PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 4, 2013

NEW ISSUES-Book-Entry-Only **RATINGS:** See "Ratings" herein.

In the opinion of Gibbons P.C., Bond Counsel to the County, assuming continuing compliance by the County with certain tax covenants described herein, under existing law, interest on the Obligations (as defined herein) is excluded from the gross income of the owners of the Obligations for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and interest on the Obligations is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax. Under existing law, interest on the Obligations and net gains from the sale of the Obligations are exempt from the tax imposed by the New Jersey Gross Income Tax Act. In the case of certain corporate holders of the Obligations, interest on the Obligations will be included in the calculation of the alternative minimum tax as a result of the inclusion of interest on the Obligations in "adjusted current earnings" of certain corporations. See "TAX MATTERS" herein.

COUNTY OF ESSEX
New Jersey
$5,500,000 General Obligation Bonds, Series 2013
Consisting of
$4,000,000 County Vocational School Bonds, Series 2013A
(New Jersey School Bond Reserve Act, P.L. 1980, c. 72),
$750,000 County College Bonds, Series 2013B
and
$750,000 County College Bonds, Series 2013C
(County College Bond Act, P.L. 1971, c. 12)
and
$70,580,000 Bond Anticipation Notes, Series 2013

The $70,580,000 Bond Anticipation Notes, Series 2013 (the "Notes") are being issued by the County of Essex (the "County"), a public body corporate and politic of the State of New Jersey, in the form of one fully registered note certificate registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository for the Notes. Individual purchases of beneficial ownership interests in the Notes will be made in book-entry form (without certificates) on the records of DTC and DTC Participants in the principal amount of $5,000 or any integral multiple thereof. Beneficial owners of the Notes will not receive certificates representing their ownership interests in the Notes. As long as Cede & Co. is the registered owner of the Notes, as nominee for DTC, reference in this Official Statement to the registered owner shall mean Cede & Co., and not the beneficial owners of the Notes. See "BOOK-ENTRY ONLY SYSTEM" herein.

The Notes will be dated the date of delivery and will mature on September 24, 2014 in the principal amount set forth on the front cover hereof. The principal and interest on the Notes is payable to DTC by the County in accordance with the Notice of Sale in connection with the Notes. The Notes constitute valid and binding general obligations of the County for the payment of which the County is obligated to levy *ad valorem* taxes on all taxable property in the County, without limitation as to rate or amount.

The Notes are not subject to redemption prior to maturity.

The $4,000,000 County Vocational School Bonds, Series 2013A (New Jersey School Bond Reserve Act, P.L. 1980, c. 72), $750,000 County College Bonds, Series 2013B and $750,000 County College Bonds, Series 2013C (County College Bond Act, P.L. 1971, c. 12) (the "Bonds" and collectively with the Notes, the "Obligations"), are being issued by the County as one fully registered bond for each maturity for each series of Bonds in the name of Cede & Co., as nominee of DTC which will act as securities depository for the Bonds. Individual purchases of beneficial ownership interests in the Bonds will be made in book-entry form (without certificates) on the records of DTC and DTC Participants in the principal amount of $5,000 or any integral multiple thereof. Beneficial owners of the Bonds will not receive certificates representing their ownership interests in the Bonds. As long as Cede & Co. is the registered owner of the Bonds, as nominee for DTC, references in this Official Statement to the registered owner shall mean Cede & Co., and not the beneficial owners of the Bonds. See "BOOK-ENTRY ONLY SYSTEM" herein.

The Bonds will be dated the date of delivery and will mature on September 1 in the years and in the principal amounts set forth on the inside front cover hereof. The principal or redemption premium, if any, shall be paid on the respective maturity dates in accordance with the Notice of Sale in connection with the Bonds. Interest on the Bonds is payable semi-annually on March 1, 2014 and on each September 1 and March 1 thereafter until maturity to the registered owners of the Bonds, as of the next preceding February 15 and August 15. As long as DTC or its nominee, Cede & Co., is the registered owner of the Bonds, the principal of and interest on the Bonds are payable by the County to Cede & Co., as nominee for DTC which is obligated to remit such principal, redemption premium, if any, and interest to DTC Participants, as defined herein. DTC Participants and Indirect Participants, as defined herein, will be responsible for remitting such payments to the Beneficial Owners of the Bonds. See "BOOK-ENTRY ONLY SYSTEM" herein.

The Bonds are subject to redemption prior to maturity as set forth herein.

The Bonds constitute valid and binding general obligations of the County for the payment of which the County is obligated to levy *ad valorem* taxes on all taxable property in the County, without limitation as to rate or amount.

FOR MATURITY SCHEDULES, SEE INSIDE COVER HEREOF

The Bonds and Notes are offered for sale upon the terms of the respective notices of sale and subject to the final approving legal opinion of Gibbons P.C., Newark, New Jersey, Bond Counsel to the County, and certain other conditions described herein. It is anticipated that the Bonds and Notes will be available for delivery to DTC on or about September 25, 2013, in New York, New York, or at such other place and time as may be agreed to by the County.

ELECTRONIC BIDS VIA BIDCOMP/PARITY WILL BE RECEIVED FOR THE BONDS UNTIL 11:00 A.M. ON SEPTEMBER 10, 2013

ELECTRONIC BIDS VIA BIDCOMP/PARITY WILL BE RECEIVED FOR THE NOTES UNTIL 11:00 A.M. ON SEPTEMBER 10, 2013

All proposals must be in accordance with the respective Notices of Sale

Dated: September __, 2013

COUNTY OF ESSEX
STATE OF NEW JERSEY

$4,000,000 COUNTY VOCATIONAL SCHOOL BONDS, SERIES 2013A
(NEW JERSEY SCHOOL BOND RESERVE ACT, P.L. 1980, c. 72)

Year (September 1)	Amount	Interest Rate	Yield	Year (September 1)	Amount	Interest Rate	Yield
2014	$220,000	%	%	2022	$270,000	%	%
2015	215,000			2023	280,000		
2016	220,000			2024	290,000		
2017	230,000			2025	300,000		
2018	235,000			2026	315,000		
2019	240,000			2027	330,000		
2020	250,000			2028	345,000		
2021	260,000						

$750,000 COUNTY COLLEGE BONDS, SERIES 2013B

Year (September 1)	Amount	Interest Rate	Yield	Year (September 1)	Amount	Interest Rate	Yield
2014	$75,000	%	%	2019	$75,000	%	%
2015	75,000			2020	75,000		
2016	75,000			2021	75,000		
2017	75,000			2022	75,000		
2018	75,000			2023	75,000		

$750,000 COUNTY COLLEGE BONDS, SERIES 2013C
(County College Bond Act, P.L. 1971, c. 12)

Year (September 1)	Amount	Interest Rate	Yield	Year (September 1)	Amount	Interest Rate	Yield
2014	$75,000	%	%	2019	$75,000	%	%
2015	75,000			2020	75,000		
2016	75,000			2021	75,000		
2017	75,000			2022	75,000		
2018	75,000			2023	75,000		

$70,580,000 BOND ANTICIPATION NOTES, SERIES 2013

Maturity Date	Principal Amount	Interest Rate	Yield
September 24, 2014	$70,580,000	%	%

COUNTY OF ESSEX, NEW JERSEY

COUNTY EXECUTIVE
Joseph N. DiVincenzo, Jr.

BOARD OF CHOSEN FREEHOLDERS

Freeholder	Title	Term Expires
Blonnie R. Watson	President	December 31, 2014
Patricia Sebold	Vice President	December 31, 2014
Rufus I. Johnson	Freeholder	December 31, 2014
Gerald W. Owens	Freeholder	December 31, 2014
Rolando Bobadilla	Freeholder	December 31, 2014
D. Bilal Beasley	Freeholder	December 31, 2014
Carol Y. Clark	Freeholder	December 31, 2014
Leonard M. Luciano	Freeholder	December 31, 2014
Brendan W. Gill	Freeholder	December 31, 2014

CLERK OF THE BOARD OF CHOSEN FREEHOLDERS
Deborah Davis Ford

COUNTY ADMINISTRATOR
Ralph J. Ciallella

DEPUTY COUNTY ADMINISTRATOR
Alan C. Abramowitz

COUNTY TREASURER/
DIRECTOR OF ADMINISTRATION AND FINANCE
Mark E. Acker

CHIEF FINANCIAL OFFICER
Norman A. Willis

COUNTY COUNSEL
James R. Paganelli, Esquire

INDEPENDENT AUDITOR
Samuel Klein and Company
Certified Public Accountants
Newark, New Jersey

FINANCIAL ADVISOR
Acacia Financial Group, Inc.
Montclair, New Jersey

BOND COUNSEL
Gibbons P.C.
Newark, New Jersey

No dealer, broker, salesperson or other person has been authorized by the County of Essex, New Jersey (the "County") or the underwriters to give any information, or to make any representations, other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Obligations referred to herein by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The information which is set forth herein has been provided by the County and by other sources, but the information provided by such other sources is not guaranteed as to accuracy or completeness by the County. References in this Official Statement to statutes, laws, rules, regulations, resolutions, agreements, reports and documents do not purport to be comprehensive or definitive. All such references are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein. Copies of such above-mentioned documents may be inspected at the offices of the County during normal business hours. This Official Statement is submitted in connection with the sale of the Obligations referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

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

The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale of the Obligations 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.

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

TABLE OF CONTENTS

OFFICIAL STATEMENT

OF

COUNTY OF ESSEX,
NEW JERSEY

RELATING TO
$5,500,000 General Obligation Bonds, Series 2013
Consisting of
$4,000,000 County Vocational School Bonds, Series 2013A
(New Jersey School Bond Reserve Act, P.L. 1980, c. 72),
$750,000 County College Bonds, Series 2013B
and
$750,000 County College Bonds, Series 2013C
(County College Bond Act, P.L. 1971, c. 12)
and
$70,580,000 Bond Anticipation Notes, Series 2013

INTRODUCTORY STATEMENT

This Official Statement, which includes the cover page hereof and the Appendices attached hereto, is furnished by the County of Essex (the "County"), a public body corporate and politic of the State of New Jersey (the "State") to provide certain information relating to the County and its $5,500,000 aggregate principal amount of the County's General Obligation Bonds, Series 2013, dated the date of delivery, consisting of $4,000,000 County Vocational School Bonds, Series 2013A (New Jersey School Bond Reserve Act, P.L. 1980, c. 72), $750,000 County College Bonds, Series 2013B and $750,000 County College Bonds, Series 2013C (County College Bond Act, P.L. 1971, c. 12) (the "Bonds") and its $70,580,000 Bond Anticipation Notes, Series 2013 (the "Notes," and together with the Bonds, the "Obligations") including a general description of the Obligations, the purposes of the issue, a summary of borrowing procedures, certain matters affecting the financing, certain legal matters, historical financial and economic information relating to the County and other information pertinent to the Obligations. This Official Statement should be read in its entirety in order to make an informed investment decision.

All financial and other information presented herein has been provided by the County from its records except for information expressly attributed to other sources. The presentation of information is intended to show recent historic information and is not necessarily indicative of future or continuing trends in the financial position or other affairs of the County. The summaries of and references to all documents, statutes, reports and other instruments referred to herein do not purport to be complete, comprehensive or definitive, and each such summary and reference is qualified in its entirety by reference to each such document, statute, report or instrument. This Official Statement should be read in its entirety in order to make an informed investment decision.

AUTHORIZATION FOR THE OBLIGATIONS

The Obligations have been authorized and are to be issued pursuant to the laws of the State, including the Local Bond Law constituting Chapter 2 of Title 40A of the New Jersey Statutes, as amended (the Local Bond Law") and where appropriate, Title 18A, Education, of the New Jersey Statutes, various bond ordinances and a certificate of the County Executive dated September __, 2013 providing for the form and details of the Obligations. The bond ordinances included in the sale of the Obligations were published in full or in summary form after their adoption along with the statement that the twenty-day period of limitation within which a suit, action or proceeding questioning the validity of the authorizing bond ordinances 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 shall be conclusively presumed to be fully authorized and issued by all laws of the State, and any person shall be estopped from questioning the sale, execution or delivery of the Obligations of the County.

DESCRIPTION OF THE OBLIGATIONS

General Description of the Notes

The Notes comprise an issue in the aggregate principal amount of $70,580,000. The Notes will be dated and bear interest from the date of delivery and will be payable as to principal and interest on their maturity date, September 24, 2014. The Notes shall bear interest, calculated on the basis of a 360-day year of twelve 30-day months, payable at the interest rate per annum set forth on the inside cover page of this Official Statement. The principal and interest on the Notes is payable at maturity to The Depository Trust Company, New York, New York ("DTC") by the County.

The Notes will be available for purchase in book-entry form only, in denominations of $5,000 or any integral multiple thereof. As long as DTC or its nominee, Cede & Co. (or any successor or assign) is the registered owner of the Notes, payments of the principal of and interest on the Notes will be made by the County directly to Cede & Co. (or any successor or assign) as nominee for DTC. Disbursement of such payments to the participants of DTC (the "DTC Participants") is the responsibility of DTC and disbursement of such payments by the DTC Participants to the beneficial owners of the Notes is the responsibility of the DTC Participants. See "BOOK-ENTRY ONLY SYSTEM" below.

Optional Redemption of the Notes

The Notes are not subject to redemption prior to maturity.

General Description of the Bonds

The Bonds will be dated the date of delivery and are scheduled to mature on September 1 in the years and in the principal amounts set forth on the inside cover page hereof. The Bonds will bear interest from their date payable by check or draft semiannually on March 1 and September 1 of each year until their respective maturities, commencing March 1, 2014, at the interest rates per annum set forth on the inside cover page hereof.

Optional Redemption of the Bonds

The Bonds maturing on or prior to September 1, 2023 shall not be subject to redemption prior to their respective maturity dates. The Bonds maturing on or after September 1, 2024 shall be subject to redemption prior to their respective maturity dates, on or after September 1, 2023 at the option of the County, either in whole or in part at any time in any order of maturity at par (the "Redemption Price") and accrued interest thereon to the date of redemption.

Notice of Redemption shall be given by publishing such notice once a week for two (2) successive weeks in a newspaper of general circulation that carries financial news, is printed in the English language and is customarily published on each business day in the State of New York, the first of such publications to be at least thirty (30) but not more than sixty (60) days before the date fixed for redemption. A Notice of Redemption shall also be mailed by first class mail in a sealed envelope with postage prepaid to the registered owners of such Bonds at their respective addresses as they last appear on the registration books kept for that purpose by the County. However, so long as DTC (or any successor thereto) acts as Securities Depository (as defined herein) for the Bonds, Notices of Redemption shall be sent to such depository and shall not be sent to the beneficial owners of the Bonds, nor shall the notice be published as provided herein and will be done in accordance with DTC procedures. Any failure of such depository to advise any of its participants or any failure of any participant to notify any beneficial owner of any Notice of Redemption shall not affect the validity of the redemption proceedings. If the County determines to redeem a portion of the Bonds of a maturity, such Bonds shall be selected by the County by lot. If Notice of Redemption has been given as described herein, the Bonds, or the portion thereof called for redemption, shall be due and payable on the date fixed for redemption at the Redemption Price, together with accrued interest to the date fixed for redemption. Payment shall be made upon surrender of the Bonds redeemed.

Denomination and Place of Payment

The Bonds, when issued, will be registered in the name of and held by Cede & Co., as nominee for DTC. DTC will act as securities depository for the Bonds (the "Securities Depository"). Purchases of beneficial interest in the Bonds will be made in book-entry only form (without certificates), in denominations of $5,000 or any integral multiple thereof through book entries made on the books and records of DTC and its participants.

So long as DTC or its nominee, Cede & Co., is the registered owner of the Bonds, payment of the principal of and interest on the Bonds will be made directly by the County as Paying Agent, or some other paying agent as may be designated by the County, to Cede & Co. Disbursement of such payments to the DTC Participants is the responsibility of DTC and disbursement of such payments to the owners of beneficial interests in the Bonds is the responsibility of the DTC Participants. See "BOOK-ENTRY ONLY SYSTEM" herein.

PURPOSE OF ISSUES

The Notes are being issued to temporarily finance and refinance various capital improvements approved by the governing body of and deemed necessary for the County, inclusive of various improvements to the Essex County College and Essex County Vocational School, various bridge, culvert, drainage, road, golf, zoo, park and building improvements and acquisition of equipment.

The Bonds are being issued to provide funds for various capital improvements for Essex County College and the Essex County Vocational School approved by the governing body of and deemed necessary for the County.

SECURITY FOR THE OBLIGATIONS

The Obligations will be general obligations of the County. All of the taxable property within the County is subject to the levy of *ad valorem* taxes, without limitation as to rate or amount, to pay the principal of and interest on the Obligations. The enforceability of rights or remedies with respect to the Obligations may be limited by bankruptcy, insolvency or other laws affecting creditor's rights or remedies heretofore or hereafter enacted.

Additional Security for the County Vocational School Bonds, Series 2013A (New Jersey School Bond Reserve Act, P.L. 1980, c. 72)

The County Vocational School Bonds, Series 2013A (New Jersey School Bond Reserve Act, P.L. 1980, c. 72) will be secured by the School Bond Reserve ("School Bond Reserve) established in the Fund for the Support of Free Public Schools of the State of New Jersey (the "Fund") and in accordance with the New Jersey School Bond Reserve Act, P.L. 1980, c. 72, approved July 16, 1980 (the "School Bond Reserve Act" and codified at N.J.S.A. 18A:56-17 et. seq.). The School Bond Reserve shall consist of two accounts, the old school bond reserve account and the new school bond reserve account. The old school bond reserve account shall be funded in an amount equal to at least one and one-half (1 1/2 %) per cent of the aggregate issued and outstanding bonded indebtedness of counties, municipalities or school districts for school purposes for all such indebtedness issued prior to July 1, 2003, exclusive of bonds the debt service for which is provided by the State, provided such amounts do not exceed the moneys available in the old school bond reserve account. The new school bond reserve account shall be funded in an amount equal to at least one (1%) per cent of the aggregate issued and outstanding bonded indebtedness of counties, municipalities or school districts for school purposes for all such indebtedness issued on and after July 1, 2003, exclusive of bonds the debt service for which is provided by State appropriations.

The School Bond Reserve Act provides that the School Bond Reserve shall be composed entirely of direct obligations of the United States Government or obligations guaranteed by the full faith and credit of the United States Government. Securities representing at least one-third of the minimal market value to be held in the School Bond Reserve shall be due to mature within one year of issuance or purchase. The trustees of the Fund are to determine, on or before September 15 of each year the aggregate amount of school purpose bonds issued and outstanding and to maintain the old school bond reserve account and the new school bond reserve account for the ensuing year at appropriate levels based upon market valuation of the obligations invested. The funds that are set aside in the old school bond reserve account constitute a reserve for the prompt payment to holders of bonds issued for school purposes by counties, municipalities or school districts of the principal of and interest of bonds issued prior to July 1, 2003 for school purposes in the event of the inability of the issuer to make payments. The funds that are set aside in the new school bond reserve account constitute a reserve for the prompt payment to holders of bonds issued for school purposes by counties, municipalities or school districts of the principal of and interest of bonds issued on and after July 1, 2003 for school purposes in the event of the inability of the issuer to make payments. In the event that the amount held in the old school bond reserve account exceeds the amount required to be held pursuant to the School Bond Reserve Act, the excess may be transferred by the State Treasurer to the new school bond reserve account. In the event that the amounts in either the old school bond reserve account or the new school bond reserve account fall below the amount required to make payments on bonds, the amounts in both the old school bond reserve account and new school bond reserve account shall be available to make payments for bonds secured by the reserve.

Beginning with the fiscal year ending on June 30, 2003 and continuing on each June 30 thereafter, the State Treasurer shall calculate the amount necessary to fully fund the old school bond reserve account and the new school bond reserve account as required pursuant to the School Bond Reserve Act. To the extent moneys available under the N.J.S.A. 18A:56-1 et. seq. are insufficient to maintain each of the old school bond reserve account and the new school bond reserve account at the required levels, the State Treasurer shall, no later than September 15 of the fiscal year following the June 30 calculation date, pay to the trustees for deposit in the School Bond Reserve such amounts as may be necessary to maintain the old school bond reserve account and the new school bond reserve account at the levels required pursuant to the School Bond Reserve Act. No money may be borrowed from the Fund to provide liquidity to the State unless the one and one-half (1 1/2%) per cent and one (1%) per cent accounts are at the levels certified as full funding on the most recent June 30 calculation date.

If a municipality, county or school district is unable to meet payment of principal of or interest on any of its bonds issued for school purposes, the trustee of the Fund will purchase such bonds at par value or will pay to the bondholders the interest due or to become due within the limit of funds available in the School Bond Reserve in accordance with the provisions of the School Bond Reserve Act.

Additional Security for the County College Bonds, Series 2013C (County College Bond Act, P.L. 1971, c. 12)

The County College Bonds, Series 2013C (County College Bond Act, P.L. 1971, c. 12) are entitled to the benefits of the provisions of the County College Bond Act, P.L. 1971, c. 12 (N.J.S.A. 18A:64A-22.1 *et seq*.) (the "County College Bond Act"). Under the provisions of the Act, the State shall appropriate and pay annually on behalf of the County an amount equal to the amount of principal and interest due on the County College Bonds, Series 2013C (County College Bond Act, P.L. 1971, c. 12). The amount paid by the state pursuant to the Act are paid directly to the paying agent for the County College Bonds, Series 2013C (County College Bond Act, P.L. 1971, c. 12) and therefore must be used for the payment of the principal of and interest on the County College Bonds, Series 2013C (County College Bond Act, P.L. 1971, c. 12). Any obligations issued by the County that are entitled to the benefits of the provisions of the County

College Bond Act are not debts or liabilities of the State, but are dependent for repayment upon appropriations by law from time to time.

BOOK-ENTRY ONLY SYSTEM

DTC will act as securities depository for the Obligations. The Obligations 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 certificate will be issued for each maturity for each series of the Obligations and will be deposited with DTC.

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

Purchases of the Obligations under the DTC system must be made by or through Direct Participants, which will receive a credit for the Obligations on DTC's records. The ownership interest of each actual purchaser of each Obligation ("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 Obligations 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 Obligations, except in the event that use of the book-entry system for the Obligations is discontinued.

To facilitate subsequent transfers, all Obligations 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 Obligations 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 Obligations; DTC's records reflect only the identity of the Direct Participants to whose accounts such Obligations are credited, which may or may not be the Beneficial Owners. The Direct 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. Beneficial Owners of the Obligations may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Obligations, such as redemptions, tenders, defaults, and proposed amendments to the Obligations documents. For example, Beneficial Owners of the Obligations may wish to ascertain that the nominee holding the Obligations for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

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

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

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

The County may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, note 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. The Beneficial Owners should confirm the foregoing information with DTC or the DTC participants.

The County will not have any responsibility or obligation to the Direct Participants, the Indirect Participants or the Beneficial Owners with respect to: (1) the accuracy of any records maintained by DTC or any Direct or Indirect Participant; (2) the payment by any DTC Direct Participant of any amount due to any Indirect Participant or Beneficial Owner with respect to the principal of or interest on the Obligations; (3) the delivery by any Direct Participant of any notice to any Indirect Participant or Beneficial Owner which is required or permitted under the terms of the Obligations to be given to owners of the Obligations; or (4) any consent given or other action taken by DTC as holder of the Obligations.

SUMMARIES OF CERTAIN PROVISIONS OF THE LOCAL BUDGET LAW AND THE LOCAL FISCAL AFFAIRS LAW

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

The foundation of the New Jersey local finance system is the annual cash basis budget. Every local unit must adopt an operating budget in the form required by the Division of Local Government Services (the "Division"), Department of Community Affairs, State of New Jersey. Certain items of revenue and appropriation are regulated by law and the proposed budget must be certified by the Director of the Division (the "Director") prior to final adoption. The Local Budget Law requires each local governmental unit to appropriate sufficient funds for payment of current debt service, and the Director is required to review the adequacy of such appropriations. The Director has no authority over individual operating appropriations unless a specific amount is required by law, but the review, focusing on anticipated revenues, functions to protect the solvency of all local governmental units. The cash basis budgets of local governmental units must be in balance, i.e., the total of anticipated revenues must equal the total of appropriations (N.J.S.A. 40A:4-22). If in any year a local governmental unit's expenditures exceed its realized revenues for that year, then such deficiency must be raised in the next succeeding year's budget.

Limitation on Tax Levy/Appropriations

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

Adjustment is defined as the rate of annual percentage increase, rounded to the nearest half percent, in the Implicit Price Deflator for State and Local Government Purchases of Goods and Services produced by the United States Department of Commerce for the year preceding the current year as announced by the Director. However, in each year in which the Cost-of-Living Adjustment is equal to or less than 2.5%, the County may, by resolution approved by a majority vote of the full membership of the governing body, provide that the tax rate of the County for such year be increased by a percentage rate that is greater than the Cost-of-Living Adjustment, but not more than 3.5% over the previous year's county tax levy. See N.J.S.A. 40A:4-45.14. The Cost-of-Living Adjustment for Calendar Year 2013 is 2.0%. In addition, pursuant to Chapter 100 of the Laws of New Jersey of 1994 (N.J.S.A. 40A:4-45.15a, -45.15b) and Chapter 74 of the Laws of New Jersey of 2004, counties may "Cap" bank under the Local Budget Law. Counties are permitted to appropriate available "Cap Bank" in either of the next two (2) succeeding years' final appropriations if its actual appropriations in a fiscal year are below the allowable Cost of Living Adjustment.

