIC SAFETY & JAIL PROF STAFF	1/1/2009 - 12/31/2012	4	Settled
TEAMSTERS LOCAL 102-PRIMARY SUPVRS- SOC SERVICES	7/1/2009 - 6/30/2013	4	Settled
UNION COUNTY SOC SVCS CWA AFL-CIO	7/1/2009 - 6/30/2013	4	Settled
PARK MAINTENANCE ASSOC	1/1/2008 - 12/31/2011	4	Settled
PBA LOCAL 73 COUNTY POLICE	1/1/2010 - 12/31/2012	3	Settled
SUP OFFICERS ASSOC CO POLICE SUPERIORS	1/1/2010 - 12/31/2012	3	Settled
LOCAL 68-68A-68B OPERATING ENGINEERS	1/1/2009 - 12/31/2012	4	Settled
FOP LOCAL 103 SHER SUPERIOR OFFICERS	1/1/2005 - 12/31/2009	5	In Negotiations
PBA LOCAL 199 CO CORRECTION OFFICERS	1/1/2010 - 12/31/2012	3	Settled
PBA LOCAL 108 SHERIFFS OFFICERS	1/1/2005 - 12/31/2009	5	In Negotiations
PBA LOCAL 250 PROS DETEC AND INVEST	1/1/2005 - 12/31/2009	5	In Negotiations
FOP 213 FORMERLY PBA LOCAL 199A CO CORRECTION SUPERIOR OFFICERS	1/1/2005 - 12/31/2009	5	In Negotiations

BARGAINING UNIT NAME	CONTRACT DURATION	NO. YRS.	STATUS
PBA LOCAL 250A SUPERIOR OFFICERS ASSOC PROS DETEC AND INVEST	1/1/2005 - 12/31/2009	5	Negotiations to Begin
PBA LOCAL 203 WGHTS & MEAS	1/1/2005 - 12/31/2009	5	Negotiations to Begin
ASST PROSECUTOR ASSOC - PROSECUTORS	1/1/2006 - 12/31/2010	5	In Negotiations

Pension Benefits

County employees are principally covered under the New Jersey Public Employees Retirement System. Law enforcement officers are covered by the Police and Firemen's Retirement System in New Jersey.

These employees are on a contributory basis with a contribution funded by the County. The County's expense in connection with the New Jersey Public Employees Retirement System is funded on an actuarial basis provided by the State. The County is assessed on an annual basis for its share of the State Retirement System's pension costs. The sheriff employees and park police pension funds are on a noncontributory basis with the total expense funded annually by the County.

The County was not required to contribute to the Public Employees Retirement System from 1998 to 2004, nor to the Police and Firemen's Retirement System from 2000 to 2003. County contributions were reinstated on a graduated basis in 2003 as shown on the following schedule.

Pension Contributions as a Percent of Normal Contributions

Year	Public Employees	Police And Firemen
2004	0%	20%
2005	20%	40%
2006	40%	60%
2007	60%	80%
2008	80%	100%
2009	100%	100%
2010	100%	100%

**PAYMENTS TO EMPLOYEE RETIREMENT FUNDS
FOR YEARS ENDED DECEMBER 31**

	2010*	2009	2008	2007	2006
Sheriff Employee	\$ 45,483.88	\$ 45,607.88	\$ 45,483.88	\$ 41,060.06	\$ 67,789.28
Police & Fire	10,829,183.00	5,745,055.00	9,433,311.00	6,458,424.74	3,666,333.60
Public Employee	11,577,642.00	6,448,086.50	7,105,036.80	3,859,697.99	2,036,141.40
D.C.R.P	2,415.11	0.00	0.00	0.00	0.00
Totals	<u>\$22,454,723.99</u>	<u>\$12,238,749.83</u>	<u>\$16,583,831.68</u>	<u>\$10,359,182.79</u>	<u>5,770,264.28</u>

* - Unaudited.

Potential Liability for Accrued Sick Time and Accrued Vacation Time

Employees accrue sick time at the rate of 15 days per year. The time remains accrued until used. At time of retirement, the accrued unused sick time is used as a basis for calculating terminal leave, to a maximum of \$18,000.

In general, employees accrue vacation time at the rate of 15 days per year for the first five years of service and 30 days per year thereafter. However, there are minor variations pursuant to union contracts. The time remains accrued for 2 years; it must be used or it expires. Terminated employees are paid for accrued time at the current rate. No provision is made in the financial statements for the accrued value of terminal leave and vacation time.

The value of accrued sick time and accrued vacation time totaled approximately \$1,260,000 as of December 31, 2010.

Investment of County Funds

Investment of funds by New Jersey counties is governed by State statute. Pursuant to N.J.S.A. 40A:15-15.1, counties are limited to purchasing the following securities: (1) direct obligations of, or obligations guaranteed by, the United States of America ("Government Obligations"); (2) U.S. Government money market mutual funds; (3) obligations of Federal Government agencies or instrumentalities having a maturity of 397 days or less, provided such obligations bear a fixed rate of interest not dependent on any index or external factor; (4) bonds or other obligations of the particular county or a school district located within the particular county; (5) bonds or other obligations having a maturity of 397 days or less approved by the Division of Investment of the State Department of the Treasury; (6) local government investment pools, rated in the highest rating category, investing in U.S. government securities and repurchase agreements fully collateralized by securities set forth in (1) and (3) above; (7) deposits with the New Jersey Cash Management Fund (created pursuant to N.J.S.A. 52:18A-90.4; the "Cash Management Fund"); and (8) repurchase agreements with a maximum 30 day maturity fully collateralized by securities set forth in (1) and (3) above. Counties are required to deposit their funds in interest-bearing bank accounts in banks satisfying certain security requirements set forth in N.J.S.A. 17:9-41 *et seq.* or may invest directly in permitted investments to the extent practicable, and may invest in bank certificates of deposit.

The Cash Management Fund is governed by regulations of the State Investment Council, a non-partisan oversight body, and is not permitted to invest in derivatives. The Cash Management Fund is permitted to

invest in Government Obligations, Federal Government Agency Obligations, certain short-term investment grade corporate obligations, commercial paper rated “prime”, certificates of deposit, repurchase agreements involving Government Obligations and Federal Government Agency Obligations and certain other types of instruments. The average maturity of the securities in the Cash Management Fund must be one year or less, and a quarter of the securities are permitted to mature in as much as two years.

The County has no investments in derivatives.

LITIGATION

The County, its officers and its employees are defendants in various lawsuits. The Office of the County Counsel has reviewed the status of the pending lawsuits.

The County of Union is a co-defendant in a matter alleging violations of civil rights and personal injuries pending in the U.S. District Court-District of New Jersey entitled Jonathan Dawkins, et als. v. County of Union, Correctional Health Services, et als. The plaintiff’s have submitted a demand for damages in the amount of \$40,000,000. This matter is in its early stages of discovery and it is impossible to determine damages at this time; but it is the opinion of County Counsel that plaintiff’s demand is greatly exaggerated. The County of Union is insured for \$10,000,000 with \$1,000,000 deductible.

As to all remaining lawsuits, while there is no stated reference to amount of damages, it is the opinion of the County Counsel that said claims would be less than \$10,000,000 in the aggregate. The typical claims made against the County in the remaining, pending lawsuits primarily consist of civil rights actions brought by employees, former employees and prisoners of the County Jail and actions for false arrest or defamation filed against the Prosecutor. In addition, suits have been filed against the County based on alleged negligence arising out of County operations and breach of contract. It is the opinion of the County Counsel that the remaining, pending litigation will not be determined so as to result individually or in the aggregate in a final judgment against the County that would substantially and materially affect the financial status of the County.

DOCUMENTS ACCOMPANYING DELIVERY OF THE BONDS

Absence of Litigation

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

Legal Matters

The legality of the Bonds will be subject to the final approving opinion of Rogut McCarthy LLC, Cranford, New Jersey, Bond Counsel to the County. Such opinion will be to the effect that:

1. 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, except as enforcement of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium, liquidation or other laws relating to or affecting the enforcement of creditors' rights generally now or hereafter in effect to the extent constitutionally applicable, and enforcement may also be subject to the exercise of judicial discretion in certain cases.
2. The County has pledged its full faith and credit for the payment of the principal of and on the Bonds, and unless paid from other sources, the County is authorized and required by law to levy on all real property taxable by the County such *ad valorem* taxes as may be necessary to pay the Bonds and the interest thereon without limitation as to rate or amount.

Such firm has not verified the accuracy, completeness or fairness of the statements contained in this Official Statement and will not express, and has not been requested to express, an opinion as to the accuracy, completeness or fairness of such statements. See "Appendix B – Proposed Form of Bond Counsel Opinion".

Certificates of County Officials

The original purchasers of the Bonds shall also receive a certificate dated as of the date of delivery of the Bonds and signed by the Chairman of the Board of Chosen Freeholders, the County Manager and the Director of Finance/County Treasurer certifying that (a) as of the date of the Official Statement furnished by the County in relation to the Bonds, said Official Statement 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, subject to the condition that while information in said Official Statement obtained from sources other than the County is not guaranteed as to accuracy, completeness or fairness, they have no reason to believe and do not believe that such information is materially inaccurate or misleading, and (b) to their knowledge, since the date of said Official Statement and since the date of the sale of the Bonds, there have been no material transactions not in the ordinary course of affairs entered into by the County and no material adverse change in the general affairs of the County or in its financial condition as shown in said Official Statement, other than as disclosed in or contemplated by said Official Statement, provided such certificate shall not include consideration of information supplied by or which should have been supplied by the successful bidder for the Bonds. In addition, the original purchasers of the Bonds shall also receive certificates in form satisfactory to Rogut McCarthy LLC, Bond Counsel, evidencing the proper execution and delivery of the Bonds and receipt of payment therefor, and a certificate dated as of the date of delivery of the Bonds, and signed by the officers who signed the Bonds, 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 levy or collection of taxes to pay the Bonds or the interest thereon, or questioning the validity of the statutes or the proceedings under which the Bonds are issued, and that neither the corporate existence or boundaries of the County nor the title of any of the officers of the County to their respective offices is being contested.

APPROVAL OF OFFICIAL STATEMENT

Prior to the delivery of the Bonds, the Board of Chosen Freeholders will have adopted a resolution approving this Official Statement, deeming it a "final official statement" for purposes of Rule 15c2-12 and directing the Chairman of the Board of Chosen Freeholders, the County Manager and the Director of Finance/County Treasurer to deliver a reasonable number of copies hereof in final form to the original purchasers of the Bonds for use in the sale, resale or distribution of the Bonds.

RATINGS

Moody's Investors Service ("Moody's"), Fitch Ratings ("Fitch") and Standard and Poor's U.S. Public Finance Ratings ("Standard & Poor's", and together with Moody's and Fitch, the "Rating Agencies") have assigned ratings of "Aaa", "AAA" and "AA+", respectively, to the Bonds. Such Bond ratings express only the views of the Rating Agencies.

The County furnished the Rating Agencies with certain information and materials concerning the Bonds and the County. Generally, the Rating Agencies will base their ratings on such information and materials and also on such investigations, studies and assumptions that they may undertake independently. There is no assurance that such ratings will continue for any given period of time or that any rating may not be suspended, lowered or withdrawn entirely by any of the Rating Agencies if, in the judgment of any of the Rating Agencies, circumstances so warrant. Any such downward change in or withdrawal of any rating may have an adverse effect on the secondary market price of the Bonds.

Any explanation of the significance of the ratings may be obtained only from Moody's, 7 World Trade Center, 250 Greenwich Street, New York, New York 10007, Fitch, One State Street Plaza, New York, New York 10004, and Standard & Poor's, 55 Water Street, New York, New York 10041.

UNDERWRITING

The Bonds have been purchased at public sale from the County for resale by the purchasers (the "Underwriters").

TAX MATTERS

Federal Income Taxes

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be and remain excluded from gross income of the owners thereof for Federal income tax purposes pursuant to Section 103 of the Code. Such requirements include requirements relating to the use and investment of proceeds of the Bonds and other amounts and rebate of certain arbitrage earnings to the United States.

Noncompliance by the County with such requirements may cause interest on the Bonds to be included in gross income of the owners thereof retroactive to the date of issuance of the Bonds, regardless of when such noncompliance occurs.

The County has covenanted, to the extent permitted by the Constitution and the laws of the State of New Jersey, to do and perform all acts and things permitted by law and necessary to assure that interest paid on the Bonds be and remain excluded from gross income of the owners thereof for Federal income tax purposes pursuant to Section 103 of the Code. The County's Tax Certificate (the "Tax Certificate"), which will be delivered concurrently with the delivery of the Bonds, will contain provisions and procedures regarding compliance with the requirements of the Code. The County, in executing the Tax Certificate, will certify to the effect that the County expects and intends to comply with the provisions and procedures contained therein.

