

PRELIMINARY OFFICIAL STATEMENT DATED JUNE 18, 2025

NEW ISSUES-Book-Entry-Only

RATINGS: See “Ratings” herein.

In the opinion of Gibbons P.C., Bond Counsel to the County (as defined herein), 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, however, interest on the Obligations is included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under the Code. 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. See “TAX MATTERS” herein.

**COUNTY OF ESSEX
New Jersey**

**\$3,100,000 General Obligation Bonds, Series 2025
Consisting of
\$1,550,000 County College Bonds, Series 2025A
and
\$1,550,000 County College Bonds, Series 2025B
(County College Bond Act, P.L. 1971, c. 12)
(Callable)
and
\$67,644,000 Bond Anticipation Notes, Series 2025
(Non-Callable)**

The \$67,644,000 Bond Anticipation Notes, Series 2025 (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 (except for one odd piece). 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 July 8, 2026 in the principal amount set forth on the front cover hereof. The principal and interest on the Notes is payable on the maturity date by the County in accordance with the Notice of Sale in connection with the Notes. As long as DTC or its nominee, Cede & Co., is the registered owner of the Notes, the principal of and interest on the Notes are payable by the County to Cede & Co., as nominee for DTC which is obligated to remit such principal 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 Notes. See “BOOK-ENTRY ONLY SYSTEM” herein.

The Notes are not subject to redemption prior to maturity.

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 \$3,100,000 General Obligation Bonds, Series 2025, consisting of \$1,550,000 County College Bonds, Series 2025A and \$1,550,000 County College Bonds, Series 2025B (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 June 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 June 1, 2026 and on each December 1 and June 1 thereafter until maturity or prior optional redemption to the registered owners of the Bonds, as of the next preceding May 15 and November 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 FRONT 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 opinions of Gibbons P.C., Newark, New Jersey, Bond Counsel to the County, and certain other conditions described herein. Acacia Financial Group, Inc., Mount Laurel, New Jersey has served as municipal advisor in connection with the issuance of the Obligations. It is anticipated that the Bonds and Notes will be available for delivery through the facilities of DTC on or about July 9, 2025, 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 JUNE 26, 2025

ELECTRONIC BIDS VIA BIDCOMP/PARITY WILL BE RECEIVED FOR THE NOTES UNTIL 11:15 A.M. ON JUNE 26, 2025

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

Dated: June __, 2025

This is a Preliminary Official Statement “deemed final” within the meaning of, and with the exception of certain information permitted to be omitted by, Rule 15c2-12 of the Securities and Exchange Commission, and is otherwise subject to change in accordance with applicable law. The County will deliver a final Official Statement in compliance with Rule 15c2-12. This Preliminary Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale prior to registration, qualification or exemption under the securities laws of any such jurisdiction.

**COUNTY OF ESSEX
STATE OF NEW JERSEY**

\$1,550,000 COUNTY COLLEGE BONDS, SERIES 2025A

<u>Year</u> <u>(June 1)</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP No.*</u>	<u>Year</u> <u>(June 1)</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP No.*</u>
2026	\$155,000				2031	\$155,000			
2027	155,000				2032	155,000			
2028	155,000				2033	155,000			
2029	155,000				2034	155,000			
2030	155,000				2035	155,000			

**\$1,550,000 COUNTY COLLEGE BONDS, SERIES 2025B
(COUNTY COLLEGE BOND ACT, P.L. 1971, C. 12)**

<u>Year</u> <u>(June 1)</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP No.*</u>	<u>Year</u> <u>(June 1)</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP No.*</u>
2026	\$155,000				2031	\$155,000			
2027	155,000				2032	155,000			
2028	155,000				2033	155,000			
2029	155,000				2034	155,000			
2030	155,000				2035	155,000			

\$67,644,000 BOND ANTICIPATION NOTES, SERIES 2025

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP No.*</u>
July 8, 2026	\$67,644,000			

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

COUNTY OF ESSEX, NEW JERSEY

COUNTY EXECUTIVE

Joseph N. DiVincenzo, Jr.