Additionally, the Legislature of the State of New Jersey has previously enacted P.L. 2007, c. 62 (the "Property Tax Act") effective April 3, 2007, which imposed a 4% cap on the tax levy of a municipality, county, fire district or solid waste collection district, with certain exceptions and subject to a number of adjustments. The Property Tax Act has now been amended by the provisions of P.L. 2010, c. 44 effective June 13, 2010 (the "Amendment") and applicable to the next budget year following enactment. The Amendment reduces the tax levy cap to 2% from 4%, limits exclusions only to capital expenditures, including debt service, certain increases in pension contributions and accrued liability for pension contributions in excess of 2%, certain healthcare cost increases in excess of 2% and extraordinary costs directly related to a declared emergency. Waivers from the Division or the Local Finance Board (the "LFB") are no longer available under the Amendment..

The CAP law does not place any limitation on the tax levy/appropriations for debt service payable by the County.

Real Estate Taxes

There is currently no law in New Jersey which limits the amount of taxes or rate of taxation which may be levied by the County directly, but the amount of County taxes required to be raised are apportioned among the municipalities within the County by the County's Board of Taxation. The County's Board of Taxation fixes and determines the tax rate to be levied by each of the twenty-two municipalities in the County, which rate includes the amount required for County, local and regional school district, and municipal purposes.

Current property taxes are collected by the tax collectors of the municipalities within the County. Each municipality is required to pay to the County's Treasurer its share of the County property tax on the fifteenth (15th) days of February, May, August and November of each year, and if need be, to borrow money to make such payments, as provided by New Jersey law. In the case of added or omitted taxes for County purposes, a municipality has until February 15 of the next following fiscal year to pay in full such added or omitted taxes. Consequently, counties in the State experience 100% tax collection.

Miscellaneous Revenues

Section 26 of the Local Budget Law provides that: “No miscellaneous revenues from any source shall be included as an anticipated revenue in the budget in an amount in excess of the amount actually realized in cash from the same source during the next preceding fiscal year, unless the Director (the “Director”) of the Division of Local Government Services (the “Division”) in the New Jersey Department of Community Affairs shall determine, upon application by the local governmental unit’s 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 governmental unit”.

No budget or amendment thereof shall be adopted unless the Director shall have previously certified his approval thereof, with the exception of inclusion of categorical grants-in-aid contracts for their face amount with an offsetting appropriation. The fiscal year for such grants rarely coincides with a local governmental unit’s fiscal year. Grant revenue is generally not realized until received in cash. In addition, the Director may approve the insertion of any special item of revenue in the budget of a local governmental unit when such item has been made available by any private or public funding source and may further approve an offsetting appropriation item.

Deferral of Current Expenses

Emergency appropriations, those made after the adoption of the budget and determination of the tax rate, may be authorized by the governing body of a local governmental unit. With minor exceptions, however, such appropriations must be included in full in the following year’s budget. When such appropriations exceed 3% of the adopted operating budget, consent of the Director must be obtained.

The exceptions are certain enumerated quasi-capital projects such as ice, snow, and flood damage to streets, roads and bridges which may be amortized over three years; tax map preparation, revision of ordinances, and master plan preparation which may be amortized over five years maximum.

Budget Transfers

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

Capital Budget

In accordance with the Local Budget Law, each local governmental unit shall revise annually a one to a six-year capital program budget. The capital budget, when adopted, does not constitute the approval or appropriation of funds, but sets forth a plan of the possible capital expenditures which the local governmental unit may contemplate over the next one to six years.

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

The Local Fiscal Affairs Law regulates the nonbudgetary financial activities of local governmental units. An annual independent audit of the local governmental unit's accounts for the previous year must be performed by a New Jersey licensed Registered Municipal Accountant. The audit, conforming to the Division's "Requirements of Audit", includes recommendations for improvement of a local governmental unit's financial procedures and must be fled with the Director within six months after the close of its fiscal 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 entire annual audit report is on file with the County's Treasurer and is available for review during business hours.

The chief financial officer of every local governmental unit also must file annually with the Director a verified statement of the financial condition (the "Annual Financial Statement") of a local governmental unit as of the close of the fiscal year. The Annual Financial Statement of the County is on file with the County's Treasurer and is available for review during business hours.

In addition, the chief financial officer of every local governmental unit must also file annually with the Director an Annual Debt Statement which is amended for each new authorization of debt by type and amount. The Annual Debt Statement, with amendments, is on file with the County's Treasurer and is available for review during business hours.

Each local governmental unit must adopt a cash management plan and is to deposit its funds pursuant to that plan. The cash management plan designates a depository or depositories or may provide that deposits may be made with the State of New Jersey Cash Management Fund. The cash management plan is subject to an annual audit and may be modified from time-to-time to reflect changes in federal or State law or regulations.

FINANCIAL OPERATIONS

Basis of Accounting

The accounting policies of the County conform to the accounting principles applicable to local governmental units which have been prescribed by the Division. The following is a summary of the applicable significant accounting policies:

Basis of Accounting - A modified accrual basis of accounting is followed, with minor exceptions. Revenues are recorded as received in cash except for certain amounts which may be due from the State of New Jersey. Expenditures are recorded on the accrual basis. Appropriation reserves covering unexpended appropriation balances are automatically created on December 31 of each year and recorded as liabilities, except for amounts which may be cancelled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred or entered into during the preceding fiscal year. Lapsed appropriation reserves are recorded as income.

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

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

Current Fund

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

General Expenditures

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

PROVISIONS FOR THE PROTECTION OF GENERAL OBLIGATION DEBT

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

The Local Bond Law governs the issuance of bonds and notes to finance certain general capital expenditures. Among its provisions are requirements that bonds must mature within the statutory period of usefulness of the projects bonded and that bonds be retired in serial installments, with no annual principal payment greater than 100% of the smallest amount of any prior year's principal amount. A 5% cash down payment is generally required toward the financing of expenditures for capital purposes.

Statutory Debt Limit

The authorized indebtedness of a county is limited by statute, subject to certain exceptions, to an amount equal to 2.00% of its State average equalized valuation basis. The State average equalized valuation basis of a local governmental unit is set by statute as the average for the last three immediately preceding years of the equalized value of all taxable real property and improvements thereon, and certain Class II railroad property within its boundaries as annually determined by the State Board of Taxation. Certain categories of debt, including: (i) indebtedness incurred for school purposes, self-liquidating purposes, and certain other purposes authorized by law; (ii) certain guaranteed indebtedness; and (iii) indebtedness for which there are funds on hand or accounts receivable from the federal government, the State of New Jersey or a public instrumentality thereof applicable to the payment thereof are permitted to be deducted for purposes of computing the statutory net debt limitation of a local governmental unit.

Exceptions to Statutory Debt Limit

The debt limit of a local governmental unit may be exceeded with the approval of the LFB. If all or any part of a proposed debt authorization is to exceed a local governmental unit's debt limit, a local governmental unit must apply to the LFB for an extension of credit. If the LFB determines that a proposed debt authorization would not materially impair the ability of a local governmental unit to meet its obligations or to provide essential services, or makes other statutory determinations, approval is granted. In addition to the aforesaid, debt in excess of the statutory debt limit may be issued to fund certain notes for self-liquidating purposes and, in each fiscal year in an amount not exceeding two-thirds of the amount budgeted in such fiscal year, for the retirement of outstanding obligations (exclusive of obligations issued for utility and assessment purposes).

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

Refunding bonds may be issued pursuant to the Local Bond Law for the purpose of paying, funding or refunding outstanding bonds, including emergency appropriations, the actuarial liabilities of a non-State administered public employee pension system, amounts owing to others for taxes levied and for paying the cost of issuance of refunding bonds. A form of refunding bonds, known as fiscal year adjustment bonds, may be issued for the purpose of assuring against adopting a budget which sets forth a deficit. The LFB must consent to the authorization for the issuance of refunding bonds and approve the maturity schedule thereof.

SHORT TERM FINANCING

Bond Anticipation Notes (N.J.S.A. 40A:2-8.1)

A local governmental unit, in anticipation of the issuance of bonds, may borrow money and issue negotiable notes if the bond ordinance or a subsequent resolution so provides. Such bond anticipation notes for capital improvements may be issued in an aggregate amount not exceeding the amount specified in the ordinance, as may be amended and supplemented, creating such capital expenditure. A local governmental unit's bond anticipation notes may be issued for a one year period and may be renewed from time to time for additional one year periods. Generally, such notes, including renewals shall mature not later than the tenth (10th) anniversary of the original issuance of the notes; provided, however, that no bond anticipation notes are to be renewed beyond the third anniversary date of the original notes unless on or prior to said third anniversary date, such notes are paid or retired in an amount at least equal to the first legally payable installment of the bonds in anticipation of which the notes were issued from funds other than the proceeds of obligations, except that such notes shall mature and be paid not later than the first day of the fifth month following the close of the tenth fiscal year next following the date of the original notes.

Tax Anticipation Notes (N.J.S.A. 40A:4-64)

The issuance of tax anticipation notes by a county is limited in amount by law to collectively 30% of the tax levy plus 30% of realized miscellaneous revenues of the next preceding fiscal year and must be paid in full by a county by June 30 of the next succeeding fiscal year.

LEGALITY FOR INVESTMENT

The State and all public officers, municipalities, counties, political subdivisions and public bodies and agencies thereof, all banks, 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 Obligations, and such Obligations are authorized security for any and all public deposits.

MUNICIPAL BANKRUPTCY

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

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

The above references to the Bankruptcy Code are not to be construed as an indication that the County expects to resort to the provisions of such Bankruptcy Code or that, if it did, such action would be approved by the LFB, or that any proposed plan would include a dilution of the source of payment of and security for the Obligations.

LITIGATION

To the knowledge of the County and the County Counsel, James R. Paganelli, Esquire, there is no litigation of any nature now pending or threatened, restraining or enjoining the issuance or delivery by the County of the Obligations, or the levy or the collection of any taxes to pay the principal of or the interest on the Obligations, or in any manner questioning the authority or the proceedings of the County for the issuance of the Obligations or for the levy or the collection of taxes, or contesting the corporate existence or the boundaries of the County or the title of any of its present officers. Moreover, to the knowledge of the County and County Counsel, no litigation is presently pending or threatened that, in the opinion of County Counsel, would have a material adverse effect on the financial condition of the County if adversely decided. There exist the usual matters of litigation pending against the County, such as workers' compensation claims, civil rights claims and tort claims (which are covered or appear to be covered in whole or in part by self-insurance), administrative actions and similar matters, none of which, in the view of County Counsel, would appear to have a material adverse effect, if any, upon the County's financial position if adversely decided.

APPROVAL OF LEGAL PROCEEDINGS

All legal matters relating to the authorization, issuance, sale and delivery of the Obligations are subject to the approval of Gibbons P.C., Newark, New Jersey, Bond Counsel to the County, whose approving opinions, substantially in the forms of Appendix D hereto, will be delivered with the Obligations. Certain legal matters will be passed upon for the County by its County Counsel, James R. Paganelli, Esquire.

TAX MATTERS

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

The Internal Revenue Code of 1986, as amended (the "Code"), imposes certain requirements which must be met on a continuing basis subsequent to the issuance of the Obligations in order to assure that interest on the Obligations will be excluded from gross income for purposes of Federal income taxation under Section 103 of the Code. Failure of the County to comply with such requirements may cause interest on the Obligations to lose the exclusion from gross income for Federal income tax purposes, retroactive to the date of the issuance of the Obligations. The County has covenanted to comply with the provisions of the Code applicable to the Obligations and has covenanted not to take any action or permit any action that would cause the interest on the Obligations to lose the exclusion from gross income under Section 103 of the Code or cause interest on the Obligations to be treated as an item of tax preference under Section 57 of the Code.

Assuming the County observes its covenants with respect to continuing compliance with the Code, Gibbons P.C., Bond Counsel to the County, is of the opinion that, under existing law, interest on the Obligations is excluded from the gross income of the owners of the Obligations for Federal income tax purposes pursuant to Section 103 of the Code and interest on the Obligations is not an item of tax preference under Section 57 of the Code for purposes of computing the alternative minimum tax.

Additional Federal Income Tax Consequences

In the case of certain corporate holders of the Obligations, interest on the Obligations will be included in the calculation of the alternative minimum tax as a result of the inclusion of interest on the Obligations in "adjusted current earnings" of certain corporations.

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

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

State Taxation

Bond Counsel is of the opinion that, under existing law, interest on the Obligations and net gains from the sale of the Obligations are exempt from the tax imposed by the New Jersey Gross Income Tax Act.

Miscellaneous

Amendments to federal and state tax laws are proposed from time to time and could be enacted, and court decisions and administrative interpretations may be rendered, in the future. There can be no assurance that any such future amendments or actions will not adversely affect the value of the Obligations, the exclusion of interest on the Obligations from gross income, alternative minimum taxable income, state taxable income, or any combination from the date of issuance of the Obligations or any other date, or that such changes will not result in other adverse federal or state tax consequences.

THE ABOVE SUMMARY OF POSSIBLE TAX CONSEQUENCES IS NOT EXHAUSTIVE OR COMPLETE. ALL PURCHASERS OF THE OBLIGATIONS SHOULD CONSULT THEIR TAX ADVISORS REGARDING THE POSSIBLE FEDERAL, STATE AND LOCAL INCOME TAX CONSEQUENCES OF OWNERSHIP OF THE OBLIGATIONS .

RATINGS

Moody's Investors Service, Inc. ("Moody's") has assigned a municipal bond rating of "____" to the County Vocational School Bonds, Series 2013A (New Jersey School Bond Reserve Act, P.L. 1980, c. 72), "____" to the County College Bonds, Series 2013B and "____" to the County College Bonds, Series 2013C (County College Bond Act, P.L. 1971, c. 12). Moody's has assigned its municipal bond rating of "_____" to the Notes. Such credit ratings reflect only the views of such rating organization, and an explanation of the significance of these credit ratings may be obtained from Moody's. Generally, a rating agency bases its rating on the information and documents furnished to it, and on investigations, studies and assumptions of its own. The ratings express only the views of Moody's and there is no assurance that the credit ratings will continue for any period of time or that the credit ratings will not be lowered or withdrawn entirely if, in the judgment of the rating agency furnishing such rating, circumstances so warrant. Any such downward revision or withdrawal of the credit ratings may have an adverse effect on the market price of the Obligations. Neither the County nor the underwriters has undertaken the responsibility to take any action with regard to possible credit rating changes or to bring any such changes to the attention of the owners of the Obligations.

PREPARATION OF OFFICIAL STATEMENT

This Official Statement has been prepared under the auspices of the County. Except for certain statistical and financial information in Appendix A hereto and the information and statements with regard to DTC, which has been obtained from sources which the County considers to be reliable but for which the County makes no warranty, guaranty or other representation with respect to the accuracy or completeness of such information, in the opinion of the County the descriptions and statements herein are true and correct in all material respects.

Samuel Klein and Company, the County's Independent Auditor, has not assisted in the preparation of any information contained in this Official Statement, but takes responsibility for the audited financial statements of the County set forth in Appendix B hereto to the extent specified in its related Independent Auditor's Report set forth in Appendix B hereto.

Gibbons P.C., and James R. Paganelli, Esquire, County Counsel, have not participated in the preparation of the financial or statistical information contained in this Official Statement, including the Appendices hereto, nor have they verified the accuracy, completeness or fairness thereof and, accordingly, express no opinion with respect thereto.

FINANCIAL ADVISOR

Acacia Financial Group, Inc., of Montclair, New Jersey, served as financial advisor to the County with respect to the sale of the Obligations. The financial advisor assisted in the preparation of this Official Statement and in other matters relating to the planning, structuring and issuance of the Obligations and provided other advice. Acacia Financial Group, Inc. is a financial advisory and consulting organization and is not engaged in the business of underwriting, marketing or trading of municipal securities or any other negotiable instruments.

SECONDARY MARKET DISCLOSURE

The Securities and Exchange Commission (the "SEC") pursuant to the Securities Exchange Act of 1934, as amended and supplemented (the "Securities Exchange Act") has adopted amendments to its Rule 15c2-12 ("Rule 15c2-12") effective July 3, 1995 which generally prohibits a broker, dealer, or municipal securities dealer ("Participating Underwriter") from purchasing or selling municipal securities, such as the Obligations, 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 through its electronic data program, the Electronic Municipal Market Access System (the "MSRB") (the "Continuing Disclosure Requirements").

On the date of delivery of the Obligations, 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 Obligations pursuant to which the County will agree to comply on a continuing basis with the Continuing Disclosure Requirements of Rule 15c2-12. Specifically, the County will covenant for the benefit of the holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the County by not later than October 1 of each Fiscal Year of the County, commencing with the first Fiscal Year of the County ending after January 1, 2013 (which ends on December 31, 2013) (the "Annual Report"), and for the benefit of the holders and beneficial owners of the Obligations to provide notices of the occurrence of certain enumerated events. The Annual Report will be filed by the County with the MSRB. The notices of enumerated events will be filed by the County with the MSRB. The specific nature of the information to be contained in the Annual Report or the notices of enumerated events is set forth in "Appendix C - Forms of Continuing Disclosure Certificates". These covenants have been made in order to assist the Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

In addition to the County's undertaking in connection with the Obligations regarding annual and enumerated event disclosure, the County has made similar undertakings in prior bond offerings (collectively, the "Continuing Disclosure Undertakings"). As part of those Continuing Disclosure Undertakings, the County has agreed, among other things, to provide continuing disclosure of its financial statements no later than a date certain of each year as set forth in each Continuing Disclosure Undertaking. It has been the experience of the County that its financial statements have not always been available, in audited form, as of each such annual date in each such year. The County's financial information for the years ended December 31, 2007 through 2010, inclusive, in connection with its Continuing Disclosure Undertakings were untimely filed with the MSRB or the applicable predecessor repositories. As soon as such audited financial statements have been made available to the County in such years, the County has supplied such audited financial statements to the MSRB or the applicable predecessor repositories. The County anticipates that, notwithstanding its undertaking with respect to the Obligations to provide financial statements by the date certain set forth in the Continuing Disclosure Certificate of each year for which the Obligations are outstanding, (i) audited financial statements may not be available by each such annual date certain, and (ii) in such instance, the County's historical practice of promptly providing audited financial statements, when available, shall be continued. In addition, the County anticipates filing unaudited financial statements by each such annual date certain to the extent audited financial statements are not then available. The unaudited financial statements for the year ended December 31, 2011 have been timely filed with the MSRB. The Audited Financial Statements for the year ended December 31, 2011 have been filed with the MSRB. The County is currently in compliance with its previous undertakings to provide the required Annual Report.

UNDERWRITING

The underwriter for the Notes has agreed, subject to certain customary conditions to closing, to purchase all the Notes, if any such Notes are purchased, at a price of $________. The underwriter for the Bonds have agreed, subject to certain customary conditions to closing, to purchase all the Bonds, if any such bonds are purchased, at a price of $_________. The Obligations may be reoffered by the underwriters to certain dealers and investment accounts at yields differing from the initial public offering yields set forth on the inside cover page hereof, and the initial public offering yields of the Obligations may be changed from time to time by the underwriters.

FINANCIAL STATEMENTS OF THE COUNTY

The audited financial statements of the County as of and for the five-year period ended December 31, 2012 are included in Appendix "B" to this Official Statement. The financial statements for the five-year period ended December 31, 2012 have been audited by Samuel Klein and Company, the County's Independent Auditor, as stated in its report appearing in Appendix "B" hereto.

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, and requests for additional information relating to the County, may be directed to Mr. Mark E. Acker, County Treasurer, County of Essex, Hall of Records, 465 Dr. Martin Luther King, Jr. Boulevard, Newark, New Jersey 07102, telephone (973) 621-4443.

MISCELLANEOUS

All summaries and explanations of provisions of laws, statutes or documents herein do not purport to summarize or describe all of the provisions thereof, and reference is made to said laws, statutes and documents for further information.

The economic, debt and other information summaries which appear in Appendix A hereto have been prepared from publicly available sources of information described in said Appendix A.

This Official Statement is not to be construed as a contract or agreement between the County and the purchasers or owners of any of the Obligations. Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not expressly so stated, are intended merely as opinions or estimates and not as representations of fact and no representation is made that any of the estimates will be realized. The information, expressions of opinion and estimates 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 has been duly executed and delivered by the County Executive for and on behalf of the County of Essex.

COUNTY OF ESSEX, NEW JERSEY

By:______________________________
Joseph N. DiVincenzo, Jr.,
Essex County Executive

Dated: September __, 2013

APPENDIX A

INFORMATION CONCERNING THE COUNTY OF ESSEX

Table of Contents to Appendix A

COUNTY OF ESSEX

INTRODUCTION

The County of Essex (the "County"), approximately 127 square miles in area and comprising about 1.7% of the area of the State of New Jersey (the "State"), is situated in the northeastern part of the State. Bergen and Passaic counties form the County's northern border, Union and Morris counties are respectively to the south and west of the County, and Newark Bay, providing direct deep water access to the Atlantic Ocean, is to the east. Approximately 783,969 people, based on the 2010 U.S. Census, constituting approximately 8.9% of the State's population, reside in the twenty-two municipalities located in the County. Within the County are approximately twenty-six office and industrial parks and over 750 individually operated commercial businesses. The County contains the following twenty-two municipalities: Newark, Bloomfield, Montclair, Verona, Cedar Grove, Essex Fells, Belleville, Orange, East Orange, West Orange, South Orange, Millburn, Roseland, Caldwell, Fairfield, Glen Ridge, Livingston, Maplewood, North Caldwell, West Caldwell, Nutley and Irvington. The County is located at the focal point for the confluence of three interstate, four federal and four State highways serving rail, air and bus passengers and freight facilities and ocean-borne freight facilities within and outside the County.

GOVERNMENTAL STRUCTURE

The County's government is an executive and legislative form structured according to an Administrative Code (the "Code") adopted by the County in 1978, as amended from time to time. The Code sets forth a clear separation of powers between the executive and legislative branches. The County Executive has extensive powers and duties which include the supervision of revenues and disbursements, the execution of all contracts, bonds, notes and other instruments for the County, subject to the approval of the Essex County Board of Chosen Freeholders (the "Board"), the appointment and dismissal of certain County employees, and the supervision of the County's daily operations which are conducted through eight departments.

The eight County departments are: Administration and Finance; Health and Rehabilitation; Citizen Services; Law; Parks, Recreation and Cultural Affairs; Economic Development, Training and Employment; Corrections; and Public Works. The Administration and Finance Department consists of the following divisions: Budget and Management; Accounts and Control; Treasury; Purchasing; Data Processing; Human Resources; and Public Information. The Health and Rehabilitation Department contains the Division of Community Health Services and the County Psychiatric Hospital Center. The Department of Citizen Services includes Divisions for the Aging, Community Action, Welfare, Youth Services and Consumer and Constituent Services. The Department of Public Safety includes Correctional Services.

In addition to the eight County departments mentioned above, there are County constitutional officers which include the County Prosecutor, Sheriff, Surrogate, Clerk and Register of Deeds and Mortgages. The staffs and expenditures of these County constitutional officers, while part of the Essex County government, are not within the control of the County Executive, although the funding is the responsibility of the County. These departments are referred to as non-departmental agencies along with The Essex County College, The Board of Elections and Superintendent of Elections, The Essex County Improvement Authority, The County Board of Taxation, The County Vocational School, The County Superintendent of Schools and The Essex County Utilities Authority.

The legislative and investigative powers of County government as granted by the Optional County Charter Law are vested in the Board. The Board, among its other powers, may:

- Adopt and amend an administrative code organizing the administration of the County Government and setting forth the duties, responsibilities and powers of all County officials.

- Advise and consent to appointments of all department and division directors.

- Pass in accordance with law whatever ordinances and resolutions it deems necessary and proper.

- Appoint a Clerk and Counsel to the Board.

- Pass a resolution of disapproval or dismissal.

- Override a veto of the County Executive by a two-thirds vote of its full membership.

- Approve the annual operating and capital budgets by resolution pursuant to the Local Budget Law.

- Appoint annually a registered municipal accountant of New Jersey to perform an independent audit of the County's books, accounts and financial transactions.

- Conduct such investigations as are germane to the exercise of its legislative and budgetary powers under the Code and as otherwise authorized by law.

- Designate which of the Board's staff shall be responsible for processing and approving funding requests by the Board and its staff.

- Order cessation of expenditures for any appropriation the Board has approved for any County agency not under the jurisdiction of the County Executive.

GOVERNING BODY

The governing body of the County consists of the Board and the County Executive. The Board consists of nine Freeholders, four of whom are elected at-large. Each member of the Board is elected to office for a three year term, and all of the current members' terms of office are scheduled to expire on December 31, 2013. The positions of President and Vice President of the Board are determined by election by the members of the Board. The President and Vice President of the Board serve for a term of one year and until their successor has been duly elected and qualified. Each may be re-elected to successive terms.

The County Executive is elected for a four year term of office. The current County Executive is Joseph N. DiVincenzo, Jr. whose 3rd term began on January 1, 2011 and whose term expires on December 31, 2014.

COUNTY OFFICIALS

Administrator – Ralph J. Ciallella was appointed County Administrator in July 2011. He has over 30 years of experience with all levels of government in New Jersey. He is currently the Chairman of the governing body of the Essex County Psychiatric Hospital and Vice Chairman of the Essex County Parks Foundation.