In rendering the opinion described below with respect to the Bonds, Bond Counsel has relied upon the covenant and has assumed the material accuracy of the representations, statements of intention and reasonable expectations, and certifications of fact contained in the Tax Certificate.

Tax Opinions

In the opinion of Rogut McCarthy LLC, Bond Counsel to the County, assuming compliance by the County with the Tax Certificate, under existing law, interest on the Bonds is excluded from gross income of the owners thereof for Federal income tax purposes pursuant to Section 103 of the Code. In addition, under existing law, interest on the Bonds is not treated as a preference item for purposes of the alternative minimum tax imposed under the Code with respect to individuals and corporations; such interest, however, is included in adjusted current earnings for purposes of computing the alternative minimum tax that may be imposed on corporations. For other Federal tax information, see "Additional Federal Income Tax Consequences" below.

In the opinion of Bond Counsel, under the New Jersey Gross Income Tax Act, as enacted and construed on the date hereof, interest on the Bonds and any gain from the sale of the Bonds are not includable in gross income of the holders thereof.

Additional Federal Income Tax Consequences

Prospective purchasers of the Bonds should be aware that ownership of governmental obligations, such as the Bonds, may have collateral Federal income tax consequences for certain taxpayers, including financial institutions, property and casualty insurance companies, S Corporations, certain foreign corporations, individual recipients of Social Security or Railroad Retirement benefits, taxpayers otherwise eligible for the earned income credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry such obligations. Prospective purchasers should consult their tax advisors as to any possible collateral consequences from the ownership of the Bonds. Bond Counsel expresses no opinion regarding any such collateral Federal income tax consequences.

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

ADDITIONAL INFORMATION

Additional information may be obtained upon request from the office of the Director of Finance/County Treasurer, Bibi Taylor, Administration Building, 5th Floor, Elizabeth, New Jersey 07207, (908) 527-4055 or Joseph P. Bowe (908) 527-4099.

LEGALITY FOR INVESTMENT

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

SECONDARY MARKET DISCLOSURE

The Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended and supplemented, has adopted amendments to Rule 15c2-12 that generally prohibit a broker, dealer or municipal securities dealer ("Participating Underwriter") from purchasing or selling municipal securities, such as the Bonds, unless the Participating Underwriter has reasonably determined that an issuer of municipal securities or an obligated person has undertaken in a written agreement or contract for the benefit of holders of such securities to provide certain annual financial information and event notices to the Municipal Securities Rulemaking Board (the "MSRB") in an electronic format (the "Continuing Disclosure Requirements").

On the date of delivery of the Bonds, the County will enter into a Continuing Disclosure Certificate (the "Continuing Disclosure Certificate") containing the Continuing Disclosure Requirements for the benefit of the beneficial holders of the Bonds pursuant to which the County will agree to comply on a continuing basis with the Continuing Disclosure Requirements of Rule 15c2-12. See "Appendix C – Proposed Form of Continuing Disclosure Certificate". Specifically, the County will covenant in the Continuing Disclosure Certificate to provide certain financial information and operating data relating to the County by not later than the first day of the ninth month after the end of each fiscal year of the County, commencing with the fiscal year ending December 31, 2010 (the "Annual Report"), and to provide notices of the occurrence of certain enumerated events. The financial information and operating data to be provided in each Annual Report generally will be consistent with the information set forth under the headings "County Indebtedness and Debt Limits", "Tax Collection Data", "County Budget and Statements of Revenues and Expenditures" and in Appendix A to this Official Statement.

The County has never failed to comply, in all material respects, with any previous undertakings to provide continuing disclosure in compliance with the requirements of Rule 15c2-12.

MISCELLANEOUS

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

The financial information included as Appendix A has been prepared by the County Auditors, Suplee, Clooney & Company, Certified Public Accountants. Such financial information has been included herein upon the authority of that firm and in reliance upon them as experts in municipal accounting and auditing. Suplee, Clooney & Company takes responsibility for the audited financial statements to the extent specified in the Accountant's Opinion.

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. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as an opinion and not as representations of fact. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the County, the State or any of their agencies or authorities since the date hereof.

This Official Statement has been duly executed and delivered on behalf of the County by the Chairman of the Board of Chosen Freeholders, the County Manager and the Director of Finance/County Treasurer.

COUNTY OF UNION, NEW JERSEY

By: _____
Deborah P. Scanlon
Chairman of the Board of
Chosen Freeholders

By: _____
George W. Devanney
County Manager

By: _____
Bibi Taylor
Director of Finance/
County Treasurer

APPENDIX A
FINANCIAL STATEMENTS OF THE
COUNTY OF UNION

AUDITED AND UNAUDITED FINANCIAL STATEMENTS



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

308 East Broad Street, Westfield, New Jersey 07090-2122

Telephone 908-789-9300

Fax 908-789-8535

E-mail info@scnco.com

ACCOUNTANT'S COMPILATION REPORT

The Honorable Director and Members
of the Board of Chosen Freeholders
County of Union
Administration Building
Elizabeth, New Jersey 07207

We have compiled the accompanying balance sheets - statutory basis of the individual funds of the County of Union, New Jersey as of December 31, 2010 and the related statements of operations and changes in fund balances - statutory basis for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The financial statements - statutory basis have been prepared on a prescribed basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with the modified accrual basis, with certain exceptions, and the budget laws of New Jersey, which is a comprehensive basis of accounting other than generally accepted accounting principles.

A compilation is limited to presenting in the form of financial statements information that is the representation of management of the County of Union. We have not audited or reviewed the accompanying financial statements - statutory basis and, accordingly, do not express an opinion or any other form of assurance on them.

Management of the County of Union has elected to omit substantially all of the disclosures ordinarily included in financial statements prepared on the statutory basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the County of Union's financial position - statutory basis and the results of its operations and changes in its fund balance - statutory basis. Accordingly, these financial statements are not designed for those who are not informed about such matters.

SUPLEE, CLOONEY & COMPANY
Certified Public Accountants

/s/ Robert B. Cagnassola

Robert B. Cagnassola, C.P.A., R.M.A.

March 15, 2011



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

308 East Broad Street, Westfield, New Jersey 07090-2122

Telephone 908-789-9300

Fax 908-789-8535

E-mail info@scnco.com

INDEPENDENT AUDITOR'S REPORT

The Honorable Director and Members
of the Board of Chosen Freeholders
County of Union
Administration Building
Elizabeth, New Jersey 07207

We have audited the accompanying balance sheets - statutory basis of the various individual funds of the County of Union, New Jersey as of and for the years ended December 31, 2009 and 2008 and the related statements of operations and changes in fund balance - statutory basis for the years then ended. These financial statements are the responsibility of the County of Union's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as discussed in the following paragraphs, we conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial statements contained in Government Auditing Standards issued by the Comptroller General of the United States, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The financial activities of the County of Union's Division of Social Services are considered confidential by the New Jersey State Department of Human Services, Division of Economic Assistance, and are subject to audit only by that Department.

As described in Note 1, except for the omission of a Statement of General Fixed Assets, the County of Union prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with the modified accrual basis, with certain exceptions, and the budget laws of New Jersey, which is a comprehensive basis of accounting other than generally accepted accounting principles.

SUPLEE, CLOONEY & COMPANY

In our opinion, because the County of Union prepares its financial statements on the basis of accounting discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with U.S. generally accepted accounting principles, the financial position of the County of Union as of December 31, 2009 and 2008 or the results of its operations and changes in fund balance for the years then ended.

However, in our opinion, except for the effects of such adjustments, as described in the third and fourth paragraphs, if any, that might have been determined to be necessary had we been able to audit the financial activities of the Division of Social Services and the Statement of General Fixed Assets, the financial statements-statutory basis present fairly in all material respects, the financial position-statutory basis of the County of Union as of December 31, 2009 and 2008 and the results of its operations and changes in its fund balance-statutory basis for the years then ended on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated December 8, 2010, on our consideration of the County of Union's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

SUPLEE, CLOONEY & COMPANY
Certified Public Accountants

/s/ Robert B. Cagnassola
Robert B. Cagnassola, C.P.A., R.M.A.

December 8, 2010

COUNTY OF UNION

CURRENT FUND

BALANCE SHEETS - STATUTORY BASIS

<u>ASSETS</u>	BALANCE DECEMBER 31, 2010 (UNAUDITED)	BALANCE DECEMBER 31, 2009	BALANCE DECEMBER 31, 2008
Cash - Treasurer	\$ 47,822,861.99	\$ 55,176,163.39	\$ 47,053,245.74
Cash - Change Funds	3,435.00	3,435.00	3,435.00
	<u>\$ 47,826,296.99</u>	<u>\$ 55,179,598.39</u>	<u>\$ 47,056,680.74</u>
Receivable with Offsetting Reserves:			
Property Taxes	\$ 759,776.83	\$ 668,595.00	\$ 1,186,876.59
Union County Improvement Authority	328,231.59	734,169.08	869,058.88
	<u>\$ 1,088,008.42</u>	<u>\$ 1,402,764.08</u>	<u>\$ 2,055,935.47</u>
	<u>\$ 48,914,305.41</u>	<u>\$ 56,582,362.47</u>	<u>\$ 49,112,616.21</u>
Grant Fund:			
Cash	\$ 42,810.68	\$ 22,085.27	\$ 2,378,859.02
Due Current Fund			2.10
Grants Receivable	63,211,290.18	66,816,896.59	52,631,250.77
	<u>\$ 63,254,100.86</u>	<u>\$ 66,838,981.86</u>	<u>\$ 55,010,111.89</u>
	<u>\$ 112,168,406.27</u>	<u>\$ 123,421,344.33</u>	<u>\$ 104,122,728.10</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Appropriation Reserves	\$ 6,423,937.20	\$ 6,748,740.94	\$ 9,255,351.31
Commitments Payable	9,373,643.53	8,786,078.59	8,697,189.40
Accounts Payable	1,659,420.73	3,025,302.41	1,476,546.45
Reserve for:			
Medicare Peer Group - Appropriated	1,156,650.74	1,347,242.35	1,525,889.16
Contractual Retiree Benefits	6,513,665.38	6,767,501.50	4,029,814.71
Lease Improvement Authority	42,271.30		
Due Grant Fund			2.10
Due Trust Fund	123,831.65	10,860.75	
	<u>\$ 25,293,420.53</u>	<u>\$ 26,685,726.54</u>	<u>\$ 24,984,793.13</u>
Reserve for Receivable	1,088,008.42	1,402,764.08	2,055,935.47
Fund Balance	22,532,876.46	28,493,871.85	22,071,887.61
	<u>\$ 48,914,305.41</u>	<u>\$ 56,582,362.47</u>	<u>\$ 49,112,616.21</u>
Grant Fund:			
Due Trust Other Fund	\$ 3,320,455.42	\$ 2,902,309.30	\$ 2,703,291.03
Grants - Appropriated	40,498,494.45	41,412,613.81	37,696,125.42
Commitments Payable	19,377,515.99	22,460,469.75	14,422,775.43
Grants - Unappropriated	57,635.00	63,589.00	187,920.01
	<u>\$ 63,254,100.86</u>	<u>\$ 66,838,981.86</u>	<u>\$ 55,010,111.89</u>
	<u>\$ 112,168,406.27</u>	<u>\$ 123,421,344.33</u>	<u>\$ 104,122,728.10</u>