BOARD OF COUNTY COMMISSIONERS

<u>Commissioner</u>	<u>Title</u>	<u>Term Expires</u>
Carlos M. Pomares	President	December 31, 2026
Tyshammie L. Cooper	Vice President	December 31, 2026
Brendan W. Gill	Commissioner	December 31, 2026
Leonard M. Luciano	Commissioner	December 31, 2026
Robert Mercado	Commissioner	December 31, 2026
A'Dorian Murray-Thomas	Commissioner	December 31, 2026
Wayne L. Richardson	Commissioner	December 31, 2026
Patricia Sebold	Commissioner	December 31, 2026
Roamine Sermons	Commissioner	December 31, 2026

DEPUTY CLERK OF THE BOARD OF COUNTY COMMISSIONERS

Kathy Brown

COUNTY ADMINISTRATOR

Robert D. Jackson

**DIRECTOR OF FINANCE/
COUNTY TREASURER**

Hossam Mohamed

CHIEF FINANCIAL OFFICER

Ehab Salama

COUNTY COUNSEL

Jerome M. St. John, Esq.

INDEPENDENT AUDITOR

Samuel Klein and Company, LLP
Certified Public Accountants
Newark, New Jersey

MUNICIPAL ADVISOR

Acacia Financial Group, Inc.
Mount Laurel, 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

	<u>Page</u>
INTRODUCTORY STATEMENT	1
AUTHORIZATION FOR THE OBLIGATIONS	2
DESCRIPTION OF THE OBLIGATIONS.....	2
PURPOSE OF ISSUES	3
SECURITY FOR THE OBLIGATIONS.....	4
INFECTIOUS DISEASE OUTBREAK - COVID-19.....	4
MARKET PROTECTION.....	6
BOOK-ENTRY ONLY SYSTEM.....	6
SUMMARIES OF CERTAIN PROVISIONS OF THE LOCAL BUDGET LAW AND THE LOCAL FISCAL AFFAIRS LAW	8
FINANCIAL OPERATIONS	11
PROVISIONS FOR THE PROTECTION OF GENERAL OBLIGATION DEBT.....	12
SHORT TERM FINANCING	13
LEGALITY FOR INVESTMENT	14
MUNICIPAL BANKRUPTCY	14
LITIGATION.....	14
APPROVAL OF LEGAL PROCEEDINGS.....	15
TAX MATTERS.....	15
RATINGS	17
PREPARATION OF OFFICIAL STATEMENT	17
MUNICIPAL ADVISOR.....	18
SECONDARY MARKET DISCLOSURE.....	18
UNDERWRITING	19
FINANCIAL STATEMENTS OF THE COUNTY	19

TABLE OF CONTENTS

	<u>Page</u>
ADDITIONAL INFORMATION.....	19
MISCELLANEOUS	20
Appendix A - Information Concerning the County of Essex, New Jersey	A-1
Appendix B - Audited Financial Statements of the County of Essex, New Jersey for the Four Years Ended December 31, 2023 and Unaudited Financial Statements for the Year Ended December 31, 2024	B-1
Appendix C - Forms of Continuing Disclosure Certificates	C-1
Appendix D - Forms of Approving Opinions of Gibbons P.C.	D-1

OFFICIAL STATEMENT

OF

**COUNTY OF ESSEX,
NEW JERSEY**

RELATING TO

\$3,100,000

General Obligation Bonds, Series 2025

Consisting of

\$1,550,000 County College Bonds, Series 2025A

and

\$1,550,000 County College Bonds, Series 2025B

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

(Callable)

and

\$67,644,000

Bond Anticipation Notes, Series 2025

(Non-Callable)

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 \$3,100,000 aggregate principal amount of the County’s General Obligation Bonds, Series 2025, consisting of \$1,550,000 County College Bonds, Series 2025A and \$1,550,000 County College Bonds, Series 2025B (County College Bond Act, P.L. 1971, c. 12), dated the date of delivery (collectively, the “Bonds”), and its \$67,644,000 Bond Anticipation Notes, Series 2025 (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 June __, 2025 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 \$67,644,000. 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, July 8, 2026. 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 front 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. Interest on the Notes will be credited to the participants of DTC (the “DTC Participants”) as listed on the records of DTC as of July 1, 2026.