Director of Administration and Finance/County Treasurer - Mark E. Acker was appointed Director of Administration and Finance in August 2011 and County Treasurer in June 2012. Mr. Acker is a Certified Municipal Officer and a Certified County Finance Officer. He has over 35 years of experience in municipal and County levels of government. Mr. Acker most recently served as the Director of Finance/CFO for Monmouth County (1984-2009) and Edison Township (2009-2010).

FINANCIAL INFORMATION AND BUDGET HIGHLIGHTS

Tropical Storm Sandy

On October 29, 2012, Tropical Storm Sandy made landfall five miles south of Atlantic City, New Jersey. The resulting storm caused physical damage to the several of the buildings in the County and needed cleanup to parks and roads within the County. In order to fund the cost of these repairs, the Board of Chosen Freeholders adopted an emergency appropriation in the amount of $12,515,000 at its meeting on December 5, 2012. The emergency appropriation was used to fund repairs to the roof of the Veterans Courthouse, minor repairs, tree and debris removal at all County Parks, repair of damage to the co-gen facility at the Essex County Correctional Facility and other costs related to the County's response and restoration of services due to Tropical Storm Sandy. The County expects the emergency appropriation will be paid in full from the proceeds of insurance and FEMA reimbursements. Consequently, there will be no long term fiscal impact on the County.

The 2013 Budget

The 2013 Budget, which includes a $6.85 million increase in taxes, was adopted by the Board of Chosen Freeholders on April 10, 2013. The 2013 Budget continues the hiring freeze instituted in 2009. These policies affect all County Departments and Constitutional Offices.

SERVICES IN THE COUNTY

The following descriptions of services provided in the County, by the County and by numerous other organizations in the County, concern only major services and do not purport to describe all the services offered in and by the County.

Educational Facilities

Twenty-two local school districts in the County provide education from kindergarten to grade 12 in 216 schools. There are also two regional school districts with 11 schools for kindergarten to grade 12, the County's four vocational and technical schools in the communities of Bloomfield, Newark and West Caldwell, a State Department of Education-operated day school in Millburn, and the County Educational Services Commission-operated Essex Junior Academy. Higher educational facilities consist of nine major universities and colleges: Seton Hall University, the University of Medicine and Dentistry of New Jersey, the New Jersey Institute of Technology, the Newark Campus of Rutgers, The State University of New Jersey, Bloomfield College, Caldwell College, Montclair State University, and Essex County College. In addition to the above mentioned educational facilities, there are numerous private and denominational schools in the County.

The County's vocational and technical school system offers to youths and adults living in the County additional educational opportunities during daytime and evening classes. The Technical Careers Center at 91 West Market Street, Newark offers adult continuing education in addition to evening and daytime courses for non-adults.

The Essex County College is a two-year higher education facility offering courses to approximately 4,555 day and 4,429 evening students at four campuses. The County College's administrative offices and Main Campus are located at 303 University Avenue, Newark. The West Essex Campus of the Essex County College is situated in West Caldwell, and two extension centers are situated in Newark. The County College purchased the Police Academy from the County in 1998 to enhance its criminal justice program.

Health Care Facilities

Serving the County's residents are numerous accredited private, municipal and County-operated hospitals, an estimated twenty-three nursing care facilities, and numerous private and volunteer ambulance services. Acute care hospitals in Essex County include Newark Beth Israel Medical Center, St. Michael's Medical Center, and University Hospital of the University of Medicine and Dentistry of New Jersey, all located in Newark, as well as Clara Maass Medical Center in Belleville, East Orange General Hospital, St. Barnabas Medical Center in Livingston, and Mountainside Hospital in Montclair and Glen Ridge. In addition, within Essex County is the Veterans Administration Medical Center located in East Orange and the Kessler Institute for Rehabilitation located in West Orange. A major burn center is located at St. Barnabas Medical Center. The County is responsible for the operations of the Essex County Hospital Center (a psychiatric/chemical dependency facility) located in Cedar Grove. The Hospital Center, with a bed capacity of 180, is staffed by 383 full-time professional personnel. The Hospital Center's current occupancy rate is 98%.

Sheriff's Department

The Essex County Sheriff's Department is currently staffed by 399 sworn personnel (this includes sheriffs, under-sheriffs, captains, lieutenants and officers) and 67 other support personnel. The Sheriff's Department is mandated by law under *N.J.S.A.* 2B:6-1(d) to provide security for the Superior Courts; under *N.J.S.A.* 2B:6-3(a) for the service, execution and return of process, orders, warrants and judgments; and under *N.J.S.A.* 2C:43-10(e) to provide for the transportation of convicted criminal defendants. The Sheriff's Department is located in the Essex County Courts Building.

Parks and Recreation

The Essex County Park system was established in 1895 as the first county park system in the United States. Twenty of the twenty-five parks were designed by the world-renowned Frederick Law Olmsted. Branch Brook Park, the nation's oldest county park, is on both the State and National Registers of Historic Places, as is the Parks Administration Building.

Covering 5,726 acres, the park system includes a wide range of facilities, from reservations and wetlands to heavily developed urban parks. Many of the parks contain waterways. The largest, Weequahic Lake, is 79.5 acres.

The park system's recreational resources include 3 golf courses, 4 reservations, 17 developed parks, 21 playgrounds, 68 tennis courts, 6 senior citizen facilities, 2 community centers, a zoo, an ice skating arena and a roller skating complex. The facilities accommodate various activities such as field sports, picnicking, hiking, jogging, fishing, boating and outdoor concerts.

Transportation Facilities

The County is a transportation hub for the movement of freight and passengers by air, rail, ship and highways.

Highways

Converging in the County at or near the location of Newark Liberty International Airport are Interstate Routes 78, 280 and 95 (the New Jersey Turnpike), U.S. Routes 1, 9 and 22, and State Routes 10, 21, 24 and 27. The Garden State Parkway passes through the County in a north to south direction a few miles to the west of Newark Liberty International Airport and has access and egress ramps at Interstate Routes 78 and 280. U.S. Route 46, a major east to west highway, is in the northwest portion of the County and connects with State Route 3, a six lane divided highway providing direct connections to the New Jersey Turnpike and to the Lincoln Tunnel serving midtown Manhattan.

Rail Transportation

New Jersey Transit (“NJ Transit”) - Railroad Operations provides intrastate rail transportation for passengers. The NJ Transit’s principal north to south rail station is Pennsylvania Station in Newark serving Pennsylvania Station in New York City and serving Trenton and points southwest and southeast of the County and providing for connections to the Port Authority Trans-Hudson tubes ("PATH") for transportation to and from lower or midtown Manhattan. The Morris-Essex Rail Line and the Montclair Branch are NJ Transit’s major east to west rail links for passengers, with commuter stops in various communities in the County, and a direct link with PATH in Hoboken, Hudson County.

Amtrak, a federally operated rail system, provides interstate rail passenger service from Pennsylvania Station in Newark, with a connection to PATH. Conrail, a federally operated rail system for the movement of freight, provides direct connection to the New Jersey Marine Terminals situated at Newark Bay and operated by the Port Authority of New York & New Jersey (the “Port Authority”).

Bus Transportation

NJ Transit — Bus Operations provides intrastate and interstate passenger transportation. For passengers wishing to make connections for rail service and to PATH, Newark's Pennsylvania Station is a major discharge or pick-up point. In addition to NJ Transit’s Bus Operations service, several other privately operated bus companies provide interstate commuter and passenger service.

Airport Facilities

Located in the County are two principal airports: Newark Liberty International Airport operated by the Port Authority and the Essex County Airport in Fairfield operated by The Essex County Improvement Authority (the “ECIA”). All of the ECIA's long-term debt incurred for the Essex County Airport is guaranteed by the County. The Essex County Airport, situated on 280 acres, is a general aviation airport that has paved runways and is used by small aircraft for business purposes, flight instruction, and general flying.

Newark Liberty International Airport (the "Airport") is situated between the New Jersey Turnpike and U.S. Routes 1 and 9 on 2,300 acres, or 3.6 square miles. A direct connection to New Jersey Marine Terminals (see the subcaption "Ocean Borne Freight Facilities" below) is available for the movement of overseas freight.

During 2011, an estimated 33.7 million air passengers embarked and debarked at the Airport. The Port Authority anticipates in future years that the major portion of increases in passenger traffic will be from international travel. The amount of freight handled in 2011 totaled approximately 811,989 revenue tons, and included the operations of United Parcel Service, Federal Express and Airborne located on the Airport's property. A mono-rail link to Amtrak and NJ Transit was used by 2.0 million passengers in 2011.

Ground transportation is available by taxi and privately operated limousine services, or by bus to Pennsylvania Station in Newark or to the Port Authority bus terminal in midtown Manhattan. In addition, there is scheduled helicopter air service to LaGuardia and Kennedy Airports in New York City.

Ocean Borne Freight Facilities

The Port of Newark/Elizabeth-Port Authority Marine Terminal complex at the Port of New York and New Jersey is the largest and most comprehensive collection of maritime cargo handling facilities on the East Coast of North America.

This 2,100 acre complex, located on the eastern shore of Newark Bay in Essex and Union Counties, encompasses a full range of maritime commerce activities. The Port Newark Marine Terminal, situated in the County, is one of the most flexible multipurpose cargo centers in the United States. Facilities at Port Newark include wharves, deep water ship berths, 3 million square feet of distribution buildings, specialized facilities, roadways and railway trackage. Leading ports for the importation of diverse products, Port Newark’s facilities also support the Elizabeth container complex operation in Union County and also provide the means for stripping containers. Among the major facilities within the complex are: a 25,000 square foot refrigerated storage space; a bulk liquid handling facility for the warehousing of refined and edible grades of fats and oil; a high-tech copper rod production plant; two orange juice concentrate storage and blending facilities; two auto preparation centers with nearly 200 acres for automobile preparation and several bulk cargo handling facilities for gypsum, scrap metal, cement and salt.

THE SOLID WASTE SYSTEM

In 1992, the County created The Essex County Utilities Authority (the "ECUA") as a public body corporate and politic of the State of New Jersey, with all necessary and proper power to acquire, maintain and operate or contract for the operation of facilities for the collection, transportation, processing, recycling and disposal of solid waste generated within the County. In accordance with the Solid Waste Management Act, *N.J.S.A.* 13:1E-1 *et seq*. (the "Act") which requires that each "solid waste management district" (defined to include each county and the Hackensack Meadowlands District) include in its solid waste management plan suitable sites to treat and dispose of all solid waste generated within the district, and include a statement of the solid waste disposal strategy to be applied in the district. In 1993, the County amended -- and the New Jersey Department of Environmental Protection ("NJDEP") approved -- the Essex County District Solid Waste Management Plan (the "Essex Plan") to designate the ECUA as the sole agency responsible for implementation of the Essex Plan. Thereafter, the County assigned all of its rights and obligations under existing solid waste disposal, transportation and processing contracts to the ECUA. The assignments were approved by the NJDEP. As contemplated by the Act, the Essex Plan has since been amended and modified from time to time, and such amendments and modifications have been approved by the NJDEP.

Disposal of Municipal Processible Waste- Flow Control

All Municipal processible waste (I.D. Type 10) for Essex County's twenty-two (22) municipalities is currently delivered to the Essex County Resource Recovery Facility ("the ECRRF") pursuant to a five (5) year government to government contract between the Port Authority of NY & NJ and the ECUA which commenced as of January 1, 2010, terminating December 31, 2014, pursuant to regulatory waste flow control, certified by the NJDEP.

Disposal of Non-Processible Waste – Flow Control

Pursuant to a five (5) year public bid contract which commenced on January 1, 2011, terminating on December 31, 2015, all Essex County non processible waste is currently directed to the Hackensack Meadowlands Keegan Landfill in Kearny, New Jersey pursuant to regulatory waste flow control, certified by the NJDEP.

Disposal of Processible Waste - Flow Control

That portion of processible waste generated in Essex County that is not otherwise directed to the ECRRF is delivered to Waste Management's transfer station located at Julia Street, Elizabeth, New Jersey pursuant to a three (3) year public bid contract which commenced on January 1, 2013, terminating December 31, 2015, pursuant to regulatory waste flow control.

THE COUNTY WELFARE SYSTEM

The largest department in the County is the Department of Citizen Services (the "Department"). The Department is responsible for administering social service programs and the detention of juveniles awaiting adjudication of criminal proceedings. The Department oversees the Division of Aging, the Division of Community Action, the Division of Consumer Services, the Division of Welfare and the Division of Youth Services. Two of the Divisions (Aging and Community Action) are funded primarily by State and Federal grant programs.

The Division of Welfare is the eighth largest in the nation. Expenditures for welfare and other costs of the Department of Citizen Services are budgeted at $98,491,824 in the 2013 Budget. The Division of Welfare employs 821 persons to administer the Temporary Assistance to Needy Families (TANF), Food Stamp Program, Medicaid Program and several other federally mandated programs. All of these programs are directed by the State of New Jersey, Department of Human Services. The federal government provides partial reimbursement to the County for all administrative costs to provide these programs. The County is responsible for five percent of the costs of the TANF program and all other assistance payments are state and federally funded. Approximately 123,000 families receive benefits from the Division of Welfare.

The Division of Youth Services is responsible for the detention at the Essex County Youth House of juvenile offenders ordered detained by the courts pending criminal proceedings.

LABOR RELATIONS

As of January 1, 2013, the County employed approximately 3,339 personnel. Of the 3,339 employees, approximately 3,167 employees are represented by 26 collective bargaining units. The County's negotiations with these bargaining units are managed by the County's Office of Labor Relations. All employee contracts expire on December 31, 2013.

RETIREMENT SYSTEMS

County Pension Plan

The County administers the Essex County Employees' Retirement System, which is closed to additional membership. The County discontinued its employer contributions on January 1, 1985 when the pension liabilities for pensioners retired prior to January 1, 1985 were funded with the proceeds of a general obligation bond issue of the County in 1985. Vocational School employer contributions were discontinued in December 1991.

In 1989, the County issued $48,996,807.50 of general obligation bonds in order to permanently fund the balance of the County's pension system liabilities, through the purchase of a dedicated securities portfolio covering substantially all of the County's theretofore unfunded pension liability with respect to the Essex County Employees' Retirement System. In 2010 that portfolio could no longer fully fund the Employee Retirement Systems obligations. In 2010 the County Budget included a $2.5 million appropriation to supplement the existing portfolio. The 2011 budget contained an appropriation of $4.5 million to fund the requirements of the pension fund. The 2012 budget contained an appropriation of $4.0 million. The 2013 Budget contains an appropriation of $3.5 million.

When County eligible employees elected to transfer to the Police and Firemen's Retirement System of New Jersey under the provisions of Chapter 92, P.L. 1973, Chapter 303, P.L. 1975 or Chapter 207, P.L. 1977, the Essex County Employees' Retirement System paid the employees' accrued contributions to the Police and Firemen's Retirement System. Employer reserves, based on actuarial figures compiled in 1975 by the Police and Firemen's Retirement System in the sum of $6,674,751.00, are being paid in installments provided in annual budget appropriations of the County in the sum of $668,171.00. Payments are to continue through the year 2011. The budget appropriation is adjusted annually to include accrued employer reserve liabilities for additional membership transfers that may have been made after 1985. Other County eligible employees who are not members of the Police and Firemen’s Retirement System (“PFRS”) are members of the Public Employees Retirement System (“PERS”).

The County also awards non-contributory pensions for certain veterans and County employees who were not eligible to join other pension plans, or opted for a Veteran's Pension in lieu of a County Employee's Pension Plan.

Retirement Benefits
Five Year Historical Summary

System	2013	2012	2011	2010	2009
PERS*	$14,957,664	$14,713,508	$14,499,082	$12,071,085	$10,634,935
PFRS*	18,517,250	18,350,257	22,532,979	17,800,000	15,607,009
Social Security	16,056,513	16,056,513	16,150,579	16,121,940	15,607,009
Non-Contributory	295,000	345,000	345,000	420,000	420,000
Total	$49,826,427	$49,465,278	$53,527,640	$46,413,025	$42,268,953

Source: County's audited and unaudited financial statements.
* Includes credits applied under provisions of the Pension Security Act.

INSURANCE

Self-insurance

The County has adopted plans for self-insurance for unemployment compensation, general and auto liability and workers compensation.

Administration and management of unemployment insurance claims are contracted to Consultec Associates, Inc. The 2013 budget includes an appropriation for unemployment compensation insurance in the sum of $1,500,000.

The processing and payment of workers' compensation claims is administered by the PMA Group, the County's third-party administrator. Managed care is coordinated through the County's Office of Workers' Compensation. The County self-insures against workers' compensation claims and purchases workers' compensation excess insurance from Star Insurance Company, subject to the self-insured retention of $400,000 per occurrence.

Health Benefits Insurance

As of January 1, 2013, the County entered into a one year contract with Aetna Life Insurance Company for all of its employee and eligible retiree health care coverage, all plan varieties are fully insured. The County also entered into a one year contract with Benecard Services, Inc. for a fully insured prescription drug program for all employees and eligible retirees.

Liability Insurance

The County currently maintains excess general and automobile liability, workers' compensation and public officials' liability insurance up to $5,000,000 per occurrence with a $10,000,000 aggregate, less a $400,000 self-insured retention. The excess coverage is with the Star Insurance Company.

The County maintains all risk property insurance through a replacement cost policy with Affiliated FM Insurance Company. The insurance, total combined limits in the amount of $859,643,361 with a $100,000 deductible, includes various sub-limits in certain categories of coverage such as flood, earthquake and water damage, and certified and extended terrorism coverage for all County owned and leased property locations. The County also added a $20,000,000 sub-limit for business interruption for the Essex County Correctional Facility effective January 1, 2010.

The County also maintains hospital professional and specialists' professional liability excess coverage through a policy provided by One Beacon Insurance Company. The County's retained limit under this policy is $300,000 per incident, and coverage is $1,000,000 per occurrence/$3,000,000 annual aggregate each for employed physicians and the Hospital Center. AIG Insurance Co. provides a public employees blanket bond to the County, in the amount of $1,000,000.

Upon the recommendation of the excess liability insurance market and Conner Strong Insurance Services, the County hired a third-party claims administrator for the self-insured liability program for managing and investigating all tort claims within the County's $400,000 self-insured retention. The County experiences between 350 – 500 claims per year that would be handled by Inservco Insurance Services, Inc. The contract commenced on May 1, 2007.

PROPOSED CAPITAL IMPROVEMENT PROGRAM

The County's six-year Capital Improvement Program annual funding requirement, as set forth in the County's 2013 budget, is summarized below.

Year	Annual Funding Requirement
2013	$20,000,000
2014	20,000,000
2015	20,000,000
2016	20.000,000
2017	20,000,000
2018	20,000,000
Total All Projects	$120,000,000

2013 Capital Budget Appropriations, Funding Sources and Amounts

Project	Six Year Estimated Total Cost	2013 Budget Appropriations Fund	2013 Capital Improvement Fund	Debt Authorized	Future Years Funding
Hospital Center Complex, Rehabilitation	$ 800,000	$ 0	$ 0	$ 0	$ 800,000
Inter-County Movable Bridges	1,250,000	0	0	0	1,250,000
Hazardous Material Chemical Control	5,500,000	750,000	36,000	714,000	4,750,000
County Bridge/Culvert Improvements	5,950,000	1,700,000	81,000	1,619,000	4,250,000
Traffic Signal Improvements	5,800,000	650,000	31,000	619,000	5,150,000
Various County Building Improvements	18,850,000	6,150,000	293,000	5,857,000	12,700,000
H.O.R./Court House Improvements	6,250,000	0	0	0	6,250,000
Jail/Jail Annex Rehabilitation	13,000,000	0	0	0	13,000,000
Highway Rehabilitation	9,300,000	2,800,000	133,420	2,666,580	6,500,000
Highway Safety	4,200,000	600,000	28,580	571,420	3,600,000
Parks Rehabilitation	16,850,000	5,600,000	267,000	5,333,000	11,250,000
Capital Equipment	9,750,000	0	0	0	9,750,000
Handicapped Access Improvements	1,250,000	0	0	0	1,250,000
Transportation Improvements	3,750,000	0	0	0	3,750,000
Youth House Facility Improvements	1,250,000	0	0	0	1,250,000
County College/Vo-Tech School Improvements	16,250,000	1,750,000	0	1,750,000	14,500,000
Total All Projects	$120,000,000	$20,000,000	$ 870,000	$19,130,000	$100,000,000

Trend of Employment and Unemployment

Year		Labor Force	Employment	Unemployment	Rate
2012	County	375,700	336,100	39,500	10.5%
	State	4,640,300	4,198,400	441,900	9.5
	U.S.	154,975,000	142,469,000	12,506,000	8.1
2011	County	366,700	330,100	36,500	10.0
	State	4,534,200	4,140,200	394,000	8.7
	U.S.	153,617,000	139,869,000	13,747,000	8.9
2010	County	363,700	326,600	37,100	10.2
	State	4,472,545	4,065,242	407,303	9.1
	U.S.	153,690,000	139,206,000	14,485,000	9.4
2009	County	367,800	329,100	38,100	10.4
	State	4,536,650	4,118,350	418,300	9.2
	U.S.	154,142,000	139,877,000	14,265,000	9.3
2008	County	365,500	341,450	24,050	6.6
	State	4,502,750	4,256,950	245,800	5.5
	U.S.	154,287,000	145,362,000	8,924,000	5.8

Source: U.S. Bureau of Labor Statistics and New Jersey Department of Labor.

LARGEST EMPLOYERS

Employer	Business	Location	2012 Approximate Employment
St. Barnabas Health Care System	Acute Care Hospital	Livingston	23,000
Verizon	Communications	Newark	17,100
Prudential Ins. Co. of America	Insurance	Newark, Roseland	16,850
Univ. of Medicine and Dentistry of NJ	University	Newark	15,500
Continental Airlines	Airline	Newark	11,000
Newark Board of Education	Board of Education	Newark	7,050
Automatic Data Processing	Computer Software	Roseland	5,649
New Jersey Transit	Transportation	Newark	4,000
Essex County	Government	Newark	3,900
City of Newark	Government	Newark	4,000

Source: City of Newark and County of Essex.

MAJOR REAL PROPERTY TAXPAYERS

The following table provides information relating to the major real property taxpayers located in the County. None of the major real property taxpayers shown below have filed for bankruptcy nor are such taxpayers delinquent in the payment of taxes according to County tax records.

Taxpayer	Business	Location	2012 Assessed Valuation
Short Hills Assoc. LLC	Mall	Millburn	$700,000,000
Hoffman – La Roche, Inc	Pharmaceutical	Nutley	283,693,900
Livingston Mall	Mall	Livingston	140,000,000
Prudential Financial, Inc.-NJ020	Insurance	Roseland	89,038,300
Organon International, Inc.	Office Building	Roseland	80,300,000
Lutheran Social Ministries at Crane	Nursing Home	West Caldwell	81,000,000
Wells Reit II 80 Park Plaza LLC	Office Building	Newark	85,314,000
Anheuser Busch Inc.	Brewery	Newark	81,299,000
Three Penn Plaza (Horizon)	Office Building	Newark	79,145,700
Short Hills Hilton	Hotel	Millburn	75,960,000
Rreef America Reit lll Corp JJ	Shopping Center	West Orange	75,357,100
Verizon	Communications	Newark	72,125,700
Total 2012 Assessed Valuation of Major Taxpayers			**$1,673,895,400**
2012 Assessed Valuation of Real Property in the County			**$77,175,617,150**
Ratio of Major Taxpayers Net 2012 Assessed Valuation to the 2012 Valuation of Real Property in the County			**2.17%**

Source: Essex County Board of Taxation.

PROPERTY VALUATIONS

Net Assessed Valuations by Classification of Real Property

Type of Real Property	Net Assessed Valuation 2012	2011	2010	2009	2008
Residential	$57,143,781,273	$59,573,419,363	$55,324,992,859	$50,265,908,693	$44,196,481,191
Apartment	3,479,709,000	3,551,217,290	3,480,584,550	3,319,333,150	3,402,924,400
Commercial	12,555,239,247	13,127,672,731	12,259,833,678	11,446,105,300	9,939,957,200
Industrial	2,914,536,550	3,050,927,150	2,890,502,200	2,730,281,740	2,180,619,540
Farm	2,973,700	3,115,200	3,273,300	2,298,200	1,404,100
Vacant Land	1,079,377,380	1,143,355,280	1,130,066,000	1,124,824,900	984,658,000
Sub -Total	$77,175,617,150	$80,449,707,014	$75,089,252,587	$68,888,751,983	$60,706,044,431
Exempt	16,772,831,343	16,974,269,593	15,900,869,066	13,073,196,297	13,859,637,347
Total of Real Property	**$93,948,448,493**	**$97,423,976,607**	**$90,990,121,653**	**$81,961,948,280**	**$74,565,681,778**

Source: Essex County Board of Taxation.