See Accountant's Report

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

COUNTY OF UNION

CURRENT FUND

STATEMENTS OF OPERATIONS AND
CHANGE IN FUND BALANCE - STATUTORY BASIS

	YEAR ENDED DECEMBER 31, 2010 (UNAUDITED)	YEAR ENDED DECEMBER 31, 2009	YEAR ENDED DECEMBER 31, 2008
<u>REVENUE AND OTHER INCOME</u>			
Fund Balance Revenue Utilized	\$ 24,250,000.00	\$ 18,500,000.00	\$ 18,500,000.00
Miscellaneous Revenue Anticipated	178,845,403.70	194,449,517.96	180,970,704.05
Receipts From Current Taxes	277,356,170.00	265,056,170.00	251,657,663.00
Non-Budget Revenue	11,811,372.71	7,226,479.13	7,869,194.73
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	7,433,048.93	7,931,715.41	10,152,894.38
Cancel Accounts Payable	705,133.59	3,575.00	
Cancel Grant Reserves			194,880.52
Union County Improvement Authority Receivable	405,937.39	134,889.80	
Interfunds Returned (Net)			17,882.96
<u>TOTAL INCOME</u>	<u>\$ 500,807,066.32</u>	<u>\$ 493,302,347.30</u>	<u>\$ 469,363,219.64</u>
<u>EXPENDITURES</u>			
Budget and Emergency Appropriations:			
Operations	\$ 395,816,762.81	\$ 397,086,839.68	\$ 376,688,198.22
Capital Improvements	4,770,000.00	2,900,000.00	2,600,000.00
Debt Service	46,948,161.63	42,307,952.77	42,473,101.53
Deferred Charges and Statutory Expenditures	34,456,825.00	25,870,883.00	28,282,047.00
Refund of Prior Year's Revenue	526,312.27	214,687.61	362,267.78
	<u>\$ 482,518,061.71</u>	<u>\$ 468,380,363.06</u>	<u>\$ 450,405,614.53</u>
<u>TOTAL EXPENDITURES</u>			
Excess in Revenue	\$ 18,289,004.61	\$ 24,921,984.24	\$ 18,957,605.11
<u>Fund Balance</u>			
Balance, January 1	28,493,871.85	22,071,887.61	21,614,282.50
	<u>\$ 46,782,876.46</u>	<u>\$ 46,993,871.85</u>	<u>\$ 40,571,887.61</u>
Decreased by:			
Utilization as Anticipated Revenue	24,250,000.00	18,500,000.00	18,500,000.00
Balance, December 31	<u>\$ 22,532,876.46</u>	<u>\$ 28,493,871.85</u>	<u>\$ 22,071,887.61</u>

See Accountant's Report

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

COUNTY OF UNION

TRUST FUND

BALANCE SHEETS - STATUTORY BASIS

<u>ASSETS</u>	<u>BALANCE DECEMBER 31, 2010 (UNAUDITED)</u>	<u>BALANCE DECEMBER 31, 2009</u>	<u>BALANCE DECEMBER 31, 2008</u>
Trust Other Fund:			
Cash	\$ 18,287,718.63	\$ 21,608,003.93	\$ 21,914,004.88
Accounts Receivable:			
Community Development Block Grants	10,762,645.05	8,627,626.76	9,942,264.77
Home Investment Partnership Program	6,606,343.08	4,926,819.81	4,666,567.01
Housing Assistance Voucher Program	3,628,275.02	3,773,268.02	668,609.02
Emergency Shelter Program	373,530.02	249,238.17	343,794.00
Due Current Fund	123,831.65	10,860.75	
Due Grant Fund	3,320,455.42	2,902,309.30	2,703,291.03
	<u>\$ 43,102,798.87</u>	<u>\$ 42,098,126.74</u>	<u>\$ 40,238,530.71</u>
Open Space Preservation Trust Fund:			
Cash	\$ 20,989,127.74	\$ 14,524,013.18	\$ 10,730,930.92
Taxes Receivable	31,392.65	29,828.84	54,253.95
	<u>\$ 21,020,520.39</u>	<u>\$ 14,553,842.02</u>	<u>\$ 10,785,184.87</u>
	<u>\$ 64,123,319.26</u>	<u>\$ 56,651,968.76</u>	<u>\$ 51,023,715.58</u>
<u>LIABILITIES, RESERVES AND FUND BALANCES</u>			
Trust Other Fund:			
Reserve For:			
Neighborhood Housing Services	\$ 60,484.52	\$ 60,484.52	\$ 60,484.52
Family Self Sufficiency Housing Program	25,360.45	25,360.45	25,360.45
Home Investment Partnerships Program - Unappropriated	1,682,846.75	726,349.75	2,357,574.70
Home Investment Partnerships Program - Appropriated	3,924,655.27	3,524,785.43	1,152,259.26
Home Investment Partnerships Recapture Funds - Unappropriated	30,503.42	21,148.08	20,372.82
Home Investment Partnerships Recapture Funds - Appropriated	20,000.00	20,000.00	20,000.00
Community Development Block Grants - Unappropriated	10,091.27	90,091.27	115,091.27
Community Development Block Grants - Appropriated	2,170,646.06	1,402,457.63	943,353.49
Community Development Block Grants Project Income - Unappropriated		144,315.46	221,495.85
Community Development Block Grants Project Income - Appropriated	289,900.09	878,109.97	778,109.97
Housing Assistance Voucher Program Income (Administration) - Unappropriated	31,457.53	17,683.16	9,024.62
Multi Jurisdictional Rehabilitation Loan Repayments Unappropriated		140.12	90.12
Multi Jurisdictional Rehabilitation Loan Repayments Appropriated	80,240.52	65,000.00	65,000.00
Miscellaneous Deposits	20,143,773.33	21,442,536.67	20,621,816.97
Motor Vehicle Fines	4,307.22	267,575.80	913,245.01
Commitments Payable	13,337,067.93	12,142,671.17	11,647,096.03
Multi Jurisdictional Housing Revolving Loan Fund		15,100.40	15,100.40
Rental Assistance - Appropriated	11,527.60	11,527.60	11,527.60
Housing Assistance Voucher Program - Unappropriated	215,188.99	215,188.99	215,188.99
Housing Assistance Voucher Program - Appropriated	724,222.59	526,249.78	734,248.14
Emergency Shelter Program - Appropriated	65,546.70	243,175.17	59,334.02
Housing Assistance Voucher Program Recaptured Funds - Unappropriated	22,532.00	20,362.00	17,344.00
Interest Recapture Fund	1,110.84		
Fund Balance	251,335.79	237,813.32	235,412.48
	<u>\$ 43,102,798.87</u>	<u>\$ 42,098,126.74</u>	<u>\$ 40,238,530.71</u>
Open Space Preservation Trust Fund:			
Reserve for County Open Space, Recreation, Farmland and Historic Preservation	\$ 19,045,088.82	\$ 11,645,825.39	\$ 6,960,304.97
Due Capital Fund	200,000.00	200,000.00	
Commitments Payable	1,775,431.57	2,708,016.63	3,824,879.90
	<u>\$ 21,020,520.39</u>	<u>\$ 14,553,842.02</u>	<u>\$ 10,785,184.87</u>
	<u>\$ 64,123,319.26</u>	<u>\$ 56,651,968.76</u>	<u>\$ 51,023,715.58</u>

See Accountant's Report

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

COUNTY OF UNION

GENERAL CAPITAL FUND

BALANCE SHEETS - STATUTORY BASIS

	BALANCE DECEMBER 31, 2010 (UNAUDITED)	BALANCE DECEMBER 31, 2009	BALANCE DECEMBER 31, 2008
<u>ASSETS</u>			
Cash	\$ 73,353,062.59	\$ 76,183,664.74	\$ 39,874,686.15
Deferred Charges to Future Taxation:			
Funded	263,134,761.37	282,066,425.65	299,060,025.56
Unfunded	292,417,277.83	251,162,647.83	187,871,326.83
Due Open Space Trust Fund	200,000.00	200,000.00	
Accounts Receivable:			
Various Municipalities	986,161.62	986,161.62	986,161.62
State of New Jersey	2,742,518.31	3,919,718.31	2,382,371.91
Federal Government	9,270,059.84	3,912,912.98	4,505,472.66
	\$ <u>642,103,841.56</u>	\$ <u>618,431,531.13</u>	\$ <u>534,680,044.73</u>
<u>LIABILITIES, RESERVES, AND FUND BALANCE</u>			
Serial Bonds	\$ 252,258,000.00	\$ 270,257,000.00	\$ 288,883,000.00
Local Unit Refunding Bonds	7,815,000.00	8,620,000.00	9,395,000.00
Bond Anticipation Notes	182,746,250.00	152,746,250.00	60,000,000.00
New Jersey Dam Restoration Loan Program	3,061,761.37	3,189,425.65	782,025.56
New Jersey Dam Restoration Loan Program Advances			334,817.00
Improvement Authorizations:			
Funded	17,332,130.73	18,622,898.15	22,373,910.46
Unfunded	145,254,612.58	134,052,748.29	117,309,273.47
Commitments Payable	28,119,683.36	26,660,249.08	32,416,919.04
Capital Improvement Fund	1,885,178.52	734,627.52	753,224.52
Reserve to Pay Serial Bonds	80,645.61	80,645.61	599,339.80
Reserve for Arbitrage	145,830.67	54,805.95	
Fund Balance	3,404,748.72	3,412,880.88	1,832,534.88
	\$ <u>642,103,841.56</u>	\$ <u>618,431,531.13</u>	\$ <u>534,680,044.73</u>

See Accountant's Report

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

COUNTY OF UNION

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2009 AND 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The County of Union is an instrumentality of the State of New Jersey established to function as a County. The Board Chosen Freeholders consists of nine elected officials and is responsible for the fiscal control of the County. Except as noted below, the financial statements of the County of Union include the County Treasurer and County Departments supported and maintained wholly or in part by funds appropriated by the County of Union, as required by N.J.S. 40A:5-5. Accordingly, the financial statements of the County of Union do not include the operations of autonomous County commissions, schools or boards.

B. Description of Funds

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB codification establishes three fund types and two account groups to be used by general purpose governmental units when reporting financial position and results of operations in accordance with Generally Accepted Accounting Principles (GAAP).

The accounting policies of the County of Union conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the financial transactions and accounts of the County of Union are organized on the basis of funds and an account group which is different from the fund structure required by GAAP. A fund or account group is an accounting entity with a separate set of self-balancing accounts established to record the financial position and results of operation of a specific governmental activity. As required by the Division of Local Government Services the County accounts for its financial transactions through the following individual funds and account group:

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (CONTINUED)

B. Description of Funds (Continued)

Trust Fund - receipts, custodianship and disbursements 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.

General Fixed Assets Account Group - utilized to account for property, land, buildings and equipment that has been acquired by other governmental funds.

C. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the State of New Jersey differ in certain respects from generally accepted accounting principles applicable to local governmental units. The more significant accounting policies and differences in the State of New Jersey are as follows:

A modified accrual basis of accounting is followed with minor exceptions.

Revenues - are recorded when received in cash except for certain amounts which are due from other governmental units. Federal and state grants are realized as revenue when anticipated in the County's budget. Receivables for taxes are recorded with offsetting reserves on the balance sheet of the County's Current Fund; accordingly, such amounts are not recorded as revenues until collected. Other amounts that are due the County, which are susceptible to accrual, are also recorded as receivables with offsetting reserves and recorded as revenue when received. GAAP require revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

Expenditures - are recorded on the "budgetary" basis of accounting. Generally expenditures are recorded when an amount is encumbered for goods or services through the issuances of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances at December 31, are reported as a cash liability in the financial statements and constitute part of the County's statutory Appropriation Reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31st of each year and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital bonds and notes are provided on the cash basis; interest on general capital indebtedness is also on the cash basis.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Encumbrances - contractual orders at December 31 are reported as expenditures through the establishment of encumbrances payable. Under GAAP, encumbrances outstanding at year end are reported as reservations of fund balance because they do not constitute expenditures or liabilities.

Sale of Municipal Assets - the proceeds from the sale of municipal assets can be held in a reserve until anticipated as a revenue in a future budget. GAAP requires such proceeds to be recorded as a revenue in the year of sale.

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. GAAP does not require the establishment of an offsetting reserve.

General Fixed Assets - Technical Accounting Directive No. 85-2, Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles, requires the inclusion of a statement of general fixed assets of the County as part of its basic financial statements. General fixed assets are defined as nonexpendable personal and real property having a physical existence, a useful life of more than one year and as acquisition cost of \$1,000.00 or more per unit. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. General Fixed Assets that have been acquired and are utilized in a governmental fund operation are accounted for in the General Fixed Assets Account Group rather than in a governmental fund. No depreciation has been provided on general fixed assets or reported in the financial statements.

The County of Union has developed a fixed asset accounting and reporting system, based on an inventory and valuation of fixed assets taken by an independent appraiser. Fixed assets are valued at historical cost or estimated if actual historical cost is not available. However, the General Fixed Assets Ledger has not been updated to reflect the purchase, retirement or sale of general fixed assets that have occurred for the past several years. Accordingly, the amount of general fixed assets to be reported in the financial statements are not known.

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 are not included on the various balance sheets. GAAP requires the cost of inventories to be reported as a current asset and equally offset by a fund balance reserve.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basic Financial Statements

The GASB codification also defines the financial statements of a governmental unit to be presented in the general purpose financial statements to be in accordance with GAAP. The County presents the financial statements listed in the table of contents of the "Requirements of Audit and Accounting Revision of 1987" as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and which differ from the financial statements required by GAAP.

NOTE 2: CASH AND CASH EQUIVALENTS

The County considers petty cash, change funds, cash in banks, deposits in the New Jersey Cash Management Fund and certificates of deposit as cash and cash equivalents.