The Notes will be available for purchase in book-entry form only, in denominations of \$5,000 or any integral multiple thereof (except for one odd piece). 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 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 June 1 in the years and in the principal amounts set forth on the inside front cover page hereof. The Bonds will bear interest, calculated on the basis of a 360-day year of twelve 30-day months, from their date payable by check or draft semiannually on June 1 and December 1 of each year until their

respective maturities, commencing June 1, 2026, at the interest rates per annum set forth on the inside front cover page hereof.

Optional Redemption of the Bonds

The Bonds maturing on or prior to June 1, 2033 shall not be subject to redemption prior to their respective maturity dates. The Bonds maturing on or after June 1, 2034 shall be subject to redemption prior to their respective maturity dates, on or after June 1, 2033 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 first class mail in a sealed envelope with postage prepaid to the registered owners of such Bonds at their respective addresses as they last appear on the registration books kept for that purpose by the County, at least thirty (30) but not more than sixty (60) days before the date fixed for redemption. However, so long as DTC (or any successor thereto) acts as Securities Depository (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, 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 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. (or any successor or assign), 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 participants of DTC (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 various capital improvements and acquisitions approved by the governing body of and deemed necessary for the County, inclusive of various equipment and real property acquisitions for the County and County College, as

applicable, and information technology, bridge, culvert, drainage, road, park and building improvements.

The Bonds are being issued to provide funds to permanently finance various capital improvements and acquisitions approved by the governing body of and deemed necessary for the County, inclusive of various County college improvements.

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 College Bonds, Series 2025B (County College Bond Act, P.L. 1971, c. 12)

The County College Bonds, Series 2025B (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 County College Bond 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 2025B (County College Bond Act, P.L. 1971, c. 12). The amount paid by the State pursuant to the County College Bond Act are paid directly to the paying agent for the County College Bonds, Series 2025B (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 2025B (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.

The County College Bonds, Series 2025B (County College Bond Act, P.L. 1971, c. 12) have not been assigned a separate rating based upon the County College Bond Act.

INFECTIOUS DISEASE OUTBREAK - COVID-19

On January 31, 2020, then United States Secretary of Health and Human Services declared a national public health emergency in response to the outbreak of COVID-19, a respiratory disease caused by a newly discovered strain of coronavirus. On March 11, 2020, the World Health Organization declared a pandemic following the global outbreak of COVID-19. On March 13, 2020, then President Trump declared a national emergency to unlock federal funds and assistance to help states and local governments fight the pandemic. Governor Phil Murphy (the "Governor") of the State declared a state of emergency and a public health emergency on March 9, 2020. In response to the COVID-19 pandemic, federal and State

legislation and executive orders were implemented to, among other things, provide relief to state and local governments. The pandemic and certain mitigation measures, which altered the behaviors of businesses and people, have had and may continue to have negative impacts on regional, state and local economies. The national public health emergency, the national emergency and the State public health emergency have since ended, while the state of emergency declared by the State and several executive orders signed by the Governor remain in effect.

On March 27, 2020, the Federal Coronavirus Aid, Relief and Economic Security Act (the "CARES Act") was signed into law by President Trump, authorizing \$2 trillion in federal funds to provide emergency assistance and health care response for individuals, families and businesses affected by the pandemic. The County has since applied for and received funding under the CARES Act in the amount of \$139,414,976.30, and said funds were used by the County to help mitigate the impact of the pandemic on the County and its constituent local government units.

The American Rescue Plan Act of 2021, H.R. 1319 (the "Plan"), signed into law by President Biden on March 12, 2021, provided \$1.9 trillion in relief designed to provide funding to address the COVID-19 pandemic and alleviate the economic and health effects of the COVID-19 pandemic.