Net Assessed and Equalized Valuations of Real and Personal Tangible Property

	2012	2011	2010	2009	2008
Net Assessed Valuation:					
Real Property (1)	$77,175,617,150	$80,449,707,014	$75,089,255,587	$68,888,851,983	$60,706,044,431
Personal Tangible Property (2)	185,759,001	187,636,633	167,175,713	162,857,390	146,888,187
Total Net Assessed Valuation	77,613,376,151	80,637,343,647	75,256,431,300	69,051,709,373	60,852,932,618
Percent Increase (Decrease) Over Previous Year	(3.75%)	7.15%	8.99%	3.98%	7.37%
Equalized Valuation (3)	$88,368,834,408	$91,284,599,647	$96,376,838,097	$97,911,850,661	$94,164,040,217
Percent Increase(Decrease) Over Previous Year	(3.30%)	(5.58%)	(1.57%)	3.98%	6.37%

(1) Net assessed valuation after deductions permitted under New Jersey law.
(2) Composed of "machinery, implements and equipment" of telephone, telegraph and messenger systems.
(3) As equalized by the County.

Source: The Essex County Abstract of Ratables for the years showed.

TAX INFORMATION

County Tax Levy

County taxes are collected by the municipalities and paid to the County Treasurer. The taxes levied by a municipality include all County, local and regional school, and municipal taxes. Each municipality is required to pay to the County Treasurer its share of the County purpose tax on the fifteenth days of February, May, August and November. The County receives 100% of its share of the taxes collected from the first taxes collected by each municipality. If a municipality has not remitted in full to the County its share of omitted and added taxes by December 31 of the year of the tax levy, a municipality has until February 15 of the year immediately following (45 days) to pay in full the amount due to the County.

Tax Rates, Tax Apportionments and Tax Collections

Year	Tax Rate (1)	Tax Apportionment	Tax Collection	Percent
2012	$4.505	$391,714,299	$391,714,299	100.00%
2011	4.254	384,033,638	384,033,638	100.00
2010	3.944	373,755,354	373,755,354	100.00
2009	3.783	363,575,246	363,575,246	100.00
2008	3.764	349,575,243	349,575,243	100.00

(1) Per $1,000 of assessed valuation.

Added and Omitted Tax Levies (1)

Year	Added Taxes	Omitted Taxes	Total
2012	$625,204	$21,241	$646,445
2011	829,102	29,795	858,897
2010	659,792	26,057	685,848
2009	1,108,017	185,087	1,293,104
2008	3,694,925	421,148	4,116,073

(1) Taxes not collected in the year of levy must be paid by February 15 of the next following calendar year.
Source: The County's audited and unaudited financial statements.

COMPARISON OF TAX LEVY TO ANNUAL DEBT SERVICE REQUIREMENTS

Year	Tax Levy(1)	Debt Service Requirements(2)	Percent of Debt Service To Tax Levy
2012	$391,714,299	$99,766,643	26.00%
2011	384,033,638	99,510,889	25.91
2010	373,753,354	97,999,122	26.22
2009	364,863,347	92,152,427	25.26
2008	353,691,308	88,763,230	25.10

(1) Includes added and omitted taxes.
(2) Excludes debt service on the refunded and defeased County debt and certain of the County's contingent obligations related to The Essex County Improvement Authority and The Essex County Utilities Authority.

CURRENT FUND REVENUE SOURCES PER ANNUAL ADOPTED BUDGET

Year	Budget Requirement(1)	Revenue Surplus Appropriated	Miscellaneous Revenues	Amount to Be Raised by Taxation
2012	$720,929,639	$4,000,000	$325,215,340	$391,714,299
2011	722,374,224	21,660,540	318,019,506	384,033,638
2010	739,777,253	18,500,000	347,521,904	373,755,349
2009	693,480,189	18,500,000	311,404,946	363,575,243
2008	662,199,754	36,450,000	276,174,519	349,575,235

(1) Per adopted annual budgets as amended. Any increase in a current year's budget over the immediately preceding year's final appropriations is limited to 2.5% or the Index Rate, whichever is less, after giving effect to ratable growth or specified exceptions or emergencies.

CURRENT FUND BALANCES AND AMOUNTS UTILIZED IN SUCCEEDING YEAR'S BUDGET

Year	Balance as of December 31	Utilized in Budget of Succeeding Year Amount	Percent
2012	$37,436,657	$4,000,000	10.68%
2011	26,225,761	4,000,000	15.24
2010	43,603,765	21,660,540	49.78
2009	35,177,099	18,500,000	52.67
2008	26,260,622	18,500,000	65.43
2007	54,949,895	36,450,000	66.52

Source: The County's audited and unaudited financial statements and 2012 budget.

DEBT INFORMATION

General Information

The State has enacted certain laws and statutes regulating the authorization and issuance of debt by tax-levying local governmental units of the State, including the County. The statutory gross debt must include all debt and guarantees authorized and unissued plus all debt and guarantees issued which remain outstanding. Debt, whether bonds or notes, which have been refunded, and payment for which is made from escrowed United States Treasury securities or other permitted investments, is considered outstanding under State statutes until such outstanding debt has matured or has been called for redemption. However, such refunded debt and certain other categories of debt, including: (i) indebtedness incurred for school purposes, self-liquidating purposes, and certain other purposes authorized by law; (ii) certain guaranteed indebtedness; and (iii) indebtedness for which there are funds on hand or accounts receivable from the federal government, the State or a public instrumentality thereof applicable to the payment thereof are permitted to be deducted from the statutory gross debt for purposes of computing the statutory net debt limitation of a local governmental unit. The statutory net debt figure is the amount to determine if a local governmental unit is within the limit of its statutory borrowing power. Certain other long-term debt obligations of the County are not included in either statutory gross debt or statutory net debt as described below.

The County's debt incurring power is limited by State statute to 2.00% of the State average equalized valuation, determined annually by the State, of all taxable property within the County. See the subcaption "Statutory Debt and Borrowing Power" below. Unless the New Jersey Local Finance Board allows otherwise, the County's general purpose bonds must be issued in serial form, with the first principal payment to occur within one year after the date of issuance and the final maturity not to exceed the useful life of the capital improvement. General purpose bonds must be sold on a competitive bid basis, and the amount bid for a bond issue may not be less than the principal amount of a bond issue. Refunding bonds may be sold on a negotiated basis with the approval of the New Jersey Local Finance Board. Notes may be sold on a competitive or on a negotiated, or private sale, basis for a period of one year, and may be renewed annually but generally not to exceed the first day of the fifth month following the close of the tenth fiscal year next following the date of original issuance of such notes.

Laws creating certain authorities authorize a local governmental unit, such as the County to enter into a service contract or deficiency agreement to, in effect, guarantee debt service payments on debt issued by the authority (a "deficiency agreement"). Neither the debt of the authority nor payments pursuant to the deficiency agreement are included in a local governmental unit's statutory gross debt. In addition, laws creating certain authorities authorize a local governmental unit, such as the County, to directly guarantee debt service payments on debt issued by the authority. The principal amount of such directly guaranteed debt is included in the local governmental unit's statutory gross debt but is deducted for purposes of calculating net debt if the authority was, in effect, self-sustaining during the preceding fiscal year. Furthermore, laws creating certain authorities authorize a local governmental unit, such as the County, to enter into multi-year lease agreements with the authority. Annual lease payments pursuant to any such agreement are not included in the local governmental unit's statutory gross debt, if entered into prior to April 2007.

Appropriation Not Required for Payments on Debt

It is not necessary to have an appropriation in order to release money for debt service on general obligations. Payments pursuant to guarantees, deficiency agreements, and lease agreements are not considered debt service for statutory purposes. *N.J.S.A.* 40A:4-57 provides that "No officer, board, body or commission shall, during any fiscal year, expend any money (except to pay notes, bonds or interest thereon), incur any liability, or enter into any contract which by its terms involves the expenditure of money for any purpose for which no appropriation is provided, or in excess of the amount appropriated for such purpose". *N.J.S.A.* 40A:2-4 provides that "The power and obligation of a local unit to pay any and all bonds and notes issued by it pursuant to this chapter, or any act of which this chapter is a revision, shall be unlimited."

Statutory Debt and Borrowing Power

The following tables set forth information, as of December 31, 2012, on the amounts of the County's outstanding debt and outstanding net debt, outstanding debt guaranteed by the County or issued for County purposes, statutory debt, and statutory borrowing power. After the dates noted, the debt information and statistics noted on the following pages may vary from the figures shown because of either a reduction or an increase in the amounts of debt for each of the political entities noted.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

OUTSTANDING DEBT AND OUTSTANDING NET DEBT
(As of December 31, 2012)

Purpose	Interest Rate	Dated Date	Final Maturity Date	Amount Outstanding
County Bonds Outstanding				
General Improvement Series 1996A	Variable	09/18/1996	07/01/2016	$590,000
General Improvement Series 2004A	4.00	11/03/2004	10/01/2019	36,665,000
General Improvement Series 2004D	3.50-4.00	11/03/2004	10/01/2020	1,505,000
G.O. Bonds, Series 2005A	4.00-5.00	05/01/2005	05/01/2022	21,280,000
Verona Diamond Pond	2.00	01/12/2007	09/15/2025	450,000
Vocational School Bonds, Series 2007	4.00-5.00	08/14/2007	12/15/2022	10,185,000
E.C.I.A Loan: General Improvement Series 2010	Variable	06/03/2010	07/01/2025	3,705,000
G.O. Bonds Series 2010	5.00	06/10/2010	08/15/2025	58,445,000
County Vocational School Series 2010 B	5.00	06/10/2010	08/15/2025	2,840,000
Build America Bonds Series 2010	5.00-6.15	06/10/2010	08/15/2025	37,550,000
G.O. Bond Series 2011A Refunding	3.00-4.00	11/10/2011	06/01/2015	1,650,000
County College (1):				
County College Bonds, Series 1999C	5.35-5.45%	09/22/1999	08/01/2014	$800,000
County College Bonds, Series 2004B	3.00	11/03/2004	10/01/2017	6,605,000
County College Bonds, Series 2008A	3.50-5.00	06/26/2008	03/01/2023	7,110,000
County College Bonds, Series 2010 C	5.00	06/10/2010	08/01/2025	15,240,000
County College BABs Series 2010 F	5.90-6.15	06/10/2010	08/01/2025	8,600,000
County College Refunding Bonds, Series 2011B	3.00-4.00	11/10/2011	06/01/2017	8,535,000
County College Bonds, Series 2012A	2.00-4.00	09/19/2012	09/01/2022	1,250,000
General Obligation Refunding:				
Series 1989A	15.25%	01/15/1989	08/15/2019	$3,500,000
Series 2003 G.O. Pension Refunding (Taxable)	4.75	06/25/2003	04/01/2033	54,665,000
Series 2005A	5.00	06/23/2005	06/01/2016	21,565,000
Series 2008B County Portion	3.75-4.00	08/21/2008	11/15/2014	1,145,000
Series 2008C (Taxable)	5.31-5.46	10/07/2008	12/01/2017	18,905,000
TOTAL				$322,785,000
Less: County Bonds Payable State of NJ				
ECC Series 2004C	3.50-4.00%	11/03/2004	10/01/2019	$2,180,000
ECC Series 2008B	3.50-5.00	06/26/2008	03/01/2023	7,110,000
ECC Series 2010D Refunding	5.00	06/23/2010	08/01/2025	1,050,000
ECC Series 2011C Refunding	3.00-4.00	11/10/2011	06/01/2017	815,000
ECC Series 2012B	2.00-4.00	09/19/2012	09/01/2022	1,250,000
Total Net Outstanding County Debt				$310,380,000

(1) The State pays half the annual debt service on the County College Bonds pursuant to the County College Bond Act, *N.J.S.A.* 18A:64A-22.1 to 22.8, which provides that additional State support to County College projects shall be made available to the County for the payment of interest and principal on the County College Bonds entitled to the benefit of the County College Bond Act. Under such Act, a portion of the County College Bonds constitute a deduction from the gross debt of the County and are not to be considered in determining the County's net debt for debt incurrence purposes. With respect to the Series 1999C issue Essex County College is reimbursing the County for a portion of the Bonds.

Source: The County.

OUTSTANDING DEBT GUARANTEED BY THE COUNTY OR ISSUED FOR COUNTY PURPOSES
(As of December 31, 2012)

The Essex County Improvement Authority

Issue Name	Interest Rate	Dated Date	Final Maturity Date	Amount Outstanding
Bonds and Notes Payable by the County Under Lease or Deficiency Agreements				
Guaranteed Revenue Bonds, Series 1995 (Garden State Cancer Center Project)	6.00	06/15/1995	12/01/2020	1,770,000
G.O. Guaranteed Lease Revenue Bonds, Series 1997B	5.63%	07/02/1997	10/01/2027	$1,500,000
G.O. Guaranteed Lease Revenue Bonds, Series 1998C (Charm Acres)	6.40	12/16/1998	09/01/2023	150,000
G.O. Lease Revenue Bonds, Series 2002 (Cogen Facility Project)	4.10	07/11/2002	01/01/2023	1,065,000
Guaranteed Lease Revenue Bonds, Series 2003B (Correctional Facility Project)	4.15	04/01/2003	09/01/2028	860,000
Project Consolidation Revenue Bonds, Series 2003 (Refunding Project)	4.00-5.00	09/29/2003	12/15/2020	70,990,000
Project Consolidation Revenue Bonds, Series 2004A	5.125-5.50	09/02/2004	10/01/2030	170,380,000
Project Consolidation Revenue Bonds, Series 2006 (Refunding Project)	5.25	09/07/2006	12/15/2024	31,235,000
Project Consolidation Revenue Bonds, Series 2005 (Refunding Project)	4.00-5.00	08/15/2005	12/15/2027	9,275,000
G.O. Guaranteed Lease Revenue Refunding, Series 2005 (Sportsplex Project)	4.00-5.00	09/13/2005	10/01/2029	11,975,000
Project Consolidation Revenue Bonds, Series 2007 (Refunding Project)	5.00-5.25	03/29/2007	12/15/2023	235,845,000
Department of Environmental Protection Loan	2.00	07/24/2009	04/23/2028	441,790
G.O. Guaranteed Lease Revenue Refunding Bonds, Series 2011 (Social Services)	3.00	04/13/2011	10/01/2027	3,690,000
G.O. Guaranteed Lease Revenue Refunding Bonds, Series 2011 (NJPAC)	3.00	04/13/2011	10/01/2018	2,100,000
G.O. Guaranteed Lease Revenue Refunding Bonds, Series 2011 (Riverbank)	3.00-4.00	04/13/2011	10/01/2018	2,370,000
G.O. Guaranteed Lease Revenue Refunding Bonds, Series 2012 (Correctional)	2.00-4.00	10/30/2012	10/01/2013	10,510,000
Total Bonds and Notes Payable by the County Under Lease or Deficiency Agreements (A)				**$554,156,790**
Bonds Payable Under Deficiency Agreement and Guaranteed by the County				
Parking Facility Revenue Refunding Bonds, Series 2009 (County-Guaranteed)	2.50-5.00%	02/10/2009	10/01/2022	$5,530,000
Total Bonds Payable Under Deficiency Agreement and Guaranteed by the County (B)				**$5,530,000**
Total Bonds and Notes Payable by the County Under Lease or Deficiency Agreements (Total (A)+(B))				**$559,686,790**
Bonds Guaranteed by the County and Payable from Other Sources				
Property and Equipment Leasing Program Pooled Revenue Bonds, Series 1993A	3.85-6.00	02/01/1993	08/01/2013	$340,000
Airport Revenue Bonds, Series 1998 (AMT)	4.00 -5.10	08/01/1998	11/01/2018	410,000
Airport Revenue Refunding Bonds, Series 2004 (AMT) (County Guaranteed)	5.125-5.50	10/05/2004	10/01/2021	2,355,000
Airport Revenue Refunding Bonds, Series 2007 (AMT) (County-Guaranteed)	4.00-4.50	10/11/2007	11/01/2032	7,210,000
Total Bonds Guaranteed by the County& Payable from Other Sources (C)				**$10,315,000**
Total ECIA ((A)+(B)+(C))				**$570,001,790**

The Essex County Utilities Authority

Issue Name	Interest Rate	Dated Date	Final Maturity Date	Amount Outstanding
Bonds Payable Under Deficiency Agreement if not Paid from Other Sources				
Solid Waste System Refunding Revenue Bonds, Series 2006A and 2006B	3.70-5.45%	03/23/2006	10/01/2022	68,930,000
2.00% Water System Project Notes (Series 2012)	2.00	11/08/2012	11/08/2013	6,250,000
Total ECUA				**$75,180,000**

STATUTORY DEBT
As of December 31, 2012

	Gross Debt	Deductible Debt	Net Debt
General Purpose:			
Bonds Issued	$216,030,000	$9,365,000	$206,665,000
Pension Bonds	58,165,000	54,665,000	3,500,000
Bond Anticipation Notes Issued	46,060,000		46,060,000
Debt Authorized but Unissued	23,483,534		23,483,534
County College Bonds Issued (1):	60,545,000	12,405,000	48,140,000
County Guaranteed Debt (2):			
Essex County Improvement Authority	570,001,790	569,560,000	441,790
Essex County Utilities Authority	75,180,000	75,180,000	0
Total Gross Statutory Debt	$1,049,465,324		
Total Statutory Deductions		$721,175,000	
Total Net Statutory Debt			$328,290,324

____

(1) The State pays half the annual debt service pursuant to the County College Bond Act, *N.J.S.A.* 18A:64A-22.1 to 22.8, which provides that additional State support to County College projects shall be made available to the County for the payment of interest and principal on the County College Bonds entitled to the benefit of the County College Bond Act. Under such Act, a portion of the County College Bonds constitute a deduction from the gross debt of the County and are not to be considered in determining the County's net debt for debt incurrence purposes.

(2) Gross debt includes all bonds guaranteed by the County. Net debt includes bonds guaranteed by the County that are not self-supporting

Source: The County.

STATUTORY BORROWING POWER
As of December 31, 2012

Three Year Average Equalized (1)	$87,429,146,176.33
Statutory Borrowing Power(2)	1,748,582,923.52
Statutory Net Debt	328,290,324.49
Remaining Statutory Borrowing Power	1,420,292,599.03
Ratios:	
Statutory Net Debt to State Equalized Valuation	0.375%
Statutory Net Debt Per Capita (3)	$418.90

____

(1) Average for three years (2010, 2011 and 2012), as prepared by the State.
(2) 2.00% of the three-year average equalized valuation as prepared by the State.
(3) 2010 Census population 783,969.

County of Essex, New Jersey

SCHEDULE OF DEBT SERVICE REQUIREMENTS ON THE COUNTY'S TAX SUPPORTED DEBT

(Beginning December 31, 2012)

	Net Outstanding County Debt (1)			Essex County Improvement Authority (2)				
Period Ending	Principal	Interest	Debt Service	Principal	Interest	Debt Service	Total Debt Service	Maturing
12/31/2013	$ 24,847,500.00	$ 16,330,567.27	$ 41,178,067.27	$ 28,579,575.99	$ 28,636,556.82	$ 57,216,132.81	$ 98,394,200.08	
12/31/2014	31,287,500.00	15,185,109.75	46,472,609.75	24,400,069.97	27,318,820.29	51,718,890.26	98,191,500.01	12.19%
12/31/2015	31,362,500.00	13,736,028.75	45,098,528.75	26,580,573.88	26,098,887.64	52,679,461.52	97,777,990.27	
12/31/2016	29,927,500.00	12,421,031.73	42,348,531.73	30,531,087.91	24,859,747.85	55,390,835.76	97,739,367.49	
12/31/2017	23,840,000.00	11,094,062.50	34,934,062.50	38,401,612.28	23,432,652.24	61,834,264.52	96,768,327.02	
12/31/2018	19,235,000.00	9,986,318.75	29,221,318.75	42,097,147.18	21,494,158.58	63,591,305.76	92,812,624.51	
12/31/2019	23,175,000.00	9,136,706.25	32,311,706.25	44,632,692.85	19,331,139.17	63,963,832.02	96,275,538.27	46.81%
12/31/2020	13,715,000.00	7,738,181.25	21,453,181.25	56,818,249.47	17,021,405.04	73,839,654.51	95,292,835.76	
12/31/2021	13,785,000.00	7,113,187.50	20,898,187.50	59,438,817.29	14,071,137.23	73,509,954.52	94,408,142.02	
12/31/2022	13,295,000.00	6,514,625.00	19,809,625.00	63,524,396.51	10,982,158.00	74,506,554.51	94,316,179.51	
12/31/2023	25,560,000.00	5,970,307.50	31,530,307.50	50,809,987.39	7,677,800.88	58,487,788.27	90,018,095.77	
12/31/2024	24,260,000.00	4,712,257.50	28,972,257.50	18,150,590.13	5,079,023.14	23,229,613.27	52,201,870.77	84.73%
12/31/2025	24,490,000.00	3,243,825.00	27,733,825.00	13,761,204.99	4,109,172.02	17,870,377.01	45,604,202.01	
12/31/2026	2,795,000.00	1,733,118.75	4,528,118.75	13,416,832.21	3,370,398.55	16,787,230.76	21,315,349.51	
12/31/2027	3,215,000.00	1,584,371.25	4,799,371.25	13,717,472.04	2,650,088.73	16,367,560.77	21,166,932.02	
12/31/2028	3,670,000.00	1,413,967.50	5,083,967.50	11,176,479.40	1,910,794.79	13,087,274.19	18,171,241.69	
12/31/2029	4,165,000.00	1,220,051.25	5,385,051.25	11,765,000.00	1,298,750.00	13,063,750.00	18,448,801.25	96.15%
12/31/2030	4,710,000.00	1,000,395.00	5,710,395.00	11,885,000.00	653,675.00	12,538,675.00	18,249,070.00	
12/31/2031	5,295,000.00	752,771.25	6,047,771.25				6,047,771.25	
12/31/2032	5,935,000.00	474,828.75	6,409,828.75				6,409,828.75	
12/31/2033	6,625,000.00	163,968.75	6,788,968.75				6,788,968.75	
12/31/2034								100.00%
Totals	$ 335,190,000.00	$ 131,525,681.25	$ 466,715,681.25	$ 559,686,789.49	$ 239,996,365.98	$ 799,683,155.47	$ 1,266,398,836.72	

(1) Consists of Total Net Outstanding County Debt, including General Improvement Variable Rate Bonds. Nominal interest rate on Variable Rate Bonds calculated at 6.125%. See "Outstanding Debt and Outstanding Net Debt".

(2) Consists of Total Bonds Payable by the County Under Lease of Deficiency Agreements.

Source: County records and the County's audited financial statements.

DIRECT, OVERLAPPING AND UNDERLYING DEBT ISSUED AND OUTSTANDING

(As of December 31, 2012)

Debt Ratios

	Debt Outstanding		Debt Per Capita (1)		Debt as % of Equalized Value (2)	
	Gross	Net	Gross	Net	Gross	Net
Direct Debt:						
General Purpose	$343,738,534	$280,150,324				
County College	60,545,000	48,140,000				
Subtotal Direct Debt	**404,283,534**	**328,290,324**	**$515.86**	**$418.90**	**0.45%**	**0.37%**
Overlapping Debt:						
ECIA:(3)						
Payable by the County Under Lease or Deficiency Agreement and Guaranteed by the County	559,686,790	559,686,790				
Payable from other sources	10,315,000	0				
ECUA: (3)	75,180,000	0				
Subtotal Overlapping Debt	658,409,790	559,686,790				
Subtotal Direct and Overlapping Debt	**1,049,465,324**	**887,977,114**	**$1338.66**	**$1132.67**	**1.20%**	**1.02%**
Underlying Debt:(4)						
Municipal	1,168,224,374	1,168,224,374				
School	638,757,560					
Self-supporting:						
Municipal Utility	426,922,778					
Commissions:(5)						
PVSC	126,287,139					
North Jersey	26,703,688					
Subtotal Underlying Debt	2,386,895,539	1,168,224,374				
Total Direct, Overlapping and Underlying Debt:	**$3,436,360,863**	**$2,056,201,488**	**$4384.82**	**$2622.81**	**3.93%**	**2.36%**

(1) New Jersey Department of Labor 2010 Estimate 783,969
(2) 2012 equalized valuation as shown in the County's Annual Debt Statement ($87,429,146,176).
(3) See "Outstanding Debt Guaranteed by the County or Issued for County Purposes".
(4) Underlying debt information and its apportionment are as of December 31, 2012 with exceptions, and are described under "Selected Economic and Debt Information on Municipalities in the County".
(5) Includes on a pro-rata basis, Passaic Valley Sewerage Commissioners share of outstanding debt and North Jersey District Water Supply Commission share of outstanding debt as of January 1, 2012. Refer to "Selected Economic and Debt Information on Municipalities in the County" for apportionment of respective outstanding debt amounts by municipality.

Source: The County, the Commissions, the ECIA, the ECUA and the underlying municipalities' annual debt statements.