A. Deposits

New Jersey Statutes permit the deposit of public funds in institutions which are located in New Jersey and which meet the requirements of the Governmental Unit Deposit Protection Act (GUDPA) or the State of New Jersey Cash Management Fund. GUDPA requires a bank that accepts public funds to be a public depository. A public depository is defined as a state bank, a national bank, or a savings bank, which is located in the State of New Jersey, the deposits of which are insured by the Federal Deposit Insurance Corporation. The statutes also require public depositories to maintain collateral for deposits of public funds that exceed certain insurance limits. All collateral must be deposited with the Federal Reserve Bank or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.00.

The County of Union had the following cash and cash equivalents at December 31, 2009:

<u>Fund</u>	<u>Cash in Bank</u>	<u>Change Fund</u>	<u>Certificate of Deposits</u>	<u>Total</u>
Current Fund	\$ 55,176,163.39	\$ 3,435.00	\$	\$ 55,179,598.39
Grant Fund	22,085.27			22,085.27
Trust Other Fund	21,583,003.93		25,000.00	21,608,003.93
Open Space Preservation Trust Fund	14,524,013.18			14,524,013.18
General Capital Fund	76,183,664.74			76,183,664.74
	<u>\$ 167,488,930.51</u>	<u>\$ 3,435.00</u>	<u>\$ 25,000.00</u>	<u>\$ 167,517,365.51</u>

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

A. Deposits (Continued)

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the deposits, may not be returned. The County does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute. As of December 31, 2009, based upon the coverage provided by FDIC, SIPC and NJGUDPA, no amount of the bank balance was exposed to custodial credit risk. Of the cash on balance in the bank, \$1,846,123.70 was covered by Federal Depository Insurance, \$27,540.32 was covered by Securities Investor Protection Corporation and \$165,640,266.49 was covered under the provisions of NJGUDPA.

B. Investments

The purchase of investments by the County is strictly limited by the express authority of the New Jersey Local Fiscal Affairs Law, N.J.S.A. 40A:5-15.1. Permitted investments include any of the following type 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 which are purchased from an investment company or investment trust which is registered with the Securities and Exchange Commission under the "Investment Company Act of 1940," 15 U.S.C. 80a-1 et seq., and operated in accordance with 17 C.F.R. § 270.2a-7 and which portfolio is limited to U.S. Government securities that meet the definition of an eligible security pursuant to 17 C.F.R. § 270.2a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. These funds are also required to be rated by a nationally recognized statistical rating organization.
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 date of purchase, approved by the Division of Investment of the Department of Treasury for investment by Local Units;

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

6. Local government investment pools that are fully invested in U.S. Government securities that meet the definition of eligible security pursuant to 17 C.F.R. § 270a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. This type of investment is also required to be rated in the highest category by a nationally recognized statistical rating organization.
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;
 - 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. 17:19-41); and
 - e. a master repurchase agreement providing for the custody and security of collateral is executed.

The County had no investments outstanding at December 31, 2009. Based upon the limitations set forth by New Jersey Statutes 40A:5-15.1 and existing investment practices of the Investment Council of the New Jersey Cash Management Fund, the County is generally not exposed to credit risks, custodial credit risks, concentration of credit risks and interest rate risks for its investments nor is it exposed to foreign currency risk for its deposits and investments.

NOTE 3: LONG-TERM DEBT

The Local Bond Law, Chapter 40A:2, governs the issuance of bonds to finance general municipal capital expenditures. All bonds are retired in annual installments within the statutory period of usefulness. All bonds issued by the County are general obligation bonds, backed by the full faith and credit of the County. Bond Anticipation Notes, which are issued to temporarily finance capital projects, shall mature and be paid off within ten years or financed by the issuance of bonds.

NOTE 3: LONG-TERM DEBT (CONTINUED)

SUMMARY OF COUNTY DEBT

	<u>YEAR 2009</u>	<u>YEAR 2008</u>	<u>YEAR 2007</u>
Issued			
General			
Bonds and Notes - County	\$ 431,623,250.00	\$ 358,278,000.00	\$ 315,125,000.00
Bonds Guaranteed by County	87,782,990.20	74,377,990.00	81,207,990.20
Loans	<u>3,189,425.65</u>	<u>782,025.56</u>	<u>3,243,890.00</u>
	\$ <u>522,595,665.85</u>	\$ <u>433,438,015.56</u>	\$ <u>399,576,880.20</u>
Less:			
Cash on Hand to Pay			
Bonds	\$ 80,645.61	\$ 599,339.80	\$ 1,308,751.94
Due From State of New Jersey		357,500.00	1,030,000.00
Chapter 12, P.L. 1971			
Refunding Bonds	8,620,000.00	9,395,000.00	10,140,000.00
Bonds Issued by Another Public Body	<u>87,782,990.20</u>	<u>74,377,990.00</u>	<u>81,207,990.20</u>
Total Deductions	\$ <u>96,483,635.81</u>	\$ <u>84,729,829.80</u>	\$ <u>93,686,742.14</u>
Net Debt Issued	\$ <u>426,112,030.04</u>	\$ <u>348,708,185.76</u>	\$ <u>305,890,138.06</u>
Authorized But Not Issued			
Bonds and Notes	\$ 98,416,397.83	\$ 127,871,326.83	\$ 127,706,995.00
Bonds Guaranteed by County	<u>17,130,000.00</u>	<u>14,000,000.00</u>	<u>14,000,000.00</u>
	\$ 115,546,397.83	\$ 141,871,326.83	\$ 141,706,995.00
Less:			
Bonds Authorized by Another Public Body	<u>17,130,000.00</u>	<u>14,000,000.00</u>	<u>14,000,000.00</u>
Net Authorized But Not Issued	\$ <u>98,416,397.83</u>	\$ <u>127,871,326.83</u>	\$ <u>127,706,995.00</u>
Net Bonds and Notes Issued			
And Authorized But Not Issued	\$ <u>524,528,427.87</u>	\$ <u>476,579,512.59</u>	\$ <u>433,597,133.06</u>

NOTE 3: LONG-TERM DEBT (CONTINUED)

SUMMARY OF STATUTORY DEBT CONDITION
(ANNUAL DEBT STATEMENT)

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of .68%.

	<u>GROSS DEBT</u>	<u>DEDUCTIONS</u>	<u>NET DEBT</u>
Bonds and Notes Issued	\$ 522,595,665.85	\$ 96,483,635.81	\$ 426,112,030.04
Authorized But Not Issued:			
Bonds and Notes	<u>115,546,397.83</u>	<u>17,130,000.00</u>	<u>98,416,397.83</u>
	<u>\$ 638,142,063.68</u>	<u>\$ 113,613,635.81</u>	<u>\$ 524,528,427.87</u>

NET DEBT \$ 524,528,427.87 DIVIDED BY EQUALIZED VALUATION BASIS PER
N.J.S. 40A:2-2 \$76,854,126,030.00 EQUALS 68%.

BORROWING POWER CALCULATION

Equalized Valuation Basis- December 31, 2009	\$ <u>76,854,126,030.00</u>
2% of Equalized Valuation Basis	\$ 1,537,082,520.60
Net Debt	<u>524,528,427.87</u>
Remaining Borrowing Power	\$ <u>1,012,554,092.73</u>

NOTE 3: LONG-TERM DEBT (CONTINUED)

COUNTY OF UNION
ANNUAL DEBT SERVICE PRINCIPAL AND INTEREST
SERIAL BONDS
2009

<u>YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2010	\$ 17,999,000.00	\$ 7,508,145.00	\$ 25,507,145.00
2011	18,630,000.00	7,813,587.50	26,443,587.50
2012	19,790,000.00	7,085,692.50	26,875,692.50
2013	20,160,000.00	6,499,948.75	26,659,948.75
2014	20,858,000.00	6,030,755.00	26,888,755.00
2015	20,395,000.00	5,566,925.00	25,961,925.00
2016	19,195,000.00	5,132,656.25	24,327,656.25
2017	20,120,000.00	4,694,218.75	24,814,218.75
2018	20,360,000.00	4,238,187.50	24,598,187.50
2019	11,550,000.00	3,773,218.75	15,323,218.75
2020	11,550,000.00	3,314,062.50	14,864,062.50
2021	11,550,000.00	2,834,562.50	14,384,562.50
2022	11,550,000.00	2,334,718.75	13,884,718.75
2023	11,550,000.00	1,829,187.50	13,379,187.50
2024	7,000,000.00	1,417,500.00	8,417,500.00
2025	7,000,000.00	1,102,500.00	8,102,500.00
2026	7,000,000.00	787,500.00	7,787,500.00
2027	7,000,000.00	472,500.00	7,472,500.00
2028	7,000,000.00	157,500.00	7,157,500.00
	<u>\$ 270,257,000.00</u>	<u>\$ 72,593,366.25</u>	<u>\$ 342,850,366.25</u>

NOTE 3: LONG-TERM DEBT (CONTINUED)

The General Improvement and Refunding Bonds are comprised of the following issues:

ISSUE	OUTSTANDING BALANCE DECEMBER 31, 2009
\$19,130,000.00 Refunding Bonds, dated December 1, 1993, due in remaining annual installments ranging between \$ 2,425,000.00 and \$2,370,000.00 beginning February 1, 2010 and ending February 1, 2011 with interest from 5.00% to 5.20%.	\$ 4,795,000.00
\$5,158,000.00 County Vocational School Bonds, dated December 15, 1997, due in Remaining annual installments ranging between \$308,000.00 and \$325,000.00 beginning December 15, 2010 and ending December 15, 2014 with interest at 4.75%.	1,608,000.00
\$2,514,000.00 County Vocational School Bonds, dated June 15, 1999, due February 1, 2010 in one remaining annual installment of \$224,000.00 with interest rate at 5.00%.	224,000.00
\$7,935,000.00 County College Bonds, dated June 1, 2002, due in remaining annual installments of \$870,000.00 beginning March 1, 2011 and ending March 1, 2014 with interest at 4.00%.	4,350,000.00
\$73,663,000.00 General Improvement Bonds, dated June 1, 2002, due in remaining annual installments ranging between \$3,780,000.00 and \$7,130,000.00 beginning March 1, 2010 and ending March 1, 2012 with interest rate at 4.00%.	15,690,000.00
\$2,130,000.00 County Vocational School Bonds, dated June 1, 2002, due in remaining annual installments of \$350,000.00 beginning March 1, 2010 and ending March 1, 2011 with interest at 4.00%.	700,000.00
\$70,277,000.00 General Improvement Bonds, dated March 1, 2004, due in remaining annual installments ranging between \$3,955,000.00 and \$4,089,000.00 beginning March 1, 2010 and ending March 1, 2023 with interest from 3.50% to 4.25%.	55,472,000.00
\$11,261,000.00 County Vocational School Bonds, dated March 1, 2004 due in remaining annual installments ranging between \$600,000.00 and \$461,000.00 beginning March 1, 2010 and ending March 1, 2023 with interest from 3.50% to 4.25%.	8,261,000.00
\$362,000.00 County College Bonds, dated March 1, 2004, due in remaining annual installments ranging between \$35,000.00 and \$40,000.00 beginning March 1, 2010 and ending March 1, 2014 with interest at 3.50%.	187,000.00
\$83,726,000.00 General Improvement Bonds, dated February 20, 2008, due in remaining annual installments ranging between \$750,000.00 and \$7,000,000.00 beginning February 15, 2010 and ending February 15, 2028 with interest from 3.25% to 4.50%.	83,601,000.00
\$15,699,000.00 County Vocational School Bonds, dated February 20, 2008 due in remaining annual installments ranging between \$1,100,000.00 and \$1,125,000.00 beginning February 15, 2010 and ending February 15, 2022 with interest from 3.25% to 4.50%.	14,599,000.00
\$5,575,000.00 County Vocational School Bonds, dated February 20, 2008 due in remaining annual installments ranging between \$550,000.00 and \$575,000.00 beginning February 15, 2010 and ending February 15, 2028 with interest from 3.25% to 4.00%.	5,000,000.00
\$75,770,000.00 County Vocational School Bonds, dated March 1, 2009, due in remaining annual installments ranging between \$300,000.00 and \$10,945,000.00 beginning March 1, 2010 and ending March 1, 2018 with interest from 2.00% to 5.00%.	<u>75,770,000.00</u>
	\$ <u>270,257,000.00</u>

NOTE 3: LONG-TERM DEBT (CONTINUED)