SELECTED ECONOMIC AND DEBT INFORMATION
ON MUNICIPALITIES IN ESSEX COUNTY

			Outstanding Debt (9)							
Municipality	2012 Net Valuation (1)	2012 Tax Levy (1)	Gross Debt(2)	Municipal Debt (3)	Self Liquidating Debt(4)	Net Direct Debt(5)	School(6)	County(7)	Commissions(8)	
Belleville	$2,982,890,760	$365,739,480	$27,482,745	$24,432,745	$3,050,000	23,889,097		$10,944,487	7,037,857.00	A
Bloomfield	4,499,685,662	431,413,100	107,191,356	67,667,856	5,803,500	47,667,856	33,720,000	16,911,890	8,582,621.00	A
									3,082,636.00	B
Caldwell	1,074,905,267	126,177,800	33,266,655	12,927,865	16,334,453	12,859,832	4,004,336	3,984,315		
Cedar Grove	2,315,885,178	204,623,391	37,905,000	11,150,000	9,410,000	11,299,848	17,345,000	8,738,210	886,852.00	B
E. Orange	3,645,972,180	1,707,092,500	96,449,645	64,063,768	32,385,877	47,687,533	0	13,348,162		
Essex Fells	757,461,483	109,142,100	8,614,905	4,102,235	1,716,431	4,102,235	2,796,239	2,854,275		
Fairfield	2,962,755,685	196,146,500	23,015,440	10,604,834	2,508,100	10,315,384	9,902,506	10,559,680		
Glen Ridge	1,453,453,496	91,236,600	15,865,087	4,876,898	5,433,189	5,681,139	5,555,000	5,432,991	1,509,656.00	A
									196,925.00	B
Irvington	2,850,518,506	361,806,200	122,081,712	79,553,814	0	73,458,814	42,527,899	10,422,734		
Livingston	7,515,707,997	1,167,146,300	204,603,338	95,430,545	10,050,944	95,430,221	99,121,849	27,738,463		
Maplewood	3,598,651,233	798,466,100	73,917,619	46,887,155	25,512,763	46,803,946	0	13,537,773		
Milburn	8,677,645,021	495,539,100	65,481,564	39,991,175	8,145,000	12,612,564	44,724,000	32,554,108		
Montclair	6,881,985,278	659,913,200	212,023,986	80,995,890	22,946,015	80,327,640	92,862,080	25,043,221	10,053,117.00	A
Newark	16,805,296,955	7,724,862,399	727,527,369	422,543,044	188,127,325	296,526,008	116,857,000	62,515,946	84,207,180.00	A
									19,007,311.00	B
N. Caldwell	1,629,143,891	174,526,500	18,471,798	6,357,150	893,000	6,337,150	11,241,648	6,148,371		
Nutley	3,839,003,308	220,816,499	60,967,368	9,514,990	3,049,378	9,514,990	48,403,000	14,477,253	7,559,080.00	A
Orange	1,507,745,618	312,186,250	46,939,802	13,047,698	31,667,472	11,050,723	2,224,631	5,582,660	7,337,628.00	A
Roseland	1,876,699,561	53,022,680	28,620,077	12,890,508	1,723,958	12,890,508	14,005,611	7,080,934		
S. Orange	2,668,298,113	606,292,500	99,129,006	53,909,904	44,114,096	55,014,909	14,630,098	9,912,260		
Verona	2,229,573,763	253,395,900	72,931,840	29,069,914	11,090,927	29,068,782	32,771,000	8,403,186		
W. Caldwell	2,349,678,860	133,513,064	27,369,192	15,583,178	2,960,350	17,410,309	8,825,663	8,770,230		
W. Orange	6,245,876,593	579,773,180	99,863,208	62,623,208	0	62,623,208	37,240,000	23,329,175		
Total	$88,368,834,408	$16,772,831,343	$2,209,718,712	$1,168,224,374	$426,922,778	$972,572,696	$638,757,560	$328,290,324	$151,677,994	

(1) Source: Essex County 2012 Abstract of Ratables.

(2) Includes outstanding debt plus authorized but unissued debt for municipal purposes, self liquidating bonds and school bonds.

(3) Municipal bonds and notes outstanding plus authorized but unissued debt.

(4) Self-supporting portion only.

(5) In addition to municipal general improvement debt, includes that portion of utility debt which is not self-supporting.

(6) Includes local and regional school debt.

(7) Apportionment of the County's net bonded debt of $328,290,315 is equal to the ratio that a municipality's 2012 equalized valuation, as calculated by the County, bears to the County's total 2010 equalized valuation, as calculated by the County.

(8) (A) The Passaic Valley Sewerage Commissioners ("PVSC") had $316,515,886 debt outstanding as of December 31, 2012. Of this amount, seven municipalities in the County ultimately are responsible for $126,287,139. The responsibility per municipality is determined by the amount of sewage flow from users in each municipality compared to the total sewage flow received at PVSC's treatment plant.

*East Orange is not a PVSC participant. Newark bills East Orange for its share of costs as determined by a meter measuring sewage flow from East Orange.

(B) The North Jersey District Water Supply Commission ("North Jersey") had $55,448,880.19 debt outstanding as of December 31, 2012. Of this amount, six municipalities in the County ultimately are responsible for $26,703,688. The responsibility per municipality is determined by the amount of water consumed by users in each municipality compared to the total water consumed as recorded by North Jersey.

(9) At the time of publishing Essex Fells, Fairfield and Newark did not have their municipal debt prepared; therefore the County used existing numbers from 2011

Sources: The Essex County Abstract of Ratables, The Essex County Improvement Authority, The Essex County Utilities Authority, the PVSC, North Jersey, the 2012 Annual Debt Statement for each municipality as provided by the New Jersey Department of Community Affairs, and the New Jersey Department of Labor, Office of Demographic and Economic Analysis.

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX B

AUDITED FINANCIAL STATEMENTS OF THE COUNTY OF ESSEX, NEW JERSEY FOR THE FIVE YEARS ENDED DECEMBER 31, 2012

[THIS PAGE INTENTIONALLY LEFT BLANK]

SAMUEL KLEIN AND COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

550 Broad Street
Newark, New Jersey 07102-4517
Phone (973) 624-6100
Fax (973) 624-6101

36 West Main Street, Suite 301
Freehold, New Jersey 07728-2291
Phone (732) 780-2600
Fax (732) 780-1030

INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Chosen Freeholders
and the County Executive
County of Essex
Newark, New Jersey 07102

The accompanying summary financial statements, and the related notes, are derived from the audited basic financial statements of the County of Essex, State of New Jersey, as of and for the years ended December 31, 2012, 2011, 2010, 2009 and 2008. We expressed unmodified audit opinions on those audited financial statements in our report dated July 16, 2013. The audited financial statements, and the summary financial statements derived therefrom, do not reflect the effects of events, if any, that occurred subsequent to the date of our report on the audited financial statements.

The summary financial statements do not contain all the disclosures required by Generally Accepted Accounting Principles of the County of Essex, State of New Jersey. Reading the summary financial statements, therefore is not a substitute for reading the audited financial statements of the County of Essex, State of New Jersey.

Management's Responsibility for the Summary Financial Statements

Management is responsible for the preparation of the summary financial statements on the basis described in Note 1.

Auditor's Responsibility

Our responsibility is to express an opinion about whether the summary financial statements are consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with auditing standards generally accepted in the United States of America. The procedures consisted principally of comparing the summary financial statements with the related information in the audited financial statements from which the summary financial statements have been derived, and evaluating whether the summary financial statements are prepared in accordance with the basis described in Note 1. We did not perform any audit procedures regarding the audited financial statements after the date of our report on those financial statements.

Opinion

In our opinion, the summary financial statements of the County of Essex, State of New Jersey as of and for the years then ended December 31, 2012, 2011, 2010, 2009 and 2008 referred to above are consistent, in all material respects, with the audited financial statements from which they have been derived, on the basis described in Note 1.

Emphasis-of-Matter

These summary financial statements were prepared for the purpose of inclusion in an official statement for the issuance of General Obligation Bonds, Series 2013 consisting of County Vocational School Bonds, Series 2013A (New Jersey School Bond Reserve Act, P.L. 1980, c. 72), County College Bonds, Series 2013B and County College Bonds, Series 2013C (County College Bond Act, P.L. 1971, c. 12) and Bond Anticipation Notes, Series 2013 of the County of Essex, State of New Jersey and were abstracted from audit reports issued under the periods referred to above as dated July 16, 2013, July 24, 2012, July 29, 2011, July 2, 2010 and July 2, 2009, respectively.

Samuel Klein and Company
SAMUEL KLEIN AND COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

JOSEPH J. FACCONE, RMA, PA

Newark, New Jersey
July 16, 2013

COUNTY OF ESSEX, NEW JERSEY
CURRENT FUND

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

Sheet #1

ASSETS AND DEFERRED CHARGES	Balance Dec. 31, 2012	Balance Dec. 31, 2011	Balance Dec. 31, 2010	Balance Dec. 31, 2009	Balance Dec. 31, 2008
Regular Fund					
Cash	$ 96,993,028	$ 56,148,961	$ 75,635,593	$ 62,066,111	$ 59,011,399
Cash - Change Fund	11,700	11,700	11,700	11,350	11,350
	97,004,728	56,160,661	75,647,293	62,077,461	59,022,749
Receivables and Other Assets with Full Reserves:					
Taxes Receivable	901,999	1,533,146	632,536	1,065,789	3,552,028
Sales Contracts Receivable	3,700,000				
Deposits Receivable	7,558	9,832	6,410	7,855	8,489
Other Accounts Receivable					1,216
Revenue Accounts Receivable	2,346,045	2,349,902	1,602,426	2,874,577	2,488,645
Due from Pension Trust Fund	240	161		4,298	2,923
Due from Federal and State Grant Fund	6,222,413	7,094,638	1,177,320	3,175,170	
	13,178,255	10,987,679	3,418,692	7,127,689	6,053,301
	110,182,983	67,148,340	79,065,985	69,205,150	65,076,050
Federal and State Grant Fund					
Federal and State Grants Receivable	65,717,336	90,190,982	93,857,082	123,660,019	87,126,392
Other Accounts Receivable	10,972				
Due from Current Fund					3,022,030
	65,728,308	90,190,982	93,857,082	123,660,019	90,148,422
	$ 175,911,291	$ 157,339,322	$ 172,923,067	$ 192,865,169	$ 155,224,472

COUNTY OF ESSEX, NEW JERSEY
CURRENT FUND

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

Sheet #2

LIABILITIES, RESERVES AND FUND BALANCE	Balance Dec. 31, 2012	Balance Dec. 31, 2011	Balance Dec. 31, 2010	Balance Dec. 31, 2009	Balance Dec. 31, 2008
Regular Fund					
Appropriation Reserves	$ 49,577,150	$ 25,623,614	$ 27,240,989	$ 22,967,795	$ 23,906,728
Accounts Payable	5,236,625	3,304,848	3,203,575	2,761,317	2,069,982
Deposits on Sale of Property	200,000				
Prepaid Revenue	3,147,699		440,343	37,315	487,561
Due to Federal and State Grant Fund					3,022,029
Due to Other Trust Fund	433				
Other Reserves:					
Performance Bonds	1,359,838	983,834	1,140,474	1,103,537	1,068,666
Miscellaneous	33,551	22,605	18,147	30,398	96,162
Sub-Total Cash Liabilities	59,555,296	29,934,901	32,043,528	26,900,362	30,651,128
Reserve for Receivables	13,178,254	10,987,679	3,418,692	7,127,689	6,053,302
Fund Balance	37,449,433	26,225,760	43,603,765	35,177,099	28,371,620
	110,182,983	67,148,340	79,065,985	69,205,150	65,076,050
Federal and State Grant Fund					
Reserve for Federal and State Grant Funds:					
Encumbered	19,851,531	27,737,772	33,714,917	36,177,646	34,711,462
Unencumbered	38,873,487	54,644,464	58,492,227	83,447,160	54,830,168
Unappropriated Reserves	780,877	714,108	472,618	860,043	593,704
Due to Current Fund	6,222,413	7,094,638	1,177,320	3,175,170	
Due to State of New Jersey					13,088
	65,728,308	90,190,982	93,857,082	123,660,019	90,148,422
	$ 175,911,291	$ 157,339,322	$ 172,923,067	$ 192,865,169	$ 155,224,472

See accompanying notes to financial statements.

COUNTY OF ESSEX, NEW JERSEY
CURRENT FUND

COMPARATIVE STATEMENTS OF OPERATIONS AND
CHANGES IN FUND BALANCE - REGULATORY BASIS

	2012	2011	2010	2009	2008
Revenue and Other Income					
Fund Balance Utilized	$ 4,000,000	$ 21,660,540	$ 18,500,000	$ 18,500,000	$ 36,450,000
Miscellaneous Revenue Anticipated	372,055,220	368,030,434	359,951,184	397,368,214	330,351,708
Receipts from Current Taxes	391,714,305	384,033,638	373,755,354	363,575,246	349,575,243
Other Credits to Income:					
Other Accounts Receivable Realized				1,216	1,694
Interfunds Realized	872,146		2,002,149		6,762
Unexpended Balance of Appropriation Reserves Cancelled	4,789,092	3,550,689	3,574,610	4,503,457	4,743,311
Reserve for Performance Bonds Cancelled	4,000	1,058	10,000	8,700	26,460
Accounts Payable Cancelled	1,302,168	647,215	697,269	902,300	996,136
Reserve for Capital Improvements Cancelled				83,789	
Performance Bond Interest Cancelled				457	1,396
Federal and State Grant Appropriation Reserves Cancelled	210,047		172,978		88,671
	774,946,978	777,923,574	758,663,544	784,943,379	722,241,381
Expenditures					
Budget Appropriations	772,152,022	767,580,384	731,455,177	754,760,528	711,991,875
Other Charges:					
Interfund Charges		5,917,480		3,176,545	
Reserve for Other Accounts Receivable Established					1,216
Prior Years' Revenue Refunds	86,284	137,745	280,701	223,630	300,788
Federal Grant Adjustments					75,777
Federal and State Grants Receivable Cancelled		5,429		1,477,197	
Reserve for Performance Bonds			1,000		
	772,238,306	773,641,038	731,736,878	759,637,900	712,369,656
Excess in Revenue	2,708,672	4,282,536	26,926,666	25,305,479	9,871,725
Adjustments to Income before Surplus:					
Expenditures Included Above Which Are by Statute Deferred Charges to Budget of Succeeding Year	12,515,000				
Statutory Excess to Surplus	15,223,672	4,282,536	26,926,666	25,305,479	9,871,725
Fund Balance					
Balance January 1	26,225,760	43,603,764	35,177,099	28,371,620	54,949,895
	41,449,432	47,886,300	62,103,765	53,677,099	64,821,620
Decreased by:					
Utilization as Anticipated Revenue	4,000,000	21,660,540	18,500,000	18,500,000	36,450,000
Balance December 31	$ 37,449,432	$ 26,225,760	$ 43,603,765	$ 35,177,099	$ 28,371,620

See accompanying notes to financial statements.

COUNTY OF ESSEX, NEW JERSEY
CAPITAL FUND

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

ASSETS AND DEFERRED CHARGES	Balance Dec. 31, 2012	Balance Dec. 31, 2011	Balance Dec. 31, 2010	Balance Dec. 31, 2009	Balance Dec. 31, 2008
Cash	$ 27,973,555	$ 20,368,927	$ 22,701,299	$ 13,603,156	$ 10,674,634
Other Accounts Receivable	1,060,558	2,262,785	3,434,593	4,634,336	5,817,720
Federal and State Grants Receivable				30,271	4,530,271
Capital Lease Program Funds Receivable		897,758	1,374,395	2,154,183	6,334,747
Loans Receivable	450,000	450,000	450,000	450,000	576,552
Deferred Charges to Future Taxation:					
Funded	335,181,790	351,635,702	382,759,819	283,927,470	313,527,320
Unfunded	69,543,534	45,468,534	23,641,034	118,778,384	94,175,584
	$ 434,209,437	$ 421,083,706	$ 434,361,140	$ 423,577,800	$ 435,636,828

LIABILITIES, RESERVES AND FUND BALANCE					
Refunding Bonds	$ 110,780,000	$ 123,040,000	$ 134,090,000	$ 158,830,000	$ 180,735,000
Fiscal Year Adjustment Bonds					1,550,000
Serial Bonds	223,960,000	228,129,820	248,180,320	124,584,820	131,242,320
Loans Payable	441,790	465,882	489,499	512,651	
Bond Anticipation Notes	46,060,000	22,500,000		99,000,000	75,000,000
Improvement Authorizations:					
Funded	6,104,014	4,469,811	11,975,080	6,499,219	6,489,937
Unfunded	30,224,100	26,906,349	20,926,182	12,560,641	16,531,025
Encumbered	10,040,572	6,918,690	7,293,241	16,513,645	16,876,269
Capital Improvement Fund	3,039	3,039	153,539	3,539	3,539
Capital Leasing Program	564,796	1,044,366	1,724,280	2,812,897	4,763,755
Miscellaneous Reserves	198,605	198,605			
Reserves for:					
Federal and State Grants Receivable				30,271	30,271
Improvements			198,605	198,605	282,394
Loans Receivable	450,000	450,000	450,000	450,000	576,552
Loan Proceeds					473,448
Fund Balance	5,382,521	6,957,144	8,880,394	1,581,512	1,082,318
	$ 434,209,437	$ 421,083,706	$ 434,361,140	$ 423,577,800	$ 435,636,828
Bonds and Notes Authorized but Not Issued	$ 23,483,534	$ 22,968,534	$ 23,641,034	$ 19,778,933	$ 19,311,969

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The County of Essex operates under the County Executive Plan of the Optional Charter Law (N.J.S. 40:41A-3 et seq.). A County Executive is elected to a four-year term. Nine members of the Board of Chosen Freeholders are each elected for three-year terms. The County Executive supervises, directs and controls all of the County's administrative departments; the legislative and investigative powers of County government are vested in the Board of Chosen Freeholders.

Each member of the Board of Freeholders carries a legislative vote.

Governmental Accounting Standards Board (GASB) Statement No. 14 establishes certain standards for defining and reporting on the financial reporting entity. In accordance with these standards the reporting entity should include the primary government and those component units that are fiscally accountable to the primary government.

The financial statements of the County of Essex - Department of Administration and Finance, include all funds of the Department of Administration and Finance as reported in the Annual Financial Statement. Due to the large volume of activity, the examinations of the outside offices, institutions, boards and other agencies are submitted in a separate report. The records of the Essex County Area Vocational and Technical School, County College, Improvement Authority, Utilities Authority, Economic Development Corporation, and Single Audit of Federal and State Financial Assistance Programs are audited independently of the County accounts.

The Single Audit Act of 1984, P.L. 98-502 pertains to reporting financial and compliance aspects of Federal funds received by the County, and whether such funds emanate directly from the Federal Government or as a "pass-through" from the State. The provisions of the law are also applicable to State Grant and State Aid Programs. The State requirements are delineated in the provision of New Jersey State Office of Management and Budget Circular Letter 04-04 "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments". Due to the large volume of grants administered by the County, a separate report will be submitted for the Single Audit requirements for Federal and State Financial Assistance Programs.

The State portion of the Public Assistance Trust Fund became a dedicated fund in 1980 and is excluded from the accompanying financial statements. Documents supporting expenditures to welfare recipients of the County portion of public assistance are considered to be confidential by the Department of Human Services, Division of Public Welfare, State of New Jersey and are subject to examination by their representatives.

We did not include verification of claims or auditing procedures required to determine that expenditures complied with legal provisions of any agreements for the Worker's Compensation Self-Insurance Fund or the Employee Health Benefit Trust Fund. The adequacy of the resources of this fund as well as the determination of the propriety of claims paid, necessarily lies within the sphere of responsibility of the professional administrator of the fund.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. <u>Reporting Entity</u> (Continued)

Administration of two Revolving Loan Programs funded by Community Development Block Grant Programs (CDBG) has been delegated to the Economic Development Corporation of Essex County. The Economic Development Corporation maintains bank accounts for issuance of loans, repayment of principal, and collection of interest thereon. The Economic Development Loan Fund and Community Economic Revitalization Program (CERP) are not reflected on the financial statements of the County. The Economic Development Corporation also administers other CDBG programs for municipalities within the County. A separate audit report is prepared for the Economic Development Corporation, which is considered an autonomous agency.

B. <u>Description of Funds</u>

The Governmental Accounting Standards Board (GASB) is the recognized standard setting body for establishing governmental accounting and financial reporting principles. The GASB establishes seven fund types and two account groups to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America (GAAP).

The accounting policies of the County of Essex conform to the accounting principles applicable to counties that have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. These principles are a “Modified Accrual Basis of Accounting” which differs from accounting principles generally accepted in the United States of America (GAAP) for governmental entities. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the County of Essex accounts for its financial transactions through the following separate funds, which differ from the fund structure required by Generally Accepted Accounting Principles:

Current Fund - Encompasses resources and expenditures for basic governmental operations. Fiscal activity of Federal and State Financial Assistance Programs are segregated but also included therein. The audit of the Federal and State Financial Assistance Programs are subject to the separate aforementioned "Single Audit".

Trust Funds - The records of receipts, disbursements and custodianship of monies in accordance with the purpose for which each account was created are maintained in Trust Funds. These include the Pension Trust Fund and the Other Trust Fund.

General Capital Fund - The receipts and expenditure records for the acquisition of general infrastructure and other capital facilities, other than those acquired in the Current Fund, are maintained in this Fund as well as related long-term debt accounts.

Capital Fixed Assets - These accounts reflect estimated valuations of land, buildings and certain movable fixed assets of the County as discussed under the caption of "Basis of Accounting".

Outside Offices and Agencies - The County hospital, jail, constitutional offices and other revenue producing entities maintain individual financial records that are subject to a separate audit and report thereon.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting

The accounting principles and practices prescribed for counties by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, differ in certain respects from accounting principles generally accepted in the United States of America. The accounting system is maintained on the modified accrual basis with certain exceptions. Significant accounting policies in New Jersey and applicable to the County are summarized as follows:

Taxes and Other Revenue

Taxes and other revenue are realized when collected in cash or approved by regulation for accrual from certain sources of the State of New Jersey and the Federal Government. Accruals of taxes and other revenue are otherwise deferred as to realization by the establishment of offsetting reserve accounts. GAAP requires such revenue to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts. Taxes due from the municipalities within the County are payable on a quarterly basis and are normally collected 100% by year-end.

Grant Revenue

Federal and State grants, entitlements or shared revenue received for purposes normally financed through the Current Fund are recognized when anticipated in the County of Essex budget. GAAP requires such revenue to be recognized in the accounting period when they become susceptible to accrual.

Expenditures

Budgetary Expenditures for County purposes are generally recorded on the accrual basis. Unexpended appropriation balances, except for amounts that may have been cancelled by the Board of Freeholders or by statutory regulation, are automatically recorded as liabilities at December 31st of each year, in an account entitled "Appropriation Reserves".

Grant appropriations are charged upon budget adoption to create separate spending reserves.

Budgeted transfers to the Capital Improvement Fund are recorded as expenditures to the extent permitted by law.

Payroll expense is maintained on the cash basis.

The County's share of contributions for fringe benefits, such as retirement plans and accrued sick leave are maintained on the cash basis with certain exceptions. The County has elected to pay for certain early retirement benefits over a period of 26 years starting in 1996. Employer reserves for certain former Essex County Employees' Retirement System members who transferred to the Police and Firemen's Retirement System of New Jersey are being paid in 26 year installments which are to continue through the year 2012.

Expenditures from Trust and Capital Funds are recorded upon occurrence and charged to accounts statutorily established for specific purposes.

Budget Appropriations for interest on General Capital Long-Term Debt is raised on the cash basis and is not accrued on the records.

GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

Encumbrances

As of January 1, 1986 all local units were required by Technical Accounting Directive No. 85-1, as promulgated by the Division of Local Government Services, to maintain an encumbrance accounting system. The directive states that contractual orders outstanding at December 31, are reported as expenditures through the establishment of an encumbrance payable. Encumbrances do not constitute expenditures under GAAP.

Appropriation Reserves

Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding year. Lapsed appropriation reserves are recorded as additions to income. Appropriation reserves do not exist under GAAP.

Compensated Absences

Expenditures relating to obligations for unused vested accumulated sick, vacation and compensatory pay are not recorded until paid. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining obligations be recorded as a long-term obligation.

Self-Insurance Contributions

Contributions to self-insurance funds are charged to budget appropriations. GAAP requires that payments be accounted for as an operating transfer and not as an expenditure.

Interfunds Receivable

Interfunds Receivable in the Current Fund are generally recorded with offsetting reserves which are established by charges to operations. Collections are recognized as income in the year that the receivables are realized. Interfunds Receivable of all other funds are recorded as accrued and are not offset with reserve accounts. Interfunds Receivable of one fund are offset with Interfunds Payable of the corresponding fund. GAAP does not require the establishment of an offsetting reserve.

Inventories of Supplies

Materials and supplies purchased by all funds are recorded as expenditures and the values of the inventories are not included on the respective balance sheets of the County.

Capital Fixed Assets

A Capital Fixed Assets accounting system was established in accordance with the 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 GAAP.

GAAP requires that fixed assets be capitalized at historical or estimated historical cost if actual historical cost is not available.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

Capital Fixed Assets (Continued)

Fixed assets used in governmental operations (general fixed assets) are accounted for in the Capital Fixed Assets. 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.

Acquisitions of land, buildings, machinery, equipment and other capital assets are recorded on a perpetual fixed asset record.

Vehicles, furniture, equipment and other items are reflected at replacement values at time of inventory preparation. Additions to the established fixed assets are valued at cost.

Land and buildings are valued at assessed valuation.

Depreciation of assets is not recorded as an operating expense of the County.

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 of Essex presents the financial statements listed in the table of contents which are required by the Division of Local Government Services and which differ from the financial statements required by GAAP. In addition, the Division requires the financial statements listed in the table of contents to be referenced to the supplementary schedules. This practice differs from GAAP.

2. CASH, CASH EQUIVALENTS AND INVESTMENTS

A. Cash and Cash Equivalents

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

The State of New Jersey Cash Management Fund is authorized by statute and regulations of the State Investment Council to invest in fixed income and debt securities that mature or are redeemed within one year. Twenty-five percent of the Fund may be invested in eligible securities that mature within two years provided, however, the average maturity of all investments in the Fund shall not exceed one year. Collateralization of Fund investments is generally not required.