ANNUAL DEBT SERVICE PRINCIPAL AND INTEREST
LOCAL UNIT BONDS
2009

<u>YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2010	\$ 805,000.00	396,855.00	1,201,855.00
2011	835,000.00	366,843.00	1,201,843.00
2012	865,000.00	335,733.00	1,200,733.00
2013	895,000.00	298,020.75	1,193,020.75
2014	940,000.00	251,275.00	1,191,275.00
2015	990,000.00	200,226.50	1,190,226.50
2016	1,040,000.00	146,533.00	1,186,533.00
2017	1,095,000.00	90,062.25	1,185,062.25
2018	1,155,000.00	30,549.75	1,185,549.75
	<u>\$ 8,620,000.00</u>	<u>\$ 2,116,098.25</u>	<u>\$ 10,736,098.25</u>

The Local Unit Refunding Bonds are comprised of the following issue:

<u>ISSUE</u>	OUTSTANDING BALANCE DECEMBER 31, 2009
\$12,870,000.00 Unfunded ERI Liability, dated April 1, 2003, due in remaining annual installments ranging between annual installments ranging between \$805,000.00 and \$1,155,000.00 beginning April 1, 2010 and ending April 1, 2018 with interest ranging from 3.66% to 5.29%.	\$ <u>8,620,000.00</u>

NOTE 3: LONG-TERM DEBT (CONTINUED)

ANNUAL DEBT SERVICE PRINCIPAL AND INTEREST
DAM RESTORATION LOANS
2009

<u>YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2010 \$	127,664.29 \$	52,616.65 \$	180,280.94
2011	149,046.62	57,207.66	206,254.28
2012	152,042.45	54,052.05	206,094.50
2013	155,098.50	50,833.00	205,931.50
2014	158,215.99	47,549.25	205,765.24
2015	161,396.12	44,199.50	205,595.62
2016	164,640.19	40,782.42	205,422.61
2017	167,949.45	37,296.67	205,246.12
2018	171,325.23	33,740.83	205,066.06
2019	174,768.87	30,113.55	204,882.42
2020	178,281.73	26,413.33	204,695.06
2021	181,865.20	23,638.74	205,503.94
2022	185,520.69	18,788.31	204,309.00
2023	189,249.66	14,860.46	204,110.12
2024	193,053.57	10,853.67	203,907.24
2025	196,933.95	6,766.31	203,700.26
2026	200,892.32	2,596.84	203,489.16
2027	126,591.65	258.71	126,850.36
2028	102,744.87		102,744.87
2029	52,144.30		52,144.30
	<u>\$ 3,189,425.65 \$</u>	<u>552,567.95 \$</u>	<u>3,741,993.60</u>

NOTE 4: FUND BALANCES APPROPRIATED

Fund balance at December 31, 2009 which was appropriated and included in the budget as anticipated revenue for the year ending December 31, 2010 was as follows:

Current Fund	\$24,250,000.00
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NOTE 5: PENSION PLANS

County employees, who are eligible for a pension plan, are enrolled in one of two pension systems administered by the Division of Pensions, Treasury Department of the State of New Jersey. The two State administered plans are: the Public Employees' Retirement System and Police and Firemen's Retirement System of New Jersey. The Division annually charges counties and other participating governmental units for their respective contributions to the plans based upon actuarial methods. A portion of the cost is contributed by the employees.

Certain portions of the costs are contributed by the employees. The County's share of pension costs, which is based upon the annual billings received from the State, amounted to \$16,538,347.80 for 2008 and \$12,193,142.00 for 2009.

County employees are also covered by the Federal Insurance Contribution Act.

Information as to the comparison of the actuarially computed value of vested benefits with the system's assets is not available from the State Retirement Systems and, therefore, is not presented.

The Sheriff's employees and Park Police Pension Funds are on a noncontributory basis with the expenses funded by the County. These expenses amounted to \$45,483.88 for 2008 and \$45,607.88 for 2009.

Pension Contribution Deferral

The State of New Jersey has enacted Public Law 2009, C.19, which authorizes the State Department of Treasury, Division of Pensions and Benefits to provide non-state contributing employers the option of paying an amount that represents a fifty percent (50%) reduction of the normal and accrued liability payment of the required contributions to the Police and Fire Retirement System (PFRS) and the Public Employees Retirement System (PERS) which would have been due April 1, 2009. If the deferral is elected, the amount deferred must be repaid, with interest, over a period of fifteen years, beginning in April, 2012; however, the contributing employer is permitted to pay off the obligation at any time by contacting the Division of Pension and Benefits for a payoff amount. The County of Union has elected to defer a portion of its pension contributions as follows:

Retirement System	2009 Required Contribution	Amount Deferred	2009 Actual Contribution
PFRS	\$10,866,091.00	\$5,215,983.00	\$5,650,108.00
PERS	<u>6,871,247.00</u>	<u>3,055,784.00</u>	<u>3,815,463.00</u>
Total	<u>\$17,737,338.00</u>	<u>\$8,271,767.00</u>	<u>\$9,465,571.00</u>

NOTE 6: CAPITAL LEASES

The County of Union and the Union County Improvement Authority entered into agreements which:

- A. Leases a parcel of land owned by the County to the Authority upon which the Authority constructed a Correctional Facility Project. The Authority is to pay the sum \$1.00 per year to the County under the terms of the lease.
- B. Leases the Authority's Correctional Facility Project to the County. The lease requires the County to pay to the Authority a "basic" annual rent which is equal to the debt service on all project bonds outstanding. The Union County Improvement Authority issued Revenue Refunding Bonds dated January 15, 1992, June 1, 2002 and June 1, 2003 in order to refund a portion of the project bonds and, thereby, restructuring the County's basic annual rent. As additional rent, the County will pay the Authority an annual administrative fee and actual legal and accounting expenses incurred by the Authority.
- C. Leases certain items of equipment and projects to the County. The leases requires the County to pay to the Authority a "Basic" Annual rent equal to the debt service on the equipment and project Lease Revenue Bonds outstanding. As additional rent the County will pay the Authority administrative fees incurred by the Authority. The Union County Improvement Authority issued Lease Revenue Bonds for the equipment and projects as follows:

<u>PROJECT</u>	<u>DATE OF ISSUE</u>	<u>AMOUNT ISSUED</u>
1. Park Madison Redevelopment	March 1, 2003	\$27,800,000.00
2. Juvenile Detention Center	December 15, 2004	\$8,900,000.00
3. Juvenile Detention Center	September 7, 2005	\$30,085,000.00
4. Prosecutor's Office	September 15, 2005	\$3,120,000.00
5. County College Facility	March 8, 2006	\$48,626,000.00

NOTE 6: CAPITAL LEASES (CONTINUED)

- D. Leases the Authority's Linden Theater Redevelopment Projects to the County. The leases require the County to pay to the Authority a basic annual rent which is equal to the debt service on all project bonds outstanding. The Union County Improvement Authority issued \$2,900,000.00 County Guaranteed Revenue Bonds on March 24, 2004 and \$1,425,000.00 County Guaranteed Revenue Bonds on November 14, 2006. As additional rent the County will pay the Authority administrative fees incurred by the Authority.

- E. Leases the acquisition of 10 Cherry Street Project to the County. The Lease requires the County to pay to the Authority a basic annual rent which is equal to the debt service on all project bonds outstanding. The Union County Improvement Authority issued \$1,230,000.00 County Guaranteed Bonds on May 17, 2007. As additional rent, the County will pay the Authority administrative fees incurred by the Authority.

NOTE 7: COMPENSATED ABSENCES

The County has permitted employees to accumulate unused vacation and sick pay, which may be taken as time off or paid under certain circumstances. Management has estimated, at December 31, 2009 that the accumulated cost of such unpaid compensation would approximate \$ 868,500.00 for unused sick and vacation days. Under existing accounting principles and practices prescribed by the Division of Local Government Services, the amounts required to be paid in any fiscal year for the above mentioned compensation are raised in that year's budget and no liability is required to be accrued or reported in the financial statements at December 31, 2009.

NOTE 8: LITIGATION

The County is involved in a number of legal proceedings, the resolution of which, in the opinion of County Counsel, could result in the aggregate \$7,010,000.00 in damages against the County. These potential liabilities under New Jersey reporting requirements will be reflected in the financial statements when paid. In addition, there are other pending lawsuits in which the County is involved. Many of these lawsuits are presently in the preliminary or discovery stages, with the probability of a successful defense unknown at this time and the amounts of eventual settlements cannot be accurately determined.

NOTE 9: DEFICIENCY AND GUARANTEE AGREEMENTS

The County has an agreement with the Union County Utilities Authority providing for the payment by the County for deficiencies in funds of the Authority which are needed to pay for, among other things, principal and interest on Long-Term Bonds issued by the Authority:

<u>Title of Issue</u>	<u>Dated</u>	Bonds Outstanding December 31, <u>2009</u>
The County of Union Guaranteed Solid Waste Bonds		
Series 1998A Bonds	July 15, 1998	\$50,901,161.20
Series 1998C Bonds	July 15, 1998	10,436,829.00

The County has guarantee agreements with the Union County Improvement Authority in which the County agreed to guarantee the punctual payment of the principal and interest on the following Long-Term Bonds issued by the Authority:

<u>Title of Issue</u>	<u>Dated</u>	Bonds Outstanding December 31, <u>2009</u>
The County of Union Guaranteed Lease Revenue Bonds:		
Union County Educational Services Commission Project Series 1997	January 1, 1997	\$3,530,000.00
The County of Union Guaranteed Mortgage Revenue Bonds:		
Sheridan Gardens Project- Roselle Series 2003 (Callable)	July 1, 2003	1,465,000.00
The County of Union Guaranteed Revenue Bonds:		
Linden Theater Redevelopment Project Series 2004 (Federally Taxable)	March 1, 2004	2,500,000.00
The County of Union Guaranteed Lease Revenue Bonds:		
Linden Theater Redevelopment Project Series 2006	November 14, 2006	1,055,000.00
The County of Union Guaranteed Lease Revenue Bonds:		
Acquisition of 10 Cherry Street Series 2007	May 17, 2007	1,025,000.00
The County of Union Guaranteed Revenue Bonds:		
Oakwood Plaza -Elizabeth Project Series 2009 (Federally Taxable)	June 24, 2009	16,870,000.00

NOTE 10: DEFERRED COMPENSATION PLAN

The County offers its employees two deferred compensation plans created in accordance with Internal Revenue Code Sections 403 (b) and 457. The plans, available to all County employees, permit them to defer a portion of their salaries until future years. The County does not make any contribution to the plans. The deferred compensation is not available to employees until retirement, death, disability, termination or financial hardships.

In accordance with the requirements of the Small Business Job Protection Act of 1996 and the funding requirements of Internal Revenue Code Section 457(g), the County's Plan was amended to require that all amounts of compensation deferred under the Plan are held for the exclusive benefits of plan participants and beneficiaries. All assets and income under the Plan are held in trust, in annuity contracts or custodial accounts.

All assets of the plans are held by independent administrators, the Great West Benefits Corp. and Nationwide Retirement Solutions.

The accompanying financial statements do not include the County's Deferred Compensation Plan activities. The County's Deferred Compensation Plan financial statements are contained in a separate review report.

NOTE 11: CONTINGENT LIABILITIES

The County participates in federal and state financial assistance grant programs. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreement and applicable regulations, including the expenditure of funds for eligible purposes. The state and federal grants received and expended in 2009 were subject to the Single Audit Act of 1996 and State of New Jersey OMB Circular 04-04, which mandates that grant revenues and expenditures be audited in conjunction with the County's annual audit. Findings and questioned costs, if any, relative to federal and state financial assistance programs will be discussed in detail in Part III, Comments and Recommendations section of the report. In addition, these programs are also subject to compliance and financial audits by the grantors or their representatives. As of December 31, 2009, the County does not believe that any material liabilities will result from such audit.

NOTE 12: RELATED PARTIES

During 2009, the County of Union provided operating or capital funding to the following Union County Governmental Units:

Union County College
Union County Vocational and Technical Schools

All debt obligation of these units must be authorized by the Union County Board of Freeholders and are liabilities of the County, not the governmental units.

NOTE 13: RISK MANAGEMENT

The County established an insurance program in accordance with New Jersey Statute Chapter 40A:10. The County is currently self insured for general liability, workers' compensation and drug prescription exposure. Additionally, the County maintains insurance policies, covering property, automobile fleet, boiler and machinery, employee dental plans, employee fidelity, lawyers' professional liability, physicians' malpractice, health benefits, temporary disability benefits and eyeglass coverage. The County has retained several agencies as its insurance consultants.

The County appropriates annually as required to provide for claims in the year payment is made.