In addition, by regulation of the Division of Local Government Services, counties are permitted to invest in Government Money Market Mutual Funds purchased through State registered brokers/dealers and banks.

In accordance with the provisions of the Governmental Unit Deposit Protection Act of New Jersey, public depositories are required to maintain collateral for deposits of public funds that exceed insurance limits as follows:

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

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

2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

A. ***Cash and Cash Equivalents*** (Continued)

All collateral must be deposited with the Federal Reserve Bank, The Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than $25,000,000.00.

B. ***Investments***

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

- Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America. This includes instruments such as Treasury bills, notes and bonds.

- Government money market mutual funds.

- Any federal agency or instrumentality obligation authorized by Congress that matures within 397 days from the date of purchase, and has a fixed rate of interest not dependent on any index or external factors.

- Bonds or other obligations of the local unit or school districts of which the local unit is a part.

- Any other obligations with maturities not exceeding 397 days, as permitted by the Division of Investments.

- Local government investment pools, such as New Jersey CLASS, and the New Jersey Arbitrage Rebate Management Program.

- New Jersey State Cash Management Fund.

- Repurchase agreements of fully collateralized securities, subject to special conditions.

As of December 31, 2012, the County had funds invested and on deposit in checking, statement savings and Certificates of Deposit.

Except for the investment portfolios of the Employees' Retirement System Dedicated Bond Fund, the carrying amount of the County's cash and cash equivalents and investments as of December 31, 2012 was $158,966,796.85. These funds constitute "deposits with financial institutions" as defined by GASB Statement No. 40.

3. COMPARATIVE TAX INFORMATION

The following schedule compares the County's equalized assessed valuations and tax rates for the current and previous four years:

Year	Net Valuation on which County Taxes are Apportioned	County Tax Rate	County Open Space Tax Rate
2012	$ 88,368,834,408.00	$ 0.4506	$ 0.0153
2011	91,284,599,647.00	0.4254	0.0152
2010	96,376,538,097.00	0.3944	0.0152
2009	97,911,850,661.00	0.3784	0.0151
2008	94,164,040,217.00	0.3765	0.0151

3. COMPARATIVE TAX INFORMATION (Continued)

Comparison of Tax Levies and Collections (Includes Added Taxes)

The following is an analysis of the County tax levies and collections for the current and previous four years:

Year	Real and Personal Property Tax	Added and Omitted Taxes Under Chapter 397, P.L. 1941	Total Tax Levy	Cash Collections
2012	$ 391,714,305.34	$ 912,291.90	$ 392,626,597.24	$ 393,257,745.40
2011	384,033,637.75	1,622,084.38	385,655,722.13	384,755,111.63
2010	373,755,353.78	659,791.29	374,848,397.92	374,848,397.92
2009	363,575,246.00	1,293,104.54	364,868,350.54	367,354,589.64
2008	349,575,243.00	3,969,072.53	353,544,315.53	353,162,149.76

Cash collections include taxes unpaid in prior years.

4. FUND BALANCE APPROPRIATED

Year	Balance December 31	Utilized in Budget of Succeeding Year
2012	$ 37,449,432.60	$ 4,000,000.00
2011	26,225,760.55	4,000,000.00
2010	44,032,964.62	21,660,540.00
2009	35,177,098.98	18,500,000.00
2008	28,371,620.32	18,500,000.00

5. NEW JERSEY STATE PENSION PLANS

Description of Systems

Substantially all of the County's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Public Employees' Retirement System (PERS) or the Police and Firemen's Retirement System (PFRS). These systems are sponsored and administered by the New Jersey Division of Pensions and Benefits. The Public Employees' Retirement System and the Police and Firemen's Retirement System is considered a cost sharing multiple-employer plan.

The County also awards noncontributory pensions for certain veterans and County employees who were not eligible to join other pension plans or opted for veterans' pensions in lieu of County employees' pensions.

Public Employees' Retirement System:

The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district or public agency, provided the employee is not required to be a member of another State-administered retirement system or other state or local jurisdiction.

5. *NEW JERSEY STATE PENSION PLANS (Continued)*

Significant Legislation

P.L. 2011, c.78, effective June 28, 2011, made various changes to the manner in which PERS operates and to the benefit provisions of that system.

This new legislation's provisions impacting employee pension and health benefits include:

- New members of PERS hired on or after June 28, 2011 (Tier 5 members), will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of ¼ to 1 percent for each month that the member is under age 65.

- The eligibility age to qualify for a service retirement in the PERS is increased from age 62 to 65 for Tier 5 members.

- The annual benefit under special retirement for new PERS members enrolled after June 28, 2011 (Tier 3 members), will be 60 percent instead of 65 percent of the member's final compensation plus 1 percent for each year of creditable service over 25 years but not to exceed 30 years.

- Active member contribution rates will increase. PERS active member rates increase from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years. For Fiscal Year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contributions for PERS members will take place in July of each subsequent fiscal year.

- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.

In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

Police and Firemen's Retirement System:

The Police and Firemen's Retirement System (PFRS) was established in July, 1944 under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full-time county and municipal police or firemen and State firemen appointed after June 30, 1944. Membership is mandatory for such employees. Members may opt for Service Retirement if over age 55 or Special Retirement at any age if they have a minimum of 25 years of service or 20 years of service if enrolled in the PFRS as of January 18, 2000. Retirement benefits vary depending on age and years of service.

Chapter 428, Public Law of 1999, effective January 18, 2000, allows a member, age 55 and older with 20 or more years of service, to retire with a benefit equaling 50% of final compensation, in lieu of the regular retirement allowance available to the member. Final compensation means the compensation received by the member in the last twelve months of creditable service preceding retirement.

In addition, a member of the system as of the effective date of this law may retire with 20 or more years of service with a retirement allowance of 50% of final compensation, regardless of age, and, if required to retire because of attaining the mandatory retirement age of 65, an additional 3% of final compensation for every additional year of creditable service up to 25 years.

Consolidated Police and Firemen's Pension Fund:

The Consolidated Police and Firemen's Retirement System (CPFPF) is a closed system with no active members and was established in January 1952 to provide coverage to municipal police and firemen who were appointed prior to July 1, 1944.

5. NEW JERSEY STATE PENSION PLANS (Continued)

Contributions Required and Made

Contributions made by employees for PERS and PFRS are currently 6.64% and 10.0% of their base wages, respectively. Employer contributions are actuarially determined on an annual basis by the Division of Pensions. Contributions to the plan for the past three (3) years are as follows:

	PERS		PFRS	
Year	County	Employees	County	Employees
2012	$ 9,844,809.00	$ 9,212,282.60	$ 18,530,258.00	$ 8,301,649.90
2011	9,897,074.00	8,030,757.71	22,532,980.00	6,973,378.44
2010	8,225,860.00	7,623,280.12	17,710,190.00	6,696,647.00

During the year 2003, the County of Essex, in accordance with the provisions of P.L. 2002, c. 42, elected to bond the early retirement accrued liability to the State of New Jersey. Serial bonds in the sum of $54,665,000.00 were sold to settle an unfunded liability detailed as follows:

Public Employees' Retirement System	$ 22,150,983.00
Police and Firemen's Retirement System	30,352,085.00
	$ 52,503,068.00

6. ESSEX COUNTY EMPLOYEES' RETIREMENT SYSTEM

Description of System

The County Employees' Retirement System was established in 1943 under the provisions of Chapter 160, P.L. 1943 as amended to provide for administration of a County employees' pension fund in counties having a population exceeding 800,000 inhabitants. Members are eligible for retirement after 35 years of service; age 55 with 30 years of service or age 60 with 20 years of service. Benefits are determined by 50% of the final three-year average pay plus 1.5% of final average pay for each year of service in excess of 30, subject to a minimum of 60% of final average pay.

Contributions Required and Made

The County administers the Essex County Employees' Retirement System, which is currently closed to additional membership. Employer contributions were discontinued by the County effective January 1, 1985. Vocational school employer contributions were discontinued when its last member died in December 1991. Effective in 1990, employee contributions (8% of base wages) were returned to the County in support of the operating budget. An employer contribution account was established in the year 2001 in conjunction with the funding of Employees' Retirement System Benefits. The transfer of employee contributions will be made in accordance with County Resolution 88-1084. Employee contributions for the past three (3) years are as follows:

Year	Amount
2012	$ 4,261.09
2011	4,176.49
2010	6,131.72

6. ESSEX COUNTY EMPLOYEES' RETIREMENT SYSTEM (Continued)

Other Matters

Annuity Contract:

In the year 1986, the County issued pension refunding bonds in the sum of $48 million to purchase a group annuity from the Metropolitan Life Insurance Company to fund the pension obligations of approximately 1,000 employees who retired prior to January 1, 1985. During 2012, the sum of $484,741.96 was collected from this source.

7. DEFINED CONTRIBUTION RETIREMENT PROGRAM

Description of System

The Defined Contribution Retirement Program (DCRP) was established on July 1, 2007 for certain public employees under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007. The program provides eligible members, with a minimum base salary of $1,500.00 or more, with a tax-sheltered, defined contribution retirement benefit, in addition to life insurance and disability coverage. The DCRP is jointly administered by the Division of Pensions and Benefits and Prudential Financial.

If the eligible elected or appointed official will earn less than $5,000.00 annually, the official may choose to waive participation in the DCRP for that office or position. This waiver is irrevocable.

As of May 21, 2010, the municipal base salary required for eligibility in the DCRP was increased to $5,000.00.

This retirement program is a new pension system where the value of the pension is based on the amount of the contribution made by the employee and employer and through investment earnings. It is similar to a Deferred Compensation Program where the employee has a portion of tax deferred salary placed into an account that the employee manages through investment options provided by the employer.

The law requires that three classes of employees enroll in the DCRP detailed as follows:

- All elected officials taking office on or after July 1, 2007, except that a person who is reelected to an elected office held prior to that date without a break in service may remain in the Public Employees' Retirement System (PERS).

- A Governor appointee with the advice and consent of the Legislature or who serves at the pleasure of the Governor only during that Governor's term of office.

- Employees enrolled in the PERS on or after July 1, 2007 or employees enrolled in the PFRS after May 21, 2010 who earn salary in excess of established "maximum compensation" limits.

- Employees otherwise eligible to enroll in the PERS on or after November 2, 2008 who do not earn the minimum salary for PERS Tier 3, but who earn salary of at least $5,000.00.

- Employees otherwise eligible to enroll in the PERS after May 21, 2010, who do not work the minimum number of hours per week required for PERS Tier 4 or Tier 5 enrollment (32 hours per week) but who earn salary of at least $5,000.00 annually.

Notwithstanding the foregoing requirements, other employees who hold a professional license or certificate or meet other exceptions are permitted to remain to join or remain in PERS.

7. DEFINED CONTRIBUTION RETIREMENT PROGRAM (Continued)

Contributions Required and Made

Contributions made by employees for DCRP are currently at 5.5% of their base wages. Member contributions are matched by a 3.0% employer contribution.

During the year 2012 there were two officials enrolled in the DCRP. Contributions to the plan are as follows:

Year	County	Employees
2012	$ 4,360.77	$ 11,851.45

8. COUNTY DEBT

The Local Bond Law governs the issuance of bonds and notes to finance general capital expenditures. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the County are general obligation bonds, backed by the full faith and credit of the County. Pursuant to N.J.S.A. 40A:2-8, bond anticipation notes, which are issued to temporarily finance capital projects, cannot be renewed past the third anniversary unless an amount equal to at least the first requirement is paid prior to each anniversary and must be paid off within ten years and five months or retired by the issuance of bonds.

Summary of County Debt (Excluding Current Debt)

	Year 2012	Year 2011	Year 2010
Issued:			
Bonds and Notes	$ 270,020,000.00	$ 250,629,820.00	$ 248,180,320.00
Refunding Bonds	110,780,000.00	123,040,000.00	134,090,000.00
Loan Payable	441,790.09	465,881.85	489,498.90
Authorized but Not Issued:			
Bonds and Notes:			
General	23,483,534.40	22,968,534.40	23,641,034.40
County Guaranteed Debt:			
Essex County Improvement Authority:			
Lease Revenue Bonds and Lease Revenue Refunding Bonds Outstanding (40:37A-80)	557,475,000.00	589,450,000.00	606,850,000.00
Bonds, Bond Anticipation Notes and Loans Issued	12,085,000.00	17,980,000.00	19,845,000.00
Essex County Utilities Authority:			
Bonds Issued	68,930,000.00	74,355,000.00	79,690,000.00
Notes Issued	6,250,000.00	6,250,000.00	6,250,000.00
	$ 1,049,465,324.49	$ 1,085,139,236.25	$ 1,119,035,853.30

8. COUNTY DEBT (Continued)

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the procedures prescribed for the preparation of the Annual Debt Statement and indicates a statutory net debt of 0.375%:

	Gross Debt	Deductions	Net Debt
General Debt	$ 1,049,465,324.49	$ 721,175,000.00	$ 328,290,324.49

Deductions:	
Lease Revenue and Lease Revenue Refunding Bonds and Bond Anticipation Notes Issued by the Essex County Improvement Authority	$ 557,475,000.00
Bonds and Loans Issued and Authorized but Not Issued by the Essex County Improvement Authority	12,085,000.00
Capital Projects for the County College - Chapter 12 State Aid	12,405,000.00
Pension Refunding Bonds	54,665,000.00
Bonds and Notes Issued by Essex County Utilities Authority	75,180,000.00
Other Deductions:	
Open Space Trust	9,005,000.00
Police Academy	360,000.00
	$ 721,175,000.00

Summary of Statutory Debt Condition - Annual Debt Statement

Net Debt, $328,290,324.49 divided by Equalized Valuation Basis per N.J.S. 40A:2-2 as amended, $87,429,146,176.33 equals 0.375%.

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

Borrowing Power - 2% of Equalized Valuation Basis	$ 1,748,582,923.53
Net Debt	328,290,324.49
Remaining Borrowing Power	$ 1,420,292,599.04

The foregoing debt information is in agreement with the Annual Debt Statement as filed by the County Treasurer.

8. COUNTY DEBT (Continued)

General Obligation Bonds

$2,950,000, 1996 Bonds due in annual installments of $147,500 through September 2016, interest at 6.30%* (noncallable).	$	590,000.00
$67,200,000, 2004 Bonds due in annual installments of $4,670,000 to $5,860,000 through October 2019, interest at 4.00%.		36,665,000.00
$83,510,000, 2005 Bonds due in annual installments of $1,970,000 to $2,800,000 through May 2022, interest at 4.00% to 5.00%.		21,280,000.00
$4,275,000, 2010 Bonds due in annual installments of $285,000 through July 2025, interest variable.		3,705,000.00
$60,250,000, 2010A Bonds due in annual installments of $275,000 to $15,200,000 through August 2025, interest at 5.00%.		58,445,000.00
$37,550,000, 2010E Bonds due in annual installments of $3,380,000 to $18,100,000 through August 2025, interest at 5.90% to 6.15%.		37,550,000.00
	$	158,235,000.00

*Estimated interest rate - variable rate which includes fixed and added fees.

County College and Vocational School Bonds

$4,500,000, 1999 County College Bonds due in annual installments of $395,000 to $405,000 through August 2014, interest at 5.35% to 5.45%.	$	800,000.00
$14,500,000, 2004 Bonds due in annual installments of $1,225,000 to $1,420,000 through October 2017, interest at 4.00%.		6,605,000.00
$4,000,000, 2004 Bonds due in annual installments of $275,000 to $350,000 through October 2019, interest at 3.50% to 4.00%.		2,180,000.00
$2,600,000, 2004 Vocational School Bonds due in annual installments of $165,000 to $215,000 through October 2020, interest at 3.50% to 4.00%.		1,505,000.00
$10,732,320, 2007 Vocational School Bonds due in annual installments of $100,000 to $1,165,000 through December 2022, interest at 4.00% to 5.00%.		10,185,000.00
$9,000,000, 2008A County College Bonds due in annual installments of $535,000 to $780,000 through March 2023, interest at 3.50% to 4.10%.		7,110,000.00

8. COUNTY DEBT (Continued)

<u>County College and Vocational School Bonds</u> (Continued)

$9,000,000, 2008B County College Bonds due in annual installments of $535,000 to $780,000 through March 2023, interest at 3.50% to 4.10%.	$ 7,110,000.00
$3,200,000, 2010 Vocational School Bonds due in annual installments of $185,000 to $265,000 through August 2025, interest at 5.00%.	2,840,000.00
$15,576,500, 2010C County College Bonds due in annual installments of $95,000 to $2,550,000 through August 2025, interest at 5.00%.	15,240,000.00
$1,176,500, 2010D County College Bonds due in annual installments of $70,000 to $100,000 through August 2025, interest at 5.00%.	1,050,000.00
$8,600,000, 2010F County College Bonds due in annual installments of $510,000 to $5,135,000 through August 2025, interest at 5.90% to 6.15%.	8,600,000.00
$1,250,000, 2012A County College Bonds due in annual installments of $125,000 through September 2022, interest at 2.00% to 4.00%.	1,250,000.00
$1,250,000, 2012B County College Bonds due in annual installments of $125,000 through September 2022, interest at 2.00% to 4.00%.	1,250,000.00
	$ 65,725,000.00

<u>Refunding Bonds</u>

$42,540,000, 1989A Bonds due in an annual installment of $3,500,000 in August 2019, interest at 15.25% (noncallable).	$ 3,500,000.00
$54,665,000, 2003 Bonds due in annual installments of $220,000 to $6,625,000 through April 2033, interest at 4.75% to 4.95%. The bonds are not subject to optional redemption.	54,665,000.00
$80,100,000, 2005 Bonds due in annual installments of $4,110,000 to $6,115,000 through June 2016, interest at 5.00%.	21,565,000.00
$2,980,000, 2008B Bonds due in annual installments of $570,000 to $575,000 through November 2014, interest at 3.75% to 4.00%.	1,145,000.00
$32,635,000, 2008C Bonds due in annual installments of $3,710,000 to $3,880,000 through December 2017, interest at 5.31% to 6.00%	18,905,000.00

8. COUNTY DEBT (Continued)

<u>Refunding Bonds</u> (Continued)

$2,360,000, 2011A Bonds due in annual installments of $485,000 to $620,000 through June 2015, interest at 3.00% to 4.00%.	$ 1,650,000.00
$10,495,000, 2011B Bonds due in annual installments of $45,000 to $2,235,000 through June 2017, interest at 3.00% to 4.00%.	8,535,000.00
$980,000, 2011C Bonds due in annual installments of $160,000 to $165,000 through June 2017, interest at 3.00% to 4.00%.	815,000.00
	$ 110,780,000.00

8. *COUNTY DEBT (Continued)*

A schedule of annual debt service for principal and interest is as follows:

	General Serial Bonds		Refunding Bonds		
Year	Principal	Interest	Principal	Interest	Total
2013	$ 11,962,500.00	$ 10,609,675.82	$ 12,885,000.00	$ 5,620,891.50	$ 41,078,067.32
2014	17,872,500.00	10,067,515.04	13,415,000.00	5,017,594.75	46,372,609.79
2015	18,107,500.00	9,270,950.04	13,255,000.00	4,365,078.75	44,998,528.79
2016	18,422,500.00	8,476,951.28	11,055,000.00	3,747,497.50	41,701,948.78
2017	18,660,000.00	7,669,871.28	5,180,000.00	3,324,191.25	34,834,062.53
2018	17,865,000.00	6,857,571.28	1,370,000.00	3,028,747.50	29,121,318.78
2019	18,000,000.00	6,080,277.52	5,175,000.00	2,956,428.75	32,211,706.27
2020	11,710,000.00	5,302,902.52	2,005,000.00	2,335,278.75	21,353,181.27
2021	11,415,000.00	4,781,815.02	2,370,000.00	2,231,372.50	20,798,187.52
2022	11,845,000.00	4,273,977.52	1,450,000.00	2,140,647.50	19,709,625.02
2023	23,820,000.00	3,805,422.50	1,740,000.00	2,064,885.00	31,430,307.50
2024	22,200,000.00	2,639,682.50	2,060,000.00	1,972,575.00	28,872,257.50
2025	22,080,000.00	1,331,882.50	2,410,000.00	1,861,942.50	27,683,825.00
2026			2,795,000.00	1,733,118.75	4,528,118.75
2027			3,215,000.00	1,584,371.25	4,799,371.25
2028			3,670,000.00	1,413,967.50	5,083,967.50
2029			4,165,000.00	1,220,051.25	5,385,051.25
2030			4,710,000.00	1,000,395.00	5,710,395.00
2031			5,295,000.00	752,771.25	6,047,771.25
2032			5,935,000.00	474,828.75	6,409,828.75
2033			6,625,000.00	163,968.75	6,788,968.75
	$ 223,960,000.00	$ 81,168,494.82	$ 110,780,000.00	$ 49,010,603.75	$ 464,919,098.57

8. COUNTY DEBT (Continued)

Verona Lake Dam Restoration Loan

A loan agreement was entered into by the County of Essex with the New Jersey Department of Environmental Protection for the purpose of restoration of the Verona Lake Dam at an interest rate of 2.0%.

The following is a schedule of annual principal and interest payments for the restoration of the Verona Lake Dam as of December 31, 2012:

Year	Total	Principal	Interest
2013	$ 33,289.52	$ 24,575.99	$ 8,713.53
2014	33,289.52	25,069.97	8,219.55
2015	33,289.53	25,573.88	7,715.65
2016	33,289.52	26,087.91	7,201.61
2017	33,289.52	26,612.28	6,677.24
2018	33,289.52	27,147.18	6,142.34
2019	33,289.53	27,692.85	5,596.68
2020	33,289.53	28,249.47	5,040.06
2021	33,289.54	28,817.29	4,472.25
2022	33,289.52	29,396.51	3,893.01
2023	33,289.54	29,987.39	3,302.15
2024	33,289.52	30,590.13	2,699.39
2025	33,289.52	31,204.99	2,084.53
2026	33,289.52	31,832.21	1,457.31
2027	33,289.53	32,472.04	817.49
2028	16,644.80	16,480.00	164.80
	$ 515,987.68	$ 441,790.09	$ 74,197.59

8. *COUNTY DEBT (Continued)*

Lease Revenue Bonds

The County of Essex entered into Guaranteed General Obligation and Capital Equipment Program Leases with the Essex County Improvement Authority in which the County is obligated to pay principal and interest on the Authority's "Lease Revenue Bonds" and "Lease Revenue Refunding Bonds" in accordance with terms of lease purchase agreements. The guaranteed bonds, issued and outstanding, are deducted from gross debt for the purposes of the Local Bond Law and are summarized as follows:

Purpose	Date of Issue	Expiration Date	Principal Amount	Amount Outstanding Dec. 31, 2012
General Obligation Lease Revenue Bonds, Series 1997A-H (Sportsplex Project) First Optional Call Date (Other than Series C and Series G Bonds) 10-01-07	7-01-97	10-01-23	$ 11,000,000.00	$ 1,500,000.00
Parking Facility Revenue Refunding Bonds, Series 1998	8-01-98	10-01-22	9,225,000.00	5,530,000.00
General Obligation Lease Revenue Bonds, (Social Services Facilities Project) (Noncallable)	9-01-98	9-01-27	5,000,000.00	3,690,000.00
General Obligation Guaranteed Revenue Bonds, Series 1998A (New Jersey Performing Arts Center)	12-01-98	10-01-18	5,000,000.00	2,100,000.00
General Obligation Lease Revenue Bonds, Series 1998B (Riverbank Park Project) First Optional Call Date 9-01-08	12-01-98	9-01-13	4,500,000.00	2,370,000.00
General Obligation Lease Revenue Bonds, Series 1998C (Noncallable) (Charm Acres Project)	12-01-98	9-01-18	1,500,000.00	150,000.00
General Obligation Lease Revenue Bonds, Series 2002, (Cogen Facility Project) First Optional Call Date 1-01-12	7-01-02	1-01-23	21,150,000.00	1,065,000.00
Guaranteed Lease Revenue Bonds, Series 2003 (County Correctional Facility Project)	4-01-03	10-01-28	94,300,000.00	860,000.00

8. COUNTY DEBT (Continued)

Lease Revenue Bonds ***(Continued)***

Purpose	Date of Issue	Expiration Date	Principal Amount	Amount Outstanding Dec. 31, 2012
Project Consolidation Revenue Bonds, Series 2003	3-15-07	12-15-20	$ 120,045,000.00	$ 70,990,000.00
Project Consolidation Revenue Bonds, Series 2004	10-01-04	10-01-14	188,565,000.00	170,380,000.00
Project Consolidation Revenue Bonds, Series 2006	8-16-05	12-15-24	41,865,000.00	31,235,000.00
Project Consolidation Revenue Bonds, 2005	8-24-05	12-15-27	11,515,000.00	9,275,000.00
General Obligation Lease Revenue Refunding Bonds	10-01-05	10-01-08	14,420,000.00	11,975,000.00
Project Consolidation Revenue Bonds, Series 2007	3-15-07	12-15-23	235,845,000.00	235,845,000.00
General Obligation Lease Revenue Refunding Bonds	10-10-12	10-01-17	10,510,000.00	10,510,000.00
			$ 774,440,000.00	$ 557,475,000.00

8. *COUNTY DEBT (Continued)*

***Lease Revenue Bonds* (Continued)**

The principal and interest on the above will be paid from certain rental payments made by the County in accordance with the terms of loan agreements contracted between the County and the Essex County Improvement Authority.

Year	Total	Principal	Interest
2013	$ 56,896,645.57	$ 28,375,000.00	$ 28,521,645.57
2014	51,400,202.02	24,185,000.00	27,215,202.02
2015	52,362,170.78	26,355,000.00	26,007,170.78
2016	55,075,545.02	30,295,000.00	24,780,545.02
2017	61,516,574.78	38,150,000.00	23,366,574.78
2018	63,272,115.52	41,830,000.00	21,442,115.52
2019	63,644,043.26	44,350,000.00	19,294,043.26
2020	73,520,166.00	56,520,000.00	17,000,166.00
2021	73,476,666.02	59,410,000.00	14,066,666.02
2022	74,473,266.00	63,495,000.00	10,978,266.00
2023	58,454,500.26	50,780,000.00	7,674,500.26
2024	23,196,325.26	18,120,000.00	5,076,325.26
2025	17,837,089.00	13,730,000.00	4,107,089.00
2026	16,753,941.26	13,385,000.00	3,368,941.26
2027	16,334,272.26	13,685,000.00	2,649,272.26
2028	13,070,630.00	11,160,000.00	1,910,630.00
2029	13,063,750.00	11,765,000.00	1,298,750.00
2030	12,538,675.00	11,885,000.00	653,675.00
	$ 796,886,578.01	$ 557,475,000.00	$ 239,411,578.01

Bonds and Notes Authorized but Not Issued

There were Bonds and Notes Authorized but Not Issued in the following amounts:

	Balance Dec. 31, 2012	Balance Dec. 31, 2011
General Capital Fund	$ 23,483,534.40	$ 22,968,534.40

8. COUNTY DEBT (Continued)

Debt Guaranteed by the County

The following Debt, which was issued by the Essex County Improvement Authority, has been guaranteed by the County of Essex and is detailed as follows:

Purpose	Date of Issue	Expiration Date	Principal Amount	Annual Installment Amounts			Interest Rates	Amount Outstanding Dec. 31, 2012
Airport Revenue, Series 1998	8-01-98	11-01-18	$ 1,000,000.00	$ 60,000.00	to	$ 75,000.00	5.10	$ 410,000.00
Property and Equipment Leasing Program Pooled Revenue Bonds, Series 1993A - First Optional Call Date 7-01-02	2-01-93	8-01-13	5,700,000.00	340,000.00			5.80	340,000.00
Revenue Bond, Series 1995 (Garden State Cancer Center Project) - First Optional Call Date 12-01-05	6-15-95	12-01-20	3,600,000.00	180,000.00	to	270,000.00	5.50 - 6.00	1,770,000.00
Airport Refunding Revenue Bonds, Series 2004	10-01-04	11-01-21	3,285,000.00	Term Bonds Due 11-01-21				2,355,000.00
Airport Revenue and Refunding Bonds, Series 2007	9-26-07	11-01-19	8,590,000.00	95,000.00	to	365,000.00	3.625 - 4.50	7,210,000.00
			$ 22,175,000.00					$ 12,085,000.00

The County is required to pay the Debt Service on the above Parking Facility Revenue Bonds pursuant to Trustee Service Agreements.

8. COUNTY DEBT (Continued)

***Debt Guaranteed by the County* (Continued)**

The following debt which was issued by the Essex County Utilities Authority has been guaranteed by the County of Essex and is detailed as follows:

Bonds

$14,890,000, 2006 Series A Refunding Revenue Bonds due in annual installments of $930,600 to $1,350,000 through October 2022, interest at 3.25% to 4.25%.	$ 11,305,000.00
$12,030,000, 2006 Series B Refunding Revenue Bonds due in annual installments of $725,000 to $1,175,000,000 through October 2022, interest at 5.27% to 5.58%.	9,305,000.00
$52,240,000, 2009 Refunding Revenue Bonds due in annual installments of $485,000 to $5,855,000 through April 2032, interest at 3.00% to 5.00%.	48,320,000.00
	68,930,000.00
Notes	
$6,250,000 Water System Project Notes (Series 2001) due November 7, 2014, interest at 2.00%.	6,250,000.00
	$ 75,180,000.00

Under the guarantee agreements, payment of principal and interest, if not made from other sources, is derived from unlimited ad valorem taxes.

9. INTERFUND RECEIVABLES AND PAYABLES

As of December 31, 2012, Interfund Receivables and Payables that resulted from various Interfund transactions were as follows:

	Due from Other Funds	Due to Other Funds
Current Fund	$ 6,222,653.76	$ 433.47
Federal and State Grant Fund		6,222,413.56
Pension Trust Fund		240.20
Other Trust Fund	433.47	
	$ 6,223,087.23	$ 6,223,087.23

10. OTHER POST-EMPLOYMENT BENEFITS

Plan Description

The County of Essex, by contractual agreement, provides certain post-employment benefits to retired employees and their covered eligible dependents which include health insurance coverage and prescription benefits. Benefits continue for the life of the retiree.

10. OTHER POST-EMPLOYMENT BENEFITS (Continued)

Plan Description ***(Continued)***

For the employee to be eligible for such benefits the retiree must have twenty-five years or more of pension service credits in the Public Employees' Retirement System of N.J., Police and Firemen's Retirement System of N.J., Consolidated Police and Firemen's Retirement System of N.J. or the Essex County Employees' Retirement System and ten years of service with the County.

Retirees meeting the aforementioned conditions hired subsequent to year 1978 may choose any medical plan offered by the County with the exception of the Traditional Plan and are eligible to receive the offered prescription card. Qualified retirees hired in 1978 and prior may choose any medical plan offered by the County, however these retirees are not eligible to receive the offered prescription card. In addition, retirees are required to enroll in Medicare Parts A and B upon reaching the age of Medicare eligibility.

Actuarial Valuations

As a sole or agent employer, the County of Essex has contracted with an actuary and received an actuarial certification regarding the plan in accordance with the requirements of GASB 45, detailed as follows:

Unfunded Accrued Liability as of January 1, 2011	$ 450,156,696.00
Employer Contribution	$ 15,535,062.00
Annual OPEB Cost:	
Annual Required Contribution	$ 46,405,547.00
Interest on Net OPEB Obligation	8,411,064.00
Adjustment to Annual Required Contribution	(10,679,310.00)
Total Annual OPEB Cost	$ 44,137,301.00
Net OPEB Obligation:	
Net OPEB Obligations as of January 1, 2012	$ 168,221,283.00
Annual OPEB Cost	44,137,301.00
Annual Employer Contribution	(15,535,062.00)
Net OPEB Obligations December 31, 2012 (Estimated)	$ 196,823,522.00

Other Information

Active Participants	3,433
Inactive Participants	1,480
Market Value of Assets	$ - 0 -

It should be noted the above information is required in accordance with the regulations of the Local Financial Board to be amended every two years.

11. DEFERRED COMPENSATION PLAN

The County of Essex offers its employees a Deferred Compensation Plan created in accordance with the provisions of N.J.S. 43:15B-1 et seq., and the Internal Revenue Code, Section 457. The plan, available to all County employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

Statutory and regulatory requirements governing the establishment and operation of Deferred Compensation Plans have been codified in the New Jersey Administrative Code under the reference N.J.A.C. 5:37.

The "Small Business Job Protective Act of 1996" revised several provisions of Section 457 of the Internal Revenue Code. A provision of the act required that all existing plans be modified to provide that the funds be held for the exclusive benefit of the participating employees and their beneficiaries.

The County of Essex authorized such modifications to their plan by resolutions of the Board of Chosen Freeholders adopted on December 9, 1998 and December 17, 1998.

The Administrators for the County of Essex's Deferred Compensation Plan are Lincoln National Life Insurance Company and AXA Equitable Life Insurance Company.

12. RISK MANAGEMENT

The County maintains self-insurance programs for Workers' Compensation, Automobile, General Liability and Health Benefits with the following provisions:

Workers' Compensation:

Claims for workers' compensation are funded on a cash basis through budget appropriations. There was no reserve established at December 31, 2012 for possible catastrophic claims. Claims expenses originating in 1994 and prior were charged to the Bond Ordinance Fund established in 1991 until the Fund was depleted in 1998.

The County is liable for the first $350,000.00. Any claims in excess of $350,000.00 are covered for specific limit to the sum of $5,000,000.00 under the County's Excess Liability Policy.

Processing and payment of workers' compensation claims for 2012 were administered by the PMA Group servicing as third-party administrator.

There has been no provision included in the financial statements for claims incurred but not reported as of December 31, 2012.

12. RISK MANAGEMENT (Continued)

Activity for the Workers' Compensation Trust Fund for the year 2012 is detailed as follows:

Balance December 31, 2011		$ 166,818.34
Increases:		
Budget Appropriation	$ 1,708,521.75	
Other	342,789.70	
		2,051,311.45
		2,218,129.79
Decreases:		
Claims	1,970,406.79	
Management Fees	141,950.00	
		2,112,356.79
Balance December 31, 2012		$ 105,773.00

Automobile:

The County is liable for the first $400,000.00. Any claims in excess of $400,000.00 per occurrence are covered to the sum of $5,000,000.00. Claims are funded on a cash basis through budget appropriations. A separate fund is not maintained and there was no reserve established at December 31, 2012 for possible catastrophic claims.

General Liability:

The County is liable for the first $400,000.00. Any claims in excess of $400,000.00 per occurrence are covered to the sum of $5,000,000.00. Claims are funded on a cash basis through budget appropriations. A separate fund is not maintained and there was no reserve established at December 31, 2012 for possible catastrophic claims.

Health Care Professionals (Malpractice):

The County is responsible for the first $400,000.00 of each medical incident. Claims in excess of $400,000.00 are covered for an additional $400,000.00. The annual aggregate limit is $3,000,000.00 with an aggregate deductible in the sum of $1,000,000.00. A separate fund is not maintained and there was no reserve established at December 31, 2012 for possible catastrophic claims.

Health Benefits:

County employees have the option of enrolling in the County's Self-Insured Health Benefits Plan or under several Health Maintenance Organizations.

Processing and payment of self-insured health benefit claims are administered by Blue Cross and Blue Shield Company of New Jersey.

Individual stop loss coverage premiums are paid to the self-insured Plan Administrator.

Claims and premiums for health benefits are funded on a cash basis through budget appropriations. There was no reserve established at December 31, 2012 for possible catastrophic claims.

There has been no provision included in the financial statements for claims incurred but not reported as of December 31, 2012.

13. CONTINGENT LIABILITIES

a. <u>Compensated Absences</u>

The County permits employees to accumulate sick days, which may be taken as compensatory time off or paid at a later date. All vacation leave shall be used in the year earned, unless written approval is given by the Department/Division Director allowing an employee to carry over said vacation days until the subsequent year. Any County employee who retires pursuant to the requirements of his or her retirement program is entitled to the following benefits:

Vacation:

All prior accumulated vacation days and all unused vacation days normally granted the employee for the calendar year shall be paid.

Sick Time:

All accumulated sick time, at a rate of one day paid for every five days unused, up to a maximum for forty-five days is paid for 225 unused sick days.

Compensatory Time:

Any time owed to the employee, or accrued overtime, shall be paid. In some instances compensatory time is permitted to be carried over to a subsequent year with approval of Department/Division Director.

Personal Days:

Unused personal days are also granted on a prorated basis.

It is estimated that the sum of $12,507,644.02 computed internally at 2012 salary rates would be payable to officials and employees of the County of Essex as of December 31, 2012 for accumulated vacation, sick and compensatory time and personal days. This amount was not verified by audit.

Benefits paid in any future years will be charged to that year’s budget.

Provisions for the above are not reflected on the Financial Statements of the County.

Benefits paid in any future year will be charged to that year’s budget. The 2012 County Budget does not include an appropriation for accrued benefits; however, benefits to be paid in 2012 are not expected to be material.

b. <u>Federal and State Awards</u>

The County participates in several federal and state grant programs which are governed by various rules and regulations of the grantor agencies; therefore to the extent that the County has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable at December 31, 2012 may be impaired. In the opinion of management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore no provisions have been recorded in the accompanying statutory basis financial statements for such contingencies.

State and Federal Grants Receivable amounts claimed against phased-out or other doubtful programs for sums in excess of unexpended reserve balances will be cancelled and charged to the Budget Operations account in future years.

13. CONTINGENT LIABILITIES (Continued)

c. ***Reimbursements Due New Jersey Department of Human Services***

The County and the State of New Jersey, Department of Human Services, entered into a memorandum of understanding for the repayment of debt incurred relative to Essex County lawsuits, the advance of Title 30 reimbursements and pharmacy services of $21.364 million to be paid back over a twenty-two year period commencing with calendar year 2006. A revised memorandum of understanding dated February 26, 2003 calls for a repayment plan detailed as follows:

Year	Amount
2006	$ 500,000.00
2007	500,000.00
2008 - 2026 (@ $1,000,000.00 Per Year)	19,000,000.00
2027	1,364,000.00
	$ 21,364,000.00

d. ***Miscellaneous Welfare Revenue***

The New Jersey Division of Local Government Services, as a way of providing fiscal relief for Essex County, permitted the County to include the sum of $8.8 million as miscellaneous revenue from the New Jersey Department of Human Services in support of the 1999 County budget. This amount represented administrative reimbursements that would be earned by the County's Division of Welfare during the period January 1, 2000 through June 30, 2000. State approval was also given to include similar "miscellaneous revenue" in the amount of $6,200,000 (for a cumulative total of $15,000,000) in support of the 2000 County budget.

It is anticipated that these funds will be repaid to the State of New Jersey, Department of Human Services through reductions of future revenue.

e. ***Solid Waste Disposal***

New Jersey State Law requiring solid waste haulers to send trash to specified disposal facilities is being challenged after a May 1994 U.S. Supreme Court decision overturned a local law in Clarkstown, New York requiring waste to be sent to a facility in the Township. C&A Carbone, Inc. et al. v. Township of Clarkstown. Subsequent to such decision, a United States District Court upheld the New Jersey flow control plan in Borough of Haddon Heights v. Shinn.

In February, 1995, in Atlantic Coast Demolition and Recycling, Inc. v. Board of Chosen Freeholders of Atlantic County, the United States Court of Appeals for the Third Circuit concluded in a Commerce Clause challenge to the New Jersey flow control plan that the New Jersey waste flow regulations are discriminatory because they restrict the access of out-of-state facilities to in-state waste processing and disposal service markets, finding that they can be upheld only if they can survive a heightened scrutiny test of whether nondiscriminating alternatives are available.

On May 1, 1997, the United States Court of Appeals for the Third Circuit held that portions of New Jersey's waste flow regulations violate the Commerce Clause of the United States Constitution because they discriminate against out-of-state facilities, in favor of in-state facilities. In a decision, order and injunction, published 112F.3d 652, the Court did not disapprove general control of waste flow by State and County governments. However, the Court invalidated parts of the current NJDEP waste flow regulations that reflect discrimination against out-of-state disposal facilities.

The Atlantic Coast decision was stayed pending exhaustion of further avenues of appeal. Those avenues were exhausted when the United States Supreme Court denied the Petition for Certiorari on November 10, 1997. Consequently, the Atlantic Coast decision and injunction became effective on November 10, 1997.

13. *CONTINGENT LIABILITIES (Continued)*

e. ***Solid Waste Disposal* (Continued)**

In response to the Third Circuit's decision, and in anticipation of a denial of Certiorari, the ECUA undertook the following actions: (1) filed, along with the County, a Declaratory Judgment Action against the Port Authority and GROWS-Wills (which is pending in the Superior Court of New Jersey, Essex County) seeking a determination of the legal status of County Service Contract and the Ash Disposal Contract, in light of a final decision in Atlantic Coast, and (2) re-established regulatory flow control over Nonprocessible Waste pursuant to a nondiscriminatory procurement in compliance with Atlantic Coast.

As part of its response to Atlantic Coast, the ECUA issued nondiscriminatory bid specifications to procure transfer, transportation and/or disposal services for all Processible Waste, and all Nonprocessible Waste. The bid, submitted by Waste Management of New Jersey, Inc. ("Waste Management") for all Nonprocessible Waste was determined to be the lowest responsible bid, and accordingly, the ECUA awarded a contract to Waste Management effective January 4, 1999 for the transfer, transportation and disposal of all Nonprocessible Waste generated within the geographical boundaries of the County.

The ECUA has entered into Local Waste Disposal Agreements with each of the twenty-two municipalities located in the County (and Essex County with respect to County facilities and County related facilities, such as Essex County College and the Essex County Vocational School) and commercial haulers (the "Participants") servicing Essex County customers for the disposal at the Facility of all Processible Waste generated within the geographic boundaries of the County. The obligation of each of the Participants to make service charge payments to the ECUA is unconditional and is backed by the full faith and credit of such Participant.

To assure that Processible Waste generators that do not contract to deliver their Processible Waste to the Facility are nonetheless required to make payment of their allocable share of the ECUA's debt service and administrative costs, the ECUA intended to assess a surcharge upon all Processible Waste generated in the County but not delivered to the Facility. The surcharge would be imposed monthly, commencing on or about January 1, 2000 in the approximate amount of $16.61 per ton of Processible Waste. The ECUA intended to assess the surcharge against individual Processible Waste generators on the basis of waste generation and to commence the current billing and enforcement of collection of the surcharges from the vendors providing Processible Waste collection services.

On June 22, 2000, the Supreme Court of New Jersey reversed the decision of the Appellate Division in IMO Passaic County Utilities Authority Petition Requesting Determination of Financial Difficulty and Application for Refinancing Approval and held that the Environmental Investment Charge ("EIC"), imposed by the Passaic County Utilities Authority ("PCUA") on municipalities and commercial waste generators that no longer use the PCUA's waste disposal facilities to cover the PCUA's debt obligations, is not statutorily authorized. The Supreme Court found that the Municipal and County Utilities Authorities law neither expressly nor impliedly contemplates imposition of such charges on nonusers of an authority's facilities to liquidate debt previously incurred in reliance on a regulatory system declared unconstitutional by the Federal courts. The Supreme Court stayed the effective date of the judgment for ninety days to provide an opportunity for legislative action.

If the Legislature does not take any action to expressly authorize the imposition of EIC's, the ECUA intends to amend the Essex Plan to reestablish regulatory flow control over that portion of the Processible Waste that is generated in Essex County but not delivered to the Facility pursuant to a Voluntary Contract. In that case, the ECUA will issue nondiscriminatory bid specifications for disposal services for that portion of the Processible Waste.

13. CONTINGENT LIABILITIES (Continued)

f. Service Charge Escrow Deposit Agreement

A Service Charge Security Account (the "Security Account") was established to secure the obligations of the ECUA to pay service charges to the Port Authority under the Waste Disposal Agreement. The initial deposit thereto was required to be $4,600,000 under provisions of the Memorandum of Agreement. The ECUA funded such Account in that amount from the proceeds of the Series 1999D Bonds. In the event the amount on deposit in the Security Account falls below $300,000, Essex County is under an obligation to replenish the Security Account pursuant to the terms of a Limited Deficiency Agreement.

g. Upsala College - Bankruptcy Filing

Ordinance 92-35 adopted on September 30, 1992 unconditionally guarantees the principal and interest on a $4,200,000.00/20 year loan to Upsala College. In March and September 1994 through 1998 the College failed to make scheduled loan repayments. The bonds are not in default due to supplemental security provisions. In March 1995 foreclosure procedures were initiated by the County, City of East Orange and the Essex County Improvement Authority as co-plaintiffs. On June 30, 1995, the College filed a petition for bankruptcy. Upon the bankruptcy filing, Section 362 of the United States Bankruptcy Code was implemented, staying all activities against the property of the College. The County's guarantee will only be exercised if a prior unconditional guarantee by the City of East Orange is in default.

h. Arbitrage Rebate Calculation

In 1985, under the Tax Reform Act, the Arbitrage Rebate Law went into effect requiring issuers of tax exempt debt obligations to rebate to the Federal Government all of the earnings in excess of the yield on investments of proceeds of such debt issuances (the "Rebate Arbitrage"). The Rebate Regulations apply to obligations issued after August 31, 1986. The arbitrage rebate liability must be calculated every installment computation date (last day of the fifth bond year) or earlier if the bonds are retired, defeased or refunded and pay at least 90% of the rebatable arbitrage (plus any earnings thereon) within 60 days after such date.

i. Litigation

The County of Essex is a party to several matters of litigation which include general liability, employment, civil rights and other matters. The County is self-insured with respect to any claims equal to or less than $400,000.00 and insurance coverage is generally in effect for claims exceeding this amount.

The County of Essex, as determined by the Office of the County Counsel, has a potential financial exposure estimated at $18,100,000.00 involving 180 matters in various courts.

14. TRANSACTIONS AND ARRANGEMENT WITH THE ESSEX COUNTY UTILITIES AUTHORITY

The County, by ordinance adopted July 1, 1992, created the Essex County Utilities Authority. The County determined that said creation is the most efficient and feasible means of providing for solid waste disposal and management and will not cause an undue financial burden to be placed on local governmental units within the County.

14. *TRANSACTIONS AND ARRANGEMENT WITH THE ESSEX COUNTY UTILITIES AUTHORITY (Continued)*

The Authority and the County acknowledge that in order to effectively plan, develop and implement a comprehensive Solid Waste System, the resources and efforts of the County must be utilized and coordinated so as to assure the efficient and effective delivery of solid waste services in a cost effective and environmentally sound manner. The Authority and the County have executed several contracts by and among themselves providing for or relating to the following:

Resolution/ Ordinance Number	Purpose
92-0764	Relating to the collection, transportation, processing, recycling and disposal of solid waste.
92-0765 99-0120 99-0724	Relating to the development and financing of an integrated Solid Waste Management System.
92-0774	In connection with the utilization by the Authority of certain county personnel, County Administrative services and/or programs in order to assist in facilitating the start-up operations of the Authority.
92-0775	Authorizing the assignment and/or transfer of all agreements, documents and/or orders relating to matters including Solid Waste Management to the Utilities Authority.
96-0278	Authorizing an amendment to the existing Interlocal Services Agreement permitting the Authority and the County to utilize personnel and expertise available with Essex County Government rather than retain the services of outside consulting firms.
97-0020	Authorizing the Utility Authority to underwrite the acquisition and operation of the County's water facilities, in addition to management and administration of the system.
98-0021	Regulatory waste flow control has been reestablished over all nonprocessible waste. Effective January 1, 1999 all such waste must be delivered to the transfer station in Newark, New Jersey.
99-0009 99-0723	Provides for a voluntary contract system for the use of the Resource Recovery Facility included in the terms of the Solid Waste Disposal Agreement.
99-0725	Authorizes a limited deficiency agreement in connection with a service charge escrow deposit agreement with the Port Authority of New York and New Jersey.

The County continues to administer payroll and certain fringe benefit costs as of December 31, 2012.

15. AGREEMENT BETWEEN THE COUNTY AND THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

Prior to establishing the Essex County Utilities Authority, the County executed an amended and restated County Service Contract with the Port Authority of New York and New Jersey. Under a previously executed contract, the County is obligated to provide for the transportation and disposal of all ash residue produced by the Resource Recovery Facility and the Port Authority is obligated to make certain payments for a portion of the above costs.

15. AGREEMENT BETWEEN THE COUNTY AND THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY (Continued)

A Resource Recovery Facility has been constructed by the Port Authority and the American Re-Fuel Company for the purposes of recycling and disposal of solid waste. The County of Essex contractually agreed to pay the Port Authority the sum of $58,000,000.00 for the right to use the facility. An improvement authorization was adopted by the County of Essex on May 13, 1987 in the sum of $48,000,000.00 that was funded by a loan obtained from the State of New Jersey, Department of Environmental Protection. Loan proceeds in the sum of $40,000,000.00 were advanced to the Port Authority and the additional liability for disposal rights and development costs in the sum of $18,000,000.00 was to be paid over a period of twenty-one years. The balance of the $18,000,000.00 contractual rights payable at December 31, 1999 is the sum of $3,573,529.69 with a final maturity in the year 2008.

16. AGREEMENT BETWEEN THE COUNTY AND AMERICAN RE-FUEL COMPANY OF ESSEX COUNTY

American Re-Fuel Company operates the Essex County Resource Recovery Facility (ERRF). In an agreement with the County, American Re-Fuel is permitted to import garbage if County disposals do not meet plant capacity. In order to meet capacity, agreements with other jurisdictions have been executed for certain tonnage amounts. If the plant is unable to operate at a rate that is profitable, the County is required to make up the difference in revenues. The Essex County Utilities Authority includes such payments to American Re-Fuel Company as Operations and Maintenance Expense.

17. SUBSEQUENT EVENTS

The County of Essex has evaluated subsequent events that occurred after the balance sheet date but before July 16, 2013. No items were determined to require disclosure.

18. SECONDARY MARKET DISCLOSURE

Solely for purposes of complying with Rule 1602-12 of the Securities and Exchange Commission, as amended and interpreted from time to time (the “Rule”), and provided that the Bonds are not exempt from the Rule and provided that the Bonds are not exempt from the requirements in accordance with Paragraph (d) of the Rule, for so long as the Bonds remain outstanding (unless the Bonds have been wholly defeased), the county shall provide for the benefit of the holders of the Bonds and the beneficial owners thereof various financial documents relating to the financial conditions of the Municipal Securities Rulemaking Board through the Electronic Municipal Access Data Port (the “MSRB”).