The County of Union and Pennsylvania Manufacturers' Association Insurance Company are parties to a Workers' Compensation Policy that was endorsed with a deductible reimbursement which provided for a reduced premium. To secure the payment of the deductible amount and premium required under the policy, the County established a custodial fund and deposited funds into escrow accounts held by the insurer. At December 31, 2009 and the custodial fund amounted to \$69,737.44 and the escrow accounts totaled \$223,000.00.

NOTE 14: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at December 31, 2009:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$	\$ 10,860.75
Grant Fund		2,902,309.30
Capital Fund	200,000.00	
Open Space Trust Fund		200,000.00
Trust Other Fund	2,913,170.05	
	\$ <u>3,113,170.05</u>	\$ <u>3,113,170.05</u>

All balances resulted from the time lag between the dates that short-term loans were disbursed and payments between funds were received.

NOTE 15: GASB 45: OTHER POST-EMPLOYMENT BENEFITS

The Governmental Accounting Standards Board (GASB) has issued Statement No. 45, "Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pension." This statement requires the County to disclose in the notes to the financial statements the present value of the estimated future cost of the other post employment benefits (OPEB). OPEB obligations are non-pension benefits that the County has contractually or otherwise agreed to provide employees once they have retired and in most instances, will be for retirement health and prescription coverage.

Under current New Jersey budget and financial reporting requirements, the County is not required to fund any amounts in excess of their current costs on a pay-as-you-go basis. Additionally, the County is not required to recognize any long-term obligations resulting from OPEB on their balance sheets; however, OPEB obligations are required to be disclosed in the notes to the financial statements.

Plan Description

The County of Union provides Post-Retirement Benefits to eligible employees in accordance with terms of their various labor agreements or in accordance with County ordinance. Their post-employment benefits include medical health and prescription drug coverage obtained from the Horizon Blue Cross Blue Shield of New Jersey and Health Net of New Jersey, Inc. The County of Union does not provide life insurance, death, dental or vision benefits to eligible retirees.

Eligibility for post-employment medical health and prescription drug benefits is based upon the employment service of the retirees who meets the following criteria:

Law Enforcement Employees covered by Collective Bargaining Agreement (effective January 1, 2005 for employees hired prior to December 31, 2009):

- Retire with at least 25 years of service in the New Jersey Police and Firemen's Retirement System (NJPFERS) and at least 10 years of service with the County; or
- Retire with at least 15 years of service with the County, with benefits commencing on or after age 62; or
- Retire under a disability retirement from the NJPFERS: Ordinary – 4 years of service; Accidental – no service requirement

Assistant Prosecutors covered by Collective Bargaining Agreement (effective January 1, 2006 for employees hired prior to December 31, 2010):

- Retire with at least 25 years of service in New Jersey Public Employees' Retirement System (NJPERS) and at least 10 years of service with the County; or
- Retire with at least 15 years of service with the County, with benefits commencing on or after age 62; or
- Retire with a disability retirement from NJPERS: Ordinary – 10 years of service; Accidental – no service requirement

NOTE 15: GASB 45: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Plan Description (Continued)

Constitutional Officer, Department Director or Equivalent, or Division Head or Equivalent (effective January 1, 2008):

- Retire with at least 25 years of service in the NJPFRS or NJPERS with at least 5 years of service with the County; or
- Retire after attainment of age 26 with at least 15 years of service in the NJPFRS or NJPERS and at least 5 years of service with the County; or
- Retire with a disability pension from either NJPFRS or NJPERS

All Other Employees:

- Retire with at least 25 years of service with the County, with benefits commencing after attainment of age 55; or
- Retire after attainment of age 62 with at least 15 years of service; or
- Retire with a disability pension from the New Jersey Public Employees' Retirement System (NJPERS): Ordinary – 10 years of service; accidental – no service requirement.

The surviving spouse and dependents of a deceased retiree are eligible for continued health benefits. Benefits continue for the surviving spouse until death or remarriage, if earlier. Benefits generally continue for dependents until age 19 or age 23 for full-time students.

The County of Union will pay for eligible retirees the full cost of coverage for post-retirement benefits based upon the following classifications:

- Law Enforcement and Assistant Prosecutor employees who retire after January 1, 2006. Medical benefits are provided under a fully-insured PPO plan through Horizon Blue Cross Blue Shield of New Jersey and prescription drug benefits are provided through a self-insured plan with MEDCO.
- Employees holding the position Department Head or equivalent and Division Head or equivalent
- Pursuant to the 2008 Collective Bargaining process, employees covered by Council 8, HPAE Local 5112 and the Park Foremen Association
- Accidental disability pension retirees will receive full retiree health benefits.
- Employees who retired under the County 2006/2007 Early Retirement Incentive Program receive medical coverage through a fully-insured PPO plan with Horizon Blue Cross Blue Shield and receive prescription drug coverage through a self-insured arrangement with MEDCO.
- Employees who retired under the County 2002/2003 Early Retirement Incentive Program receive medical and prescription drug coverage through a fully-insured PPO plan with Horizon Blue Cross Blue Shield.
- Employees who retired under the State of New Jersey 2004 Early Retirement Incentive Program receive medical and prescription drug coverage from the New Jersey State Health Benefits Plan.

NOTE 15: GASB 45: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Plan Description (Continued)

The County of Union also pays a flat dollar amount per month toward the cost of coverage to any other employees not described above who meet the eligibility criteria. The flat dollar amount is based upon the date of retirement.

The County will pay \$5,000 annually to an eligible Free-for-Life retiree if they voluntarily opt out of either Family or Husband/Wife coverage and \$1,800 per year for single coverage. Eligible retirees opting out shall retain the right to reenter the County's health benefit plan.

Medical benefits coordinate with Medicare primary and the County of Union, New Jersey Plans are secondary for retirees eligible for Medicare. Medicare eligible retirees and dependents are required to enroll in Medicare Parts A and B. The County does not reimburse retirees for Medicare Part B premiums. The County receives a subsidy from Medicare for providing prescription drug coverage to retirees. The Medicare Part D subsidy is not considered in this valuation.

Funding Policy

The County is not required to nor does it contribute the annual required contribution (ARC) per N.J.S.A. 40A:4-1 *et. seq.* There is currently no provision under State statute for the County to accrue funds, create a trust or issue debt to finance their other post employment benefit ("OPEB") liability. However, the County has made provision from budget appropriations and has reserved on its balance sheet the amount of \$6,767,501.50 for future OPEB obligations.

Currently, there are no contribution requirements of active plan members; however, certain retired plan members make contributions.

Annual OPEB Cost

For 2009, the County's annual OPEB cost (expense) of \$46,638,000 was equal to the ARC. The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 and the preceding years are as follows:

<u>Year</u>	<u>Actual OPEB Payments</u>	<u>Annual OPEB Cost</u>	<u>Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2008	\$9,826,000.00	\$44,596,000.00	22.03%	\$34,770,000.00
2009	11,289,000.00	46,638,000.00	24.21%	35,349,000.00

NOTE 15: GASB 45: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Funding Status and Funding Progress

The funded status of the plan as of December 31, 2009, was as follows:

Actuarial Accrued Liability (AAL)	\$ 484,118,000.00
Actuarial Value of Plan Assets	<u>7,933,000.00</u>
Unfunded Actuarial Accrued Liability (UAAL)	\$ 476,185,000.00
Funded Ratio (Actuarial Value of Plan Assets (AAL)	1.64%
Covered Payroll (Active Plan Members)	\$ 165,855,231.00
UAAL as a Percentage of Covered Payroll	287.11%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include economic assumptions; benefit assumptions and demographic assumptions. Economic assumptions include the discount rate and health care cost trend rates. Benefit assumptions encompass the initial per capita costs rates for medical coverage, and the face amount of employer-paid life insurance. Finally, demographic assumptions include probabilities concerning retirement, mortality, termination without receiving benefits; disability; recovery from disability; participation rates and coverage levels. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

NOTE 15: GASB 45: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Actuarial Methods and Assumptions

The actuarial cost method used to determine the plan's costs is the Projected Unit Credit method, the same method used in State of New Jersey Postemployment Benefits Other Than Pension July 1, 2007 Actuarial Valuation. Under this method, an actuarial accrued liability is determined as the actuarial present value of the portion of projected benefits which is allocated to service before the current plan year. In addition, a normal cost is determined as the actuarial present value of the portion of projected benefits which is allocated to service in the current plan year for each active participant under the assumed retirement age. The unfunded actuarial accrued liability is amortized as a level dollar amount using an open period of 30 years.

In the December 2007 actuarial valuation, the projected unit credit cost method was used. Under this method, the present value of benefits is allocated uniformly over an employee's expected working lifetime. The actuarial assumptions included a 4.5% investment rate of return and an annual healthcare cost trend rate of 10% initially, reduced by decrements to an ultimate rate of 5.0% after 11 years. This rate declines over time from 10% in 2009 to 5% in 2019. For 2020 and beyond the rate utilized is 5.0%.

Schedule of Funding Progress

Year	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
2009	12/07	\$7,933,000	\$484,118,000	\$476,185,000	1.64%	\$165,855,231	287.11%
2008	12/07	4,903,000	452,161,000	447,258,000	1.08%	165,855,231	269.67%

NOTE 16: SUBSEQUENT EVENTS

Issuance of Debt

On June 1, 2010, the Union County guarantee of the \$16,870,000.00 issued in 2009 was invoked. As a result of that fact, the debt service on June 1, 2010 totaled \$4,347,943.75.

Also, on July 1, 2010, the County rolled over \$152,000,000.00 of Bond Anticipation Notes and added \$30,000,000.00 of new BANs.

APPENDIX B

**PROPOSED FORM OF
BOND COUNSEL OPINION**

STEVEN L. ROGUT
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††† ALSO ADMITTED IN NY

APPENDIX B

[Proposed Form of Bond Counsel Opinion]

July __, 2011

Board of Chosen Freeholders
County of Union, New Jersey

Dear Board Members:

We have acted as bond counsel in connection with the issuance of \$80,000,000 aggregate principal amount of bonds consisting of \$65,565,000 aggregate principal amount of General Improvement Bonds of 2011 (the "General Improvement Bonds"), \$10,280,000 aggregate principal amount of County Vocational-Technical School Bonds of 2011 (New Jersey School Bond Reserve Act) (the "County Vocational-Technical School Bonds"), \$3,000,000 aggregate principal amount of Redevelopment Bonds of 2011 (the "Redevelopment Bonds") and \$1,155,000 aggregate principal amount of County College Bonds of 2011 (the "County College Bonds") (collectively, the "Bonds") by the County of Union, a political subdivision of the State of New Jersey (the "County"). The Bonds are dated July 1, 2011 and comprise four issues of registered bonds. The Bonds bear interest from their date, payable on each March 1 and September 1, commencing March 1, 2012 (each, an "Interest Payment Date"), in each year until maturity or prior redemption.

Board of Chosen Freeholders
County of Union, New Jersey
July __, 2011
Page 2

The General Improvement Bonds are payable in annual installments on March 1 in each year, and bear interest at the rates per annum, as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2012	\$1,985,000	%	2022	\$3,970,000	%
2013	1,985,000		2023	3,970,000	
2014	1,985,000		2024	3,970,000	
2015	1,985,000		2025	3,970,000	
2016	1,985,000		2026	3,970,000	
2017	1,985,000		2027	3,970,000	
2018	2,045,000		2028	3,970,000	
2019	3,970,000		2029	3,970,000	
2020	3,970,000		2030	3,970,000	
2021	3,970,000		2031	3,970,000	

The County Vocational-Technical School Bonds are payable in annual installments on March 1 in each year, and bear interest at the rates per annum, as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2012	\$540,000	%	2019	\$1,080,000	%
2013	540,000		2020	1,080,000	
2014	540,000		2021	1,080,000	
2015	540,000		2022	1,080,000	
2016	540,000		2023	1,080,000	
2017	540,000		2024	1,080,000	
2018	560,000				

Board of Chosen Freeholders
County of Union, New Jersey
July __, 2011
Page 3

The Redevelopment Bonds are payable in annual installments on March 1 in each year, and bear interest at the rates per annum, as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2012	\$ 90,000	%	2022	\$180,000	%
2013	90,000		2023	180,000	
2014	90,000		2024	180,000	
2015	90,000		2025	180,000	
2016	90,000		2026	180,000	
2017	90,000		2027	180,000	
2018	120,000		2028	180,000	
2019	180,000		2029	180,000	
2020	180,000		2030	180,000	
2021	180,000		2031	180,000	

The County College Bonds are payable in annual installments on March 1 in each year, and bear interest at the rates per annum, as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2012	\$90,000	%	2017	\$ 90,000	%
2013	90,000		2018	90,000	
2014	90,000		2019	165,000	
2015	90,000		2020	180,000	
2016	90,000		2021	180,000	

Board of Chosen Freeholders
County of Union, New Jersey
July __, 2011
Page 4

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

The General Improvement Bonds, the County Vocational-Technical School Bonds and the Redevelopment Bonds maturing on or before March 1, 2021 are not subject to redemption prior to their stated maturities. The General Improvement Bonds, the County Vocational-Technical School Bonds and the Redevelopment Bonds maturing on or after March 1, 2022 are subject to redemption at the option of the County prior to maturity, in whole on any date or in part on any Interest Payment Date, on or after March 1, 2021, upon notice as set forth in the resolutions referred to below at the redemption price of 100% of the principal amount being redeemed, plus accrued interest to the date fixed for redemption.

If the County determines to optionally redeem a portion of the General Improvement Bonds, the County Vocational-Technical School Bonds or the Redevelopment Bonds prior to maturity, such General Improvement Bonds, County Vocational-Technical School Bonds or Redevelopment Bonds so redeemed shall be in such maturities as determined by the County, and within any maturity, by lot.

The Bonds are issued pursuant to the Local Bond Law (Chapter 2 of Title 40A of the New Jersey Statutes, as amended). The General Improvement Bonds are also issued pursuant to sixteen bond ordinances adopted by the Board of Chosen Freeholders of the County on July 23, 1998 (Ord. No. 480-98, as amended by the following three ordinances: Ord. No. 574-2003 adopted on April 24, 2003; Ord. No. 630-2006 adopted on July 20, 2006; and Ord. No. 674-2008 adopted on December 4, 2008), July 26, 2001 (Ord. No. 535-01), August 28, 2001 (Ord. No. 536-01, as amended by the following six ordinances: Ord. No. 543-01 adopted on December 13, 2001; Ord. No. 547-02 adopted on February 28, 2002; Ord. No. 556-2002 adopted on September 5, 2002; Ord. No. 564-2003 adopted on February 13, 2003; Ord. No. 575-2003 adopted on April 24, 2003; and Ord. No. 719-2011 adopted on March 31, 2011), October 25, 2001 (Ord. No. 540-2001), August 22, 2002 (Ord. No. 555-2002), May 29, 2003 (Ord. No. 576-2003), August 21, 2003 (Ord. No. 578-2003, as amended by Ord. No. 708-2010 adopted on June 10, 2010), August

Board of Chosen Freeholders
County of Union, New Jersey
July __, 2011
Page 5

19, 2004 (Ord. No. 601-2004, as amended by Ord. No. 708-2010 adopted on June 10, 2010), October 28, 2004 (Ord. No. 605-2004), February 10, 2005 (Ord. No. 608-2005), August 18, 2005 (Ord. No. 616-2005, as amended by Ord. No. 708-2010 adopted on June 10, 2010), August 17, 2006 (Ord. No. 632-2006, as amended by Ord. No. 673-2008 adopted on December 4, 2008, and as further amended by Ord. No. 708-2010 adopted on June 10, 2010), May 10, 2007 (Ord. No. 648-2007), September 6, 2007 (Ord. No. 653-2007, as amended by Ord. No. 708-2010 adopted on June 10, 2010, and as further amended by Ord. No. 714-2010 adopted on December 8, 2010), March 13, 2008 (Ord. No. 665-2008) and August 20, 2009 (Ord. No. 688-2009) and resolutions adopted by the Board of Chosen Freeholders of the County on May 19, 2011. The County Vocational-Technical School Bonds are also issued pursuant to Chapter 54 of Title 18A, Education, of the New Jersey Statutes, as amended, and pursuant to seven bond ordinances adopted by the Board of Chosen Freeholders of the County on August 22, 2002 (Ord. No. 555-2002), August 21, 2003 (Ord. No. 578-2003, as amended by Ord. No. 708-2010 adopted on June 10, 2010), August 19, 2004 (Ord. No. 601-2004, as amended by Ord. No. 708-2010 adopted on June 10, 2010), March 10, 2005 (Ord. No. 610-2005), August 18, 2005 (Ord. No. 616-2005, as amended by Ord. No. 708-2010 adopted on June 10, 2010), August 17, 2006 (Ord. No. 632-2006, as amended by Ord. No. 673-2008 adopted on December 4, 2008, and as further amended by Ord. No. 708-2010 adopted on June 10, 2010) and September 6, 2007 (Ord. No. 653-2007, as amended by Ord. No. 708-2010 adopted on June 10, 2010, and as further amended by Ord. No. 714-2010 adopted on December 8, 2010) and resolutions adopted by the Board of Chosen Freeholders of the County on May 19, 2011. The Redevelopment Bonds are also issued pursuant to Chapter 12A of Title 40A, Local Redevelopment and Housing Law, of the New Jersey Statutes, as amended, and pursuant to a bond ordinance adopted by the Board of Chosen Freeholders of the County on September 9, 2009 (Ord. No. 691-2009) and resolutions adopted by the Board of Chosen Freeholders of the County on May 19, 2011. The County College Bonds are also issued pursuant to Chapter 64A of Title 18A, Education, of the New Jersey Statutes, as amended, and pursuant to six bond ordinances adopted by the Board of Chosen Freeholders of the County on August 22, 2002 (Ord. No. 555-2002), August 21, 2003 (Ord. No. 578-2003, as amended by Ord. No. 708-2010 adopted on June

Board of Chosen Freeholders
County of Union, New Jersey
July __, 2011
Page 6

10, 2010), August 19, 2004 (Ord. No. 601-2004, as amended by Ord. No. 708-2010 adopted on June 10, 2010), August 18, 2005 (Ord. No. 616-2005, as amended by Ord. No. 708-2010 adopted on June 10, 2010), August 17, 2006 (Ord. No. 632-2006, as amended by Ord. No. 673-2008 adopted on December 4, 2008, and as further amended by Ord. No. 708-2010 adopted on June 10, 2010) and September 6, 2007 (Ord. No. 653-2007, as amended by Ord. No. 708-2010 adopted on June 10, 2010, and as further amended by Ord. No. 714-2010 adopted on December 8, 2010) and resolutions adopted by the Board of Chosen Freeholders of the County on May 19, 2011.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be and remain excluded from gross income of the owners thereof for Federal income tax purposes pursuant to Section 103 of the Code. Such requirements include requirements relating to the use and investment of proceeds of the Bonds and other amounts and to the rebate of certain arbitrage earnings to the United States. Noncompliance by the County with such requirements may cause interest on the Bonds to be included in gross income of the owners thereof retroactive to the date of issuance of the Bonds, regardless of when such noncompliance occurs.

The County has covenanted, to the extent permitted by the Constitution and the laws of the State of New Jersey, to do and perform all acts and things permitted by law and necessary to assure that interest paid on the Bonds be and remain excluded from gross income of the owners thereof for Federal income tax purposes pursuant to Section 103 of the Code. The County's Tax Certificate (the "Tax Certificate"), which will be delivered concurrently with the delivery of the Bonds, will contain provisions and procedures regarding compliance with the requirements of the Code. The County, in executing the Tax Certificate, will certify to the effect that the County expects and intends to comply with the provisions and procedures contained therein.

Board of Chosen Freeholders
County of Union, New Jersey
July __, 2011
Page 7

As bond counsel, we have examined certified copies of the bond ordinances and resolutions referred to above and related proceedings in connection with the issuance of the Bonds. We have also examined originals (or copies certified or otherwise identified to our satisfaction) of such other instruments, certificates and documents as we have deemed necessary or appropriate for the purpose of the opinion rendered below, including the Tax Certificate executed by the Director of Finance/ County Treasurer of the County of even date herewith. We have assumed the accuracy of the factual information and the truthfulness of the expectations set forth in the Tax Certificate and the exhibits thereto. We have also examined the executed and authenticated first numbered Bond of each issue and have assumed that all of the other Bonds have been similarly executed and authenticated. 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 have not prepared nor have we verified the accuracy, completeness or fairness of (i) the information set forth in the Official Statement prepared by the County in connection with the sale and issuance of the Bonds, or (ii) other documents of the County delivered to the purchasers of the Bonds, and we take no responsibility therefor.

Based on the foregoing, we are of the opinion that:

1. 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, except as enforcement of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium, liquidation or other laws relating to or affecting the enforcement of creditors' rights generally now or hereafter in effect to the extent constitutionally applicable, and

Board of Chosen Freeholders
County of Union, New Jersey
July __, 2011
Page 8

enforcement may also be subject to the exercise of judicial discretion in certain cases.

2. The County has pledged its full faith and credit to the payment of the principal of and interest on the Bonds, and unless paid from other sources, the County is authorized and required by law to levy on all real property taxable by the County such ad valorem taxes as may be necessary to pay the Bonds and the interest thereon, without limitation as to rate or amount.

3. Assuming compliance by the County with the Tax Certificate, under existing law, interest on the Bonds is excluded from gross income of the owners thereof for Federal income tax purposes pursuant to Section 103 of the Code. In addition, under existing law, interest on the Bonds is not treated as a preference item for purposes of the alternative minimum tax imposed under the Code with respect to individuals and corporations; such interest, however, is included in "adjusted current earnings" for purposes of computing the alternative minimum tax that may be imposed on corporations. In addition, under the New Jersey Gross Income Tax Act, as enacted and construed on the date hereof, interest on the Bonds and any gain from the sale of the Bonds are not includable in gross income of the holders thereof.

Very truly yours,

Rogut McCarthy LLC

APPENDIX C

**PROPOSED FORM OF CONTINUING
DISCLOSURE CERTIFICATE**

APPENDIX C

[PROPOSED FORM OF CONTINUING DISCLOSURE CERTIFICATE]

THIS CONTINUING DISCLOSURE CERTIFICATE (this "Certificate") is made July __, 2011 by the County of Union, a political subdivision duly organized under the laws of the State of New Jersey (the "County").

W I T N E S S E T H:

WHEREAS, the County is issuing on the date hereof its \$80,000,000 Bonds consisting of \$65,565,000 General Improvement Bonds of 2011, \$10,280,000 County Vocational-Technical School Bonds of 2011 (New Jersey School Bond Reserve Act), \$3,000,000 Redevelopment Bonds of 2011 and \$1,155,000 County College Bonds of 2011 (collectively, the "Bonds"), each issue dated July 1, 2011; and

WHEREAS, the Bonds are being issued pursuant to resolutions adopted by the County on May 19, 2011 and the various bond ordinances adopted by the County referred to in such resolutions; and

WHEREAS, the Securities and Exchange Commission (the "SEC"), pursuant to the Securities Exchange Act of 1934, as amended and supplemented (codified on the date hereof at 15 U.S.C. 77 et seq.), has adopted amendments to its Rule 15c2-12 (codified at 17 C.F.R. §240.15c2-12) ("Rule 15c2-12"), effective July 3, 1995, which generally prohibit a broker, dealer or municipal securities dealer from purchasing or selling municipal securities, such as the Bonds, unless such broker, dealer or municipal securities dealer has reasonably determined that an issuer of municipal securities or an obligated person has undertaken in a written agreement or contract for the benefit of holders of such securities to provide certain annual financial information and event notices to the MSRB (as hereinafter defined); and

WHEREAS, the County represented in its Notice of Sale dated June 1, 2011 (the "Notice of Sale") that it would deliver on the closing date for the Bonds a "Continuing Disclosure Certificate" pursuant to which the County will agree to provide to the MSRB the annual financial information and event notices required to be disclosed on a continual basis pursuant to Rule 15c2-12; and

WHEREAS, on June 21, 2011, the County accepted the bid of [Name of Purchaser] (the "Participating Underwriter") for the purchase of the Bonds; and

WHEREAS, the execution and delivery of this Certificate have been duly authorized by the County, and all conditions, acts and things necessary and required to exist, to have happened or to have been performed precedent to and in the execution and delivery of this Certificate do exist, have happened and have been performed in regular form, time and manner; and

WHEREAS, the County is executing this Certificate for the benefit of the holders of the Bonds;

NOW, THEREFORE, for and in consideration of the premises and of the mutual representations, covenants and agreements herein set forth, the County, its successors and assigns do mutually promise, covenant and agree as follows:

ARTICLE I

DEFINITIONS

Section 1.1 Terms Defined in Recitals. The following terms shall have the meanings set forth in the recitals hereto:

Bonds	Participating Underwriter
Certificate	Rule 15c2-12
County	SEC
Notice of Sale	

Section 1.2 Additional Definitions. The following additional terms shall have the meanings specified below:

"Annual Report" means Financial Statements and Operating Data provided at least annually.

"Bondholder" or "holder" or any similar term means any person who is a registered owner of a Bond, including holders of beneficial interests in the Bonds.

"Disclosure Event" means any event described in subsection 2.1(d) hereof.