APPENDIX C

FORMS OF CONTINUING DISCLOSURE CERTIFICATES

[THIS PAGE INTENTIONALLY LEFT BLANK]

CONTINUING DISCLOSURE CERTIFICATE

THIS CONTINUING DISCLOSURE CERTIFICATE is made as of September 1, 2013 by the County of Essex, New Jersey, a political subdivision duly organized under the laws of the State of New Jersey (the "Issuer").

W I T N E S S E T H:

WHEREAS, the Issuer is issuing its General Obligation Bonds, Series 2013 dated September __, 2013 in the aggregate principal amount of $5,500,000 (the "Bonds") on the date hereof; and

WHEREAS, the Bonds are being issued pursuant to bond ordinances adopted by the Issuer and a certificate signed by the Issuer on September __, 2013; 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.) (the "Securities Exchange Act") 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 Municipal Securities Rulemaking Board; and

WHEREAS, the Issuer represented in its Notice of Sale dated September 3, 2013 (the "Notice of Sale") that it would deliver on the closing date for the Bonds a "Continuing Disclosure Certificate" pursuant to which the Issuer will agree to provide at the times and to the persons described in Rule 15c2-12 the annual financial information and event notices required to be disclosed on a continual basis pursuant to Rule 15c2-12; and

WHEREAS, on September __, 2013, the Issuer accepted the bid of ___________, on behalf of itself and each of the original underwriters for the Bonds (each, a "Participating Underwriter") for the purchase of the Bonds; and

WHEREAS, the execution and delivery of this Certificate has been duly authorized by the Issuer 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 Issuer 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 Issuer, 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
Issuer	Rule 15c2-12
Notice of Sale	SEC
	Securities and Exchange Act

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, when used with reference to a Bond or Bonds, means any person who shall be the registered owner of any outstanding Bond, including holders of beneficial interests in the Bonds.

"Business Day" means any day other than (a) a Saturday or Sunday, (b) a day on which commercial banks in New York, New York or in Newark, New Jersey are authorized or required by law to close or (c) a day on which the New York Stock Exchange is closed.

"Disclosure Event" means any event described in subsection 2.1(d) of this Certificate.

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

"Disclosure Representative" means the Chief Financial Officer of the Issuer or his or her designee, or such other officer or employee as the Issuer shall designate from time to time.

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

“Final Official Statement” means the final Official Statement of the Issuer dated September __, 2013 pertaining to the Bonds.

“Financial Statements” means the audited financial statements of the Issuer for each Fiscal Year and includes balance sheets, statements of changes in fund balances and statements of current funds, revenues, expenditures and other charges or statements which convey similar information.

“Fiscal Year” means the fiscal year of the Issuer. As of the date of this Certificate, the Fiscal Year of the Issuer 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 Securities and Exchange Commission to receive reports pursuant to Rule 15c2-12. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at *http://emma.msrb.org*.

“Operating Data” means certain financial and statistical information of the Issuer, which for purposes of this Certificate shall include the financial and statistical information in Appendix A to the Final Official Statement under the headings “Financial Information and Budget Highlights”, “Property Valuations”, “Tax Information”, “Comparison of Tax Levy to Annual Debt Service Requirements”, “Current Fund Revenue Sources per Annual Adopted Budget”, “Current Fund Balances and Amounts Utilized in Succeeding Year’s Budget”, “Debt Information” and “Schedule of Debt Service Requirements on the County’s Tax Supported Bond Debt”.

“State” means the State of New Jersey.

Section 1.3 Interpretation. Words of 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. Articles and Sections referred to by number mean the corresponding Articles and Sections of this Certificate. 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 Issuer performs any obligations, mentioned in the passage in which such term appears.

The headings of this Certificate are for convenience only and shall not defined or limit the provisions hereof.

ARTICLE II

CONTINUING DISCLOSURE COVENANTS AND REPRESENTATIONS

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

(a) Not later than October 1 of each year, commencing with the first Fiscal Year of the Issuer ending after January 1, 2013, an Annual Report to the MSRB;

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

(c) If audited Financial Statements are not submitted as part of the filing as set forth in subsection 2.1(a), the Issuer will submit unaudited financial statements with such filing, and will subsequently submit audited Financial Statements when and if available, to the MSRB;

(d) In a timely manner not in excess of ten business days following the occurrence of any of the Disclosure Events (hereinafter defined), to the MSRB, notice of any of the following events with respect to the Bonds (each, a "Disclosure Event");

(i) principal and interest delinquencies;

(ii) non-payment related defaults, 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 of determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

(vii) modifications to rights of Bondholders; if material;

(viii) Bond calls, if material, and tender offers;

(ix) defeasances;

(x) release, substitution, or sale of property securing repayment of the Bonds, if material;

(xi) rating changes;

(xii) bankruptcy, insolvency, receivership or similar event of the Issuer;

(xiii) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, 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 Issuer to provide the Annual Report within the period described in subsection 2.1(a) hereof.

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

(a) Financial Statements shall be prepared according to principles prescribed by the Division of Local Government Services in the Department of Community Affairs of the State of New Jersey pursuant to chapter 5 of Title 40A of the New Jersey Statutes as in effect from time to time.

(b) Financial Statements prepared annually shall be audited in accordance with GAAS.

(c) The Issuer has not failed to comply in any material respect with any prior continuing disclosure undertaking made by the Issuer in accordance with Rule 15c2-12.

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 which must be included in the Annual Report may be incorporated by reference from other documents, including official statements of the Issuer or related public entities which have been submitted to the MSRB or filed with the SEC. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Issuer shall clearly identify each such other document so incorporated by reference.

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

Section 2.4 Responsibilities, Duties, Immunities and Liabilities of the Dissemination Agent.

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

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

Section 2.5 Appointment, Removal and Resignation of the Dissemination Agent.

(a) The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carry out its obligations under this Certificate, 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 Issuer shall be the Dissemination Agent.

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

(c) 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 Issuer. Such resignation shall take effect on the date specified in such notice.

ARTICLE III

DISCLOSURE DEFAULT AND REMEDIES

Section 3.1 Disclosure Default. The occurrence and continuation of a failure or refusal by the Issuer 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 Issuer and of the officers, agents and employees of the Issuer which is necessary or desirable to enforce the specific performance and observance of any obligation, agreement or covenant of the Issuer under this Certificate and may compel the Issuer or any such officers, agents, or employees, except of 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 Issuer and any Bondholder shall be restored respectively to their several positions and rights hereunder, and all rights, remedies and powers of the Issuer 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 Issuer to comply with this Certificate shall be as set forth in subsection 3.2(a) of this Certificate.

ARTICLE IV

MISCELLANEOUS

Section 4.1 Purposes of the Continuing Disclosure Certificate. This Certificate is being executed and delivered by the Issuer for the benefit of the Bondholders and in order to assist the Participating Underwriters 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 Issuer 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 Issuer chooses to include information in any Annual Report or any Disclosure Event Notice in addition to that which is specifically required by this Certificate, the Issuer shall have no obligation under this Certificate, the Issuer shall have no obligation under this Certificate to update such information or 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 shall be in writing and shall be sent by registered or certified mail to the Issuer, County Administration Building, 465 Dr. Martin Luther King Jr., Boulevard, Newark, New Jersey 07102, Attention: Mark E. Acker.

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 whatever.

Section 4.5 Amendments, Changes and Modifications.

(a) Without the consent of any Bondholders, the Issuer 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 covenants and agreements of the Issuer hereunder for the benefit of the Bondholders, or to surrender any right or power conferred upon the Issuer 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 Issuer or to reflect changes in the identity, nature or status of the Issuer or in the business, structure or operations of the Issuer or any mergers, consolidations, acquisitions or dispositions made by or affecting the Issuer; 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 which may be inconsistent with any other provision hereof, or to include any other provisions with respect to matters or questions arising under this Certificate which, 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, the Issuer determines that such amendment or modifications 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 Issuer shall deliver, or cause the dissemination Agent to deliver, to the MSRB written notice of any such amendment or modification.

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

Section 4.6 Amendments Required by Rule 15c2-12. The Issuer recognizes that the provisions of this Certificate are intended to enable the participating Underwriters 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 any Participating Underwriter of an opinion of counsel nationally recognized as expert in federal securities law acceptable to the Issuer to the effect that such amendment shall be permitted or necessary to assure continued compliance by the Participating Underwriter with Rule 15c2-12 as so amended or interpreted, then the Issuer 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 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 Issuer's Continuing Disclosure Obligations. The continuing obligation of the Issuer 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 (a) the Bonds are no longer outstanding or (b) the Issuer no longer remains an "obligated person" (as defined in Rule 15c2-12(f)(10) with respect to the Bonds in either event, only after the Issuer 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 Issuer and its successors and assigns.

IN WITNESS WHEREOF, THE COUNTY OF ESSEX, NEW JERSEY has caused this Certificate to be executed in its name and its corporate seal to be hereunto affixed, all as of the date first above written.

[SEAL] **THE COUNTY OF ESSEX, NEW JERSEY**

By:___________________________________
Mark E. Acker, Treasurer

CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (the "Undertaking") dated as of September 1, 2013 by the County of Essex, New Jersey, a public body corporate and politic of the State of New Jersey (the "Issuer") is executed and delivered in connection with the issuance of the Issuer's $70,580,000 principal amount of Bond Anticipation Notes, Series 2013 (the "Notes"). Capitalized terms used in this Undertaking shall have the respective meanings specified above or in Article IV hereof.

ARTICLE I

THE UNDERTAKING

Section 1.1. Purpose. This Undertaking shall constitute a written undertaking for the benefit of the holders of the Notes, and is being executed and delivered solely to assist the successful bidder in complying with subsection (b)(5) of the Rule.

Section 1.2. Disclosure Event Notices. If a Disclosure Event occurs, the Issuer shall provide, in a timely manner not in excess of ten business days following the occurrence of any of the Disclosure Events, a Disclosure Event Notice to the MSRB.

Section 1.3. Additional Disclosure Obligations. The Issuer acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the Issuer, and that under some circumstances compliance with this Undertaking, without additional disclosures or other action, may not fully discharge all duties and obligations of the Issuer under such laws.

Section 1.4. Additional Information. Nothing in this Undertaking shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Undertaking or any other means of communication, or including any other information in any Disclosure Event Notice, in addition to that which is required by this Undertaking. If the Issuer chooses to include any information in any Disclosure Event Notice in addition to that which is specifically required by this Undertaking, the Issuer shall have no obligation under this Undertaking to update such information or include it in any future Disclosure Event Notice.

Section 1.5. No Previous Non-Compliance. The Issuer represents that since July 3, 1995, it has not failed to comply in any material respect with any previous undertaking in a written contract or agreement specified in paragraph (b)(5)(i) of the Rule.

ARTICLE II

OPERATING RULES

Section 2.1. Disclosure Event Notices. Each Disclosure Event Notice shall be so captioned and shall prominently state the title, date and CUSIP numbers of the Notes.

Section 2.2. Transmission of Notices. Unless otherwise required by law and, in the Issuer's sole determination, subject to technical and economic feasibility, the Issuer shall employ such methods of notice transmission as shall be requested or recommended by the herein-designated recipients of the Issuer's notices.

ARTICLE III

TERMINATION, AMENDMENT AND ENFORCEMENT

Section 3.1. Termination. (a) The Issuer's obligations under this Undertaking shall terminate upon a legal defeasance, prior redemption or payment in full of all of the Notes.

(b) This Undertaking, or any provision hereof, shall be null and void in the event that the Issuer (1) receives an opinion of Counsel, addressed to the Issuer, to the effect that those portions of the Rule which require this Undertaking, or any of the provisions hereof, do not or no longer apply to the Notes, whether because such portions of the Rule are invalid, have been repealed, or otherwise, as shall be specified in such opinion and (2) delivers copies of such opinion to the MSRB.

Section 3.2. Amendment. (a) This Undertaking may be amended, in writing, without the consent of the holders of the Notes (except to the extent required under clause (4)(ii) below), if all of the following conditions are satisfied: (1) such amendment is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof, or a change in the identity, nature or status of the Issuer or the type of business conducted thereby, (2) this Undertaking as so amended would have complied with the requirements of the Rule as of the date of this Undertaking, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, (3) the Issuer shall have received an opinion of Counsel, addressed to the Issuer, to the same effect as set forth in clause (2) above, (4) either (i) the Issuer shall have received an opinion of Counsel or a determination by a person, in each case unaffiliated with the Issuer (such as bond counsel) and acceptable to the Issuer, addressed to the Issuer, to the effect that the amendment does not materially impair the interests of the holders of the Notes or (ii) the holders of the Notes consent to the amendment to this Undertaking and (5) the Issuer shall have delivered copies of such opinion(s) and amendment to the MSRB.

(b) In addition to subsection (a) above, this Undertaking may be amended and any provision of this Undertaking may be waived, in writing, without the consent of the holders of the Notes, if all of the following conditions are satisfied: (1) an amendment to the Rule is adopted, or a new or modified official interpretation of the Rule is issued, after the effective date of this Undertaking which is applicable to this Undertaking, (2) the Issuer shall have received an opinion of Counsel, addressed to the Issuer, to the effect that performance by the Issuer under this Undertaking as so amended or giving effect to such waiver, as the case may be, will not result in a violation of the Rule and (3) the Issuer shall have delivered copies of such opinion and amendment to the MSRB.

Section 3.3. Benefit; Third-Party Beneficiaries; Enforcement. (a) The provisions of this Undertaking shall inure solely to the benefit of the holders from time to time of the Notes, except that beneficial owners of Notes shall be third-party beneficiaries of this Undertaking.

(b) Except as provided in this subsection (b), the provisions of this Undertaking shall create no rights in any person or entity. The obligations of the Issuer to comply with the provisions of this Undertaking shall be enforceable (i) in the case of enforcement of obligations to provide notices, by any holder of outstanding Notes, or (ii) in the case of challenges to the adequacy of the notices so provided, by the holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. The holders' rights to enforce the provisions of this Undertaking shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the Issuer's obligations under this Undertaking. In consideration of the third-party beneficiary status of beneficial owners of Notes pursuant to subsection (a) of this Section, beneficial owners shall be deemed to be holders of Notes for purposes of this subsection (b).

(c) Any failure by the Issuer to perform in accordance with this Undertaking shall not constitute a default with respect to the Notes.

(d) This Undertaking shall be construed and interpreted in accordance with the laws of the State, and any suits and actions arising out of this Undertaking shall be instituted in a court of competent jurisdiction in the State; provided, however, that to the extent this Undertaking addresses matters of federal securities laws, including the Rule, this Undertaking shall be construed in accordance with such federal securities laws and official interpretations thereof.

ARTICLE IV

DEFINITIONS

Section 4.1. Definitions. The following terms used in this Undertaking shall have the following respective meanings:

(1) "Counsel" means Gibbons P.C. or other nationally recognized bond counsel or counsel expert in federal securities laws.

(2) "Disclosure Event" means any of the following events with respect to the Notes, whether relating to the Issuer or otherwise:

(i) principal and interest delinquencies;

(ii) non-payment related defaults, 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 of determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

(vii) modifications to rights of Bondholders; if material;

(viii) Bond calls, if material, and tender offers;

(ix) defeasances;

(x) release, substitution, or sale of property securing repayment of the Bonds, if material;

(xi) rating changes;

(xii) bankruptcy, insolvency, receivership or similar event of the Issuer;

(xiii) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, 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.

(3) "Disclosure Event Notice" means notice of a Disclosure Event.

(4) "MSRB" means the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to Rule 15c2-12. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at *http://emma.msrb.org*.

(5) "Official Statement" means the "final official statement", as defined in paragraph (f)(3) of the Rule.

(6) "Rule" means Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 (17 CFR Part 240, §240.15c2-12), as in effect on the date of this undertaking, including any official interpretations thereof issued either before or after the effective date of this Undertaking which are applicable to this Undertaking.

(7) "SEC" means the United States Securities and Exchange Commission.

(8) "State" means the State of New Jersey.

IN WITNESS WHEREOF, the Issuer has caused this Undertaking to be executed by its County Treasurer as of the date first above written.

THE COUNTY OF ESSEX, NEW JERSEY

By:______________________________

Name: Mark E. Acker

Title: County Treasurer

APPENDIX D

FORMS OF APPROVING OPINIONS OF GIBBONS P.C.

[THIS PAGE INTENTIONALLY LEFT BLANK]

[FORM OF BOND COUNSEL OPINION]

September __, 2013

Board of Chosen Freeholders of
County of Essex, New Jersey
Newark, New Jersey 07102

Dear Ladies and Gentlemen:

We have examined certified copies of the proceedings of the Board of Chosen Freeholders of the County of Essex, in the State of New Jersey (the "County"), including ordinances, affidavits and certificates delivered by officials of the County, and other proofs submitted to us relative to the issuance and sale of $5,500,000 of the County's general obligation bonds, dated the date of delivery, consisting of $4,000,000 County Vocational School Bonds, Series 2013A (New Jersey School Bond Reserve Act, P.L. 1980, c. 72) (the "Series 2013A Bonds"), $750,000 County College Bonds, Series 2013B (the "Series 2013B Bonds") and $750,000 County College Bonds, Series 2013C (County College Bond Act, P.L. 1971, c. 12) (the "Series 2013C Bonds", and together with the Series 2013A Bonds and the Series 2013B Bonds, the "Bonds").

The Bonds are issued pursuant to the Local Bond Law, constituting Chapter 2 of Title 40A of the New Jersey Statutes (the "Local Bond Law"), and where appropriate, Title 18A, Education, of the New Jersey Statutes (the "Education Law"), a certificate of the County Executive executed September __, 2013 combining the Bonds into one consolidated issue and providing for the form and other details of the Bonds, the various bond ordinances referred to therein each in all respects duly approved and published as required by law and an award certificate of the County Treasurer executed September __, 2013. The Bonds are of various denominations and the Bonds are each numbered consecutively upwards.

Each of the Bonds is dated the date of delivery, bears interest at the interest rates set forth on the inside cover of the Official Statement relating to the Bonds and matures on September 1 in the years and in the principal amounts as set forth below:

Year	Series 2013A Bonds	Series 2013B Bonds	Series 2013C Bonds
2014	$220,000	$75,000	$75,000
2015	215,000	75,000	75,000
2016	220,000	75,000	75,000
2017	230,000	75,000	75,000
2018	235,000	75,000	75,000
2019	240,000	75,000	75,000
2020	250,000	75,000	75,000
2021	260,000	75,000	75,000
2022	270,000	75,000	75,000
2023	280,000	75,000	75,000
2024	290,000	-	-
2025	300,000	-	-
2026	315,000	-	-
2027	330,000	-	-
2028	345,000	-	-

The Bonds are subject to redemption prior to maturity.

We have examined the Local Bond Law, the Education Law and such other laws and originals (or copies certified or otherwise identified to our satisfaction) of such instruments, certificates and documents as we deem necessary to render the opinions set forth herein. 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.

Based upon the foregoing and subject to the qualifications set forth herein, we are of the opinion that:

1. The aforementioned proceedings and proofs show lawful authority for the issuance and sale of the Bonds pursuant to the Local Bond Law, the Education Law and other applicable provisions of law, and that the Bonds have been duly authorized, executed and delivered and are valid and legally binding obligations of the County. The County Vocational School Bonds, Series 2013A (New Jersey School Bond Reserve Act, P.L. 1980, c. 72) are entitled to the benefits of the provisions of the New Jersey School Bond Reserve Act, N.J.S.A. 18A:56-17 et seq. The County College Bonds, Series 2013C (County College Bond Act, P.L. 1971, c. 12) are entitled to the benefits of the provisions of the County College Bond Act, N.J.S.A. 18A:64A-22.1, et seq.

2. The County has the power and is obligated to levy *ad valorem* taxes upon all the taxable property within the County for the payment of the principal of and interest on the Bonds, without limitation as to rate or amount.

3. Under existing law, interest on the Bonds is excluded from the gross income of the owners of the Bonds for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and interest on the Bonds is not an item of tax preference under Section 57 of the Code for purposes of computing the alternative minimum tax. We express no opinion regarding any other Federal income tax consequences arising with respect to the Bonds.

4. Under existing law, interest on the Bonds and net gains on the sale thereof are exempt from the tax imposed by the New Jersey Gross Income Tax Act.

With respect to our Federal income tax opinion, we note that the Code imposes certain requirements that must be met on a continuing basis subsequent to the issuance of the Bonds in order for interest on the Bonds to be excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code. The County has covenanted to comply with the provisions of the Code applicable to the Bonds and has covenanted not to take any action or permit any action to be taken which would cause the interest on the Bonds to lose the exclusion from gross income for Federal income tax purposes under Section 103 of the Code or cause interest on the Bonds to be treated as an item of tax preference under Section 57 of the Code. We have assumed continuing compliance by the County with the above covenants in rendering our opinion with respect to the exclusion of interest on the Bonds from gross income for Federal income tax purposes and with respect to interest on the Bonds not constituting an item of tax preference.

Attention is called to the fact that we have not been requested to examine and have not examined any documents or information relating to the County other than the certified copies of the proceedings and proofs hereinabove referred to, and no opinion is expressed as to any financial or other information, or the adequacy thereof, which has been or may be supplied to any purchaser of said Bonds.

Our opinion concerning the enforceability of the Bonds is subject to federal and state laws regarding bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights and remedies generally (including, without limitation, laws relating to fraudulent conveyance, and by general principles of law and equity (regardless of whether enforcement is considered or sought in proceedings at law or in equity) and by limitation on remedial rights under applicable law). Their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

The opinions stated herein are based upon current authorities, and there can be no assurance that future legislative or administrative changes or court decisions will not affect said opinions.

Except as stated above, we express no opinion as to any Federal or state tax consequences with respect to the Bonds.

Very truly yours,

[FORM OF BOND COUNSEL OPINION]

September __, 2013

Board of Chosen Freeholders of
County of Essex, New Jersey
Newark, New Jersey 07012

Dear Ladies and Gentlemen:

We have examined certified copies of the proceedings of the Board of Chosen Freeholders of the County of Essex, in the State of New Jersey (the "County"), including ordinances, affidavits and certificates delivered by officials of the County, and other proofs submitted to us relative to the issuance and sale of $70,580,000 aggregate principal amount of the County's bond anticipation notes (the "Notes"). The Notes are issued in registered form without coupons, are dated the date of delivery, bear interest at the rate of ____ and ______ Hundredths Percent (_____%) per annum and are payable at maturity on September 24, 2014. The Notes are issued pursuant to the Local Bond Law, constituting Chapter 2 of Title 40A of the New Jersey Statutes (the "Local Bond Law"), Title 18A, Education, of the New Jersey Statutes (the "Education Law"), the various bond ordinances referred to therein each in all respects duly approved and published as required by law and an award certificate of the County Treasurer executed September __, 2013.

The Notes are temporary obligations issued in anticipation of the issuance of bonds.

We have examined the Local Bond Law, the Education Law and such other laws and originals (or copies certified or otherwise identified to our satisfaction) of such instruments, certificates and documents as we deem necessary to render the opinions set forth herein. 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.

Based upon the foregoing and subject to the qualifications set forth herein, we are of the opinion that:

1. The aforementioned proceedings and proofs show lawful authority for the issuance and sale of the Notes pursuant to the Local Bond Law, the Education Law and other applicable provisions of law, and that the Notes have been duly authorized, executed and delivered and are valid and legally binding obligations of the County.

2. The County has the power and is obligated to levy *ad valorem* taxes upon all the taxable property within the County for the payment of the principal of and interest on the Notes, without limitation as to rate or amount.

3. Under existing law, interest on the Notes is excluded from the gross income of the owners of the Notes for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and interest on the Notes is not an item of tax preference under Section 57 of the Code for purposes of computing the alternative minimum tax.

4. Under existing law, interest on the Notes and any net gains on the sale thereof are exempt from the tax imposed by the New Jersey Gross Income Tax Act.

With respect to our Federal income tax opinion, we note that the Code imposes certain requirements that must be met on a continuing basis subsequent to the issuance of the Notes in order for interest on the Notes to be excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code. The County has covenanted to comply with the provisions of the Code applicable to the Notes and has covenanted not to take any action or permit any action to be taken which would cause the interest on the Notes to lose the exclusion from gross income for Federal income tax purposes under Section 103 of the Code or cause interest on the Notes to be treated as an item of tax preference under Section 57 of the Code. We have assumed continuing compliance by the County with the above covenants in rendering our opinion with respect to the exclusion of interest on the Notes from gross income for Federal income tax purposes and with respect to interest on the Notes not constituting an item of tax preference.

Attention is called to the fact that we have not been requested to examine and have not examined any documents or information relating to the County other than the certified copies of the proceedings and proofs hereinabove referred to, and no opinion is expressed as to any financial or other information, or the adequacy thereof, which has been or may be supplied to any purchaser of said Notes.

Our opinion concerning the enforceability of the Notes is subject to federal and state laws regarding bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights and remedies generally (including, without limitation, laws relating to fraudulent conveyance, and by general principles of law and equity (regardless of whether enforcement is considered or sought in proceedings at law or in equity) and by limitation on remedial rights under applicable law). Their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

The opinions stated herein are based upon current authorities, and there can be no assurance that future legislative or administrative changes or court decisions will not affect said opinions.

Except as stated above, we express no opinion as to any Federal or state tax consequences with respect to the Notes.

Very truly yours,

[THIS PAGE INTENTIONALLY LEFT BLANK]