"Disclosure Event Notice" means the notice to the MSRB as provided in subsection 2.4(a) hereof.

"Dissemination Agent" means an entity acting in such capacity under this Certificate or any other successor entity designated in writing by the County and that has filed a written acceptance of such designation.

"EMMA" means the MSRB's Electronic Municipal Markets Access System.

"Final Official Statement" means the final Official Statement of the County dated June 21, 2011 pertaining to the Bonds.

"Financial Statements" means the audited financial statements of the County for each Fiscal Year of the type included in Appendix A to the Final Official Statement.

"Fiscal Year" means the fiscal year of the County. As of the date of this Certificate, the Fiscal Year of the County begins on January 1 and closes on December 31 of each calendar year.

"GAAS" means generally accepted auditing standards as in effect from time to time, consistently applied.

"MSRB" means the Municipal Securities Rulemaking Board or any other entity designated or authorized by the SEC to receive reports pursuant to Rule 15c2-12. Effective July 1, 2009 and until otherwise designated by the MSRB or the SEC, filings with the MSRB are to be made through the EMMA website of the MSRB, currently located at <http://emma.msrb.org>.

"Operating Data" means the financial and statistical information of the County of the type included in the Final Official Statement (i) under the headings "COUNTY INDEBTEDNESS AND DEBT LIMITS - Debt Limits", "- Schedule of Bonded Indebtedness as of December 31, 2010", "- History of Bonded Debt Ratios", "- Schedule of Comparative Debt", "- Statutory Debt as of December 31, 2010", "- Schedule of Debt Issued by Other Public Bodies and Guaranteed by the County as of December 31, 2010", "- Authority Debt", "- Debt Service Schedule as of December 31, 2010" and "- Six Year Capital Program"; "TAX COLLECTION DATA" (except under the subheadings "County Taxes" and "Tax Appeals"); and "COUNTY BUDGET AND STATEMENTS OF REVENUES AND EXPENDITURES - Statement of Expenditures", "- Statement of Revenues", "- Revenue Budget" and "- Appropriation Budget" and (ii) in Appendix A attached to the Final Official Statement, a copy of which is attached hereto as Exhibit A.

"State" means the State of New Jersey.

Section 1.3 Interpretation. Words of the masculine gender include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, words importing the singular include the plural and vice versa, and words importing persons include corporations, associations, partnerships (including limited partnerships), trusts, firms and other legal entities, including public bodies, as well as natural persons. The terms "hereby", "hereof", "hereto", "herein", "hereunder" and any similar terms, as used in this Certificate, refer to this Certificate as a whole unless otherwise expressly stated.

As the context shall require, the disjunctive term "or" shall be interpreted conjunctively as required to insure that the County performs any obligations mentioned in the passage in which such term appears.

The headings of this Certificate are for convenience only and shall not define or limit the provisions hereof. Articles and Sections referred to by number mean the corresponding Articles and Sections of this Certificate.

ARTICLE II

CONTINUING DISCLOSURE COVENANTS AND REPRESENTATIONS

Section 2.1 Continuing Disclosure Covenants of County. The County agrees that it will provide, or shall cause the Dissemination Agent to provide:

(a) Not later than the first day of the ninth month of each Fiscal Year, commencing with the first Fiscal Year of the County ending after January 1, 2010, an Annual Report to the MSRB in an electronic format, as prescribed by the MSRB.

(b) Not later than fifteen (15) days prior to the date of each year specified in subsection 2.1(a) hereof, a copy of the Annual Report to the Dissemination Agent, if the County has appointed or engaged a Dissemination Agent.

(c) If not submitted as part of the Annual Report, then when and if available, to the MSRB, audited Financial Statements for the County.

(d) In a timely manner not in excess of ten days after the occurrence of the event, to the MSRB, notice of any of the following events with respect to the Bonds (each, a "Disclosure Event"):

- (i) Principal or interest payment delinquencies;
- (ii) Non-payment related default, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) 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;

- (vii) Modifications to the rights of Bondholders, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) Defeasances;
- (x) Release, substitution or sale of property which secures the repayment of the Bonds, if material;
- (xi) Rating changes;
- (xii) Bankruptcy, insolvency, receivership or similar event of the County (the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the County in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the County, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the County);
- (xiii) 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; and
- (xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(e) In a timely manner, to the MSRB, notice of a failure by the County to provide the Annual Report within the period described in subsections 2.1(a) and 2.1(b) hereof.

(f) All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

Section 2.2 Continuing Disclosure Representations. The County represents and warrants that:

(a) Financial Statements shall be prepared in accordance with mandated State statutory accounting principles, as in effect from time to time.

(b) Financial Statements prepared annually shall be audited by Suplee, Clooney & Company or another independent certified public accountant in accordance with GAAS.

Section 2.3 Form of Annual Report. (a) The Annual Report may be submitted as a single document or as separate documents comprising a package.

(b) Any or all of the items that must be included in the Annual Report may be incorporated by reference from other documents, including official statements of the County or related public entities thereof which have been made available to the public on the MSRB's website through EMMA or filed with the SEC. 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.

(c) The audited Financial Statements of the County, if any, may be submitted separately from the balance of the Annual Report.

Section 2.4 Responsibilities and Duties of County and Dissemination Agent. (a) If the County or the Dissemination Agent (if one has been appointed or engaged by the County) has determined it necessary to report the occurrence of a Disclosure Event, the County or the Dissemination Agent (if one has been appointed or engaged by the County) shall file a notice of such occurrence with the MSRB (the "Disclosure Event Notice") in the form provided by the County.

(b) The County and/or the Dissemination Agent (if one has been appointed or engaged by the County) shall file a written report with the County certifying that the Annual Report has been provided pursuant to this Certificate and stating the date it was provided.

Section 2.5 Appointment, Removal and Resignation of Dissemination Agent. (a) The County may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations hereunder, and may discharge any such Dissemination Agent with or without appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the County shall be the Dissemination Agent.

(b) The Dissemination Agent, or any successor thereto, may at any time resign and be discharged of its duties and obligations hereunder by giving not less than thirty (30) days' written notice to the County. Such resignation shall take effect on the date specified in such notice.

Section 2.6 Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Certificate, and the County agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents harmless against any loss, expense and liability that it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including reasonable attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the County under this subsection shall survive the resignation or removal of the Dissemination Agent and the payment of the Bonds.

ARTICLE III

DISCLOSURE DEFAULT AND REMEDIES

Section 3.1 Disclosure Default. The occurrence and continuation of a failure or refusal by the County to observe, perform or comply with any covenant, condition or agreement on its part to be observed or performed in this Certificate and such failure or refusal shall remain uncured for a period of thirty (30) days shall constitute a Disclosure Default hereunder.

Section 3.2 Remedies on Default. (a) Any Bondholder, for the equal benefit and protection of all Bondholders similarly situated, may take whatever action at law or in equity against the County and any of the officers, agents and employees of the County that is necessary or desirable to enforce the specific performance and observance of any obligation, agreement or covenant of the County under this Certificate, and may compel the County or any

such officers, agents or employees, except for the Dissemination Agent, to perform and carry out their duties under this Certificate; provided, that no person or entity shall be entitled to recover monetary damages hereunder under any circumstances.

(b) In case any Bondholder shall have proceeded to enforce its rights under this Certificate and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to any Bondholder, then and in every such case the County and any Bondholder shall be restored respectively to their several positions and rights hereunder, and all rights, remedies and powers of the County and any Bondholder shall continue as though no such proceeding had been taken.

(c) A default under this Certificate shall not be deemed a default under the Bonds, and the sole remedy under this Certificate in the event of any failure or refusal by the County to comply with this Certificate shall be as set forth in subsection 3.2(a) hereof.

ARTICLE IV

MISCELLANEOUS

Section 4.1 Purposes of Certificate. This Certificate is being executed and delivered by the County for the benefit of the Bondholders and in order to assist the Participating Underwriter in complying with clause (b)(5) of Rule 15c2-12.

Section 4.2 Additional Information. Nothing in this Certificate shall be deemed to prevent the County from (a) disseminating any other information, using the means of dissemination set forth in this Certificate or any other means of communication, or (b) including any other information in any Annual Report or any Disclosure Event Notice, in addition to that which is required by this Certificate. If the County chooses to include any information in any Annual Report or any Disclosure Event Notice in addition to that which is specifically required by this Certificate, the County shall have no obligation under this Certificate to update such information or to include it in any future Annual Report or any future Disclosure Event Notice.

Section 4.3 Notices. All notices required to be given or authorized hereunder shall be in writing and shall be sent by registered or certified mail to the County, Union County Administration Building, Elizabethtown Plaza, Elizabeth, New Jersey 07207, Attention: Director of Finance/County Treasurer.

Section 4.4 Severability. If any provision of this Certificate shall be held or deemed to be or shall, in fact, be illegal, inoperative or unenforceable, the same shall not affect any other provision or provisions herein contained or render the same invalid, inoperative or unenforceable to any extent whatsoever.

Section 4.5 Amendments, Changes and Modifications. (a) Without the consent of any Bondholders, the County, at any time and from time to time, may enter into any amendments or modifications to this Certificate for any of the following purposes:

(i) to add to the covenants and agreements of the County hereunder for the benefit of the Bondholders, or to surrender any right or power conferred upon the County by this Certificate;

(ii) to modify the contents, presentation and format of the Annual Report from time to time to conform to changes in accounting or disclosure principles or practices and legal requirements followed by or applicable to the County, to reflect changes in the identity, nature or status of the County or in the business, structure or operations of the County or to reflect any mergers, consolidations, acquisitions or dispositions made by or affecting the County; provided, that any such modification shall comply with the requirements of Rule 15c2-12 as then in effect at the time of such modification; or

(iii) to cure any ambiguity, to correct or supplement any provision hereof that may be inconsistent with any other provision hereof or to include any other provisions with respect to matters or questions arising under this Certificate that, in each case, comply with Rule 15c2-12 as then in effect at the time of such modification;

provided, that prior to approving any such amendment or modification, bond counsel determines that such amendment or modification does not adversely affect the interests of the holders of the Bonds in any material respect.

(b) Upon entering into any amendment or modification required or permitted by this Certificate, the County shall deliver, or cause the Dissemination Agent to deliver, to each of the Repositories written notice of any such amendment or modification.

(c) The County shall be entitled to rely exclusively upon an opinion of counsel nationally recognized as expert in federal securities law acceptable to the County to the effect that such amendments or modifications comply with the conditions and provisions of this Section 4.5 and with Rule 15c2-12.

Section 4.6 Amendments Required by Rule 15c2-12. The County recognizes that the provisions of this Certificate are intended to enable the Participating Underwriter to comply with Rule 15c2-12. If, as a result of a change in Rule 15c2-12 or in the interpretation thereof, a change in this Certificate shall be permitted or necessary to assure continued compliance with Rule 15c2-12 and upon delivery by the Participating Underwriter of an opinion of counsel nationally recognized as expert in federal securities law acceptable to the County to the effect that such amendments shall be permitted or necessary to assure continued compliance by the Participating Underwriter with Rule 15c2-12 as so amended or interpreted, then the County shall amend this Certificate to comply with and be bound by any such amendment to this Certificate to the extent necessary or desirable to assure compliance with the provisions of Rule 15c2-12 and shall provide the written notice of such amendment as required by subsection 4.5(b) hereof.

Section 4.7 Governing Law. This Certificate shall be governed exclusively by and construed in accordance with the applicable laws of the State of New Jersey.

Section 4.8 Termination of County's Continuing Disclosure Obligations. The continuing obligation of the County under Section 2.1 hereof to provide the Annual Report and any Disclosure Event Notice and to comply with the other requirements of said Section shall terminate if and when either the Bonds are no longer outstanding or the County no longer remains an "obligated person" (as defined in Rule 15c2-12(f)(10)) with respect to the Bonds and, in either event, only after the County delivers, or causes the Dissemination Agent to deliver, to the MSRB written notice to such effect. This Certificate shall be in full force and effect from the date hereof and shall continue in effect so long as any Bonds are outstanding.

Section 4.9 Binding Effect. This Certificate shall inure to the benefit of and shall be binding upon the County and its successors and assigns.

IN WITNESS WHEREOF, THE COUNTY OF UNION, NEW JERSEY, has caused this Certificate to be executed on its behalf and its corporate seal to be hereunto affixed and attested by its duly authorized officers, all on the date first above written.

[SEAL]

ATTEST:

COUNTY OF UNION, NEW JERSEY

Nicole L. DiRado
Clerk of the Board of
Chosen Freeholders

By: _____
Deborah P. Scanlon
Chairman of the Board of
Chosen Freeholders