Generally, according to the Plan, the allowable use of the funds to be provided to the County include the following categories: (a) to respond to the public health emergency with respect to COVID-19 or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality; (b) to respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers of the County that are performing such essential work, or by providing grants to eligible employers that have eligible workers who perform essential work; (c) for the provision of government services to the extent of the reduction in revenue due to the public health emergency relative to revenues collected in the most recent full fiscal year of the County, prior to the emergency; (d) to make necessary investments in water, sewer or broadband infrastructure.

Based on available information as of the date hereof, the County has received \$155,191,527 from the Plan. The County received its first installment of funds under the Plan in the amount of \$77,595,763.50 on May 20, 2021, and its second installment of funds of \$77,595,763.50 on June 21, 2022. It utilized some of the funding to continue with COVID-19 testing, vaccinations, food distributions and assisting small businesses. The additional uses of the funds are still to be determined. The deadline to commit the funds was December 31, 2024 which was satisfied and to spend the funds is December 31, 2026.

To date, the overall finances and operations of the County have not been materially adversely affected due to the COVID-19 outbreak. Nonetheless, there can be no assurance regarding the extent to which the COVID-19 pandemic, or any other national health crisis or pandemic, may impact the national, State or local economies in the future, nor how any such

event may materially adversely impact governmental entities, including the County. The County cannot quantify any such potential impacts at this time.

MARKET PROTECTION

During the remainder of 2025, the County does not anticipate issuing additional bonds. Based upon the current financial condition of the County, it is not anticipated that tax anticipation notes will be issued during 2025. In addition to the Notes, the County may issue bond anticipation notes during the remainder of 2025 as may be necessary.

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 affect 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, 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, 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 2025 is 2.50%. 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 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 was amended by the provisions of P.L. 2010, c. 44 effective July 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

The amount of taxes or rate of taxation which may be levied by the County directly are subject to the aforementioned Property Tax Act and Amendment. 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 filed 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. Unless the requirements set forth in N.J.A.C. 5:30-2.5, as amended, have been satisfied, 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

The County is continually confronted with various claims, lawsuits, administrative proceedings, etc. (collectively, the “Matters”) with varying levels of financial exposure to the County. The Matters include, but are not limited to, administrative, contract, employment,

constitutional, tort, negligence, intentional acts, etc. The status of each threatened, new and pending Matter is in constant flux as each Matter progresses from its initial stages through to conclusion. The County vigorously defends all Matters with both in-house and contracted legal counsel. Furthermore, the County has various policies of insurance (the "Insurance Policies"), which Insurance Policies may or may not cover the Matters in whole or in part. No litigation is presently pending or threatened that, if decided unfavorably to the interest of the County, would materially and adversely affect its financial condition or operations. Further, no litigation is presently pending or threatened that, if decided unfavorably to the interest of the County, would affect the validity or enforceability of, or the County's ability to make payments on the Obligations.

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 of 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.

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, Jerome M. St. John, 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 the date of issuance and on a continuing basis subsequent to the issuance of the Obligations in order to assure that interest on the Obligations will be excluded from gross income for Federal income tax purposes under Section 103 of the Code. Failure of the County to comply with such requirements may cause interest on the Obligations to lose the exclusion from gross income for Federal income tax purposes, retroactive to the date of the issuance of the Obligations. The County will make certain representations in its tax certificates, which will be executed on the date of issuance of the Obligations, as to various tax requirements. The County has covenanted to comply with the provisions of the Code applicable to the Obligations and has covenanted not to take any action or fail to take any action that would cause 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. Gibbons P.C., Bond Counsel to the County, has relied upon the representations of the County made in its tax certificates and has assumed continuing compliance by the County with the above covenants in rendering its federal income tax opinions with respect to the exclusion of interest on the Obligations from gross income for federal income tax purposes and

with respect to the treatment of interest on the Obligations for the purposes of alternative minimum tax.

Assuming the County observes its covenants with respect to 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, however, interest on the Obligations is included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under the Code.

Tax Treatment of Original Issue Premium

The initial public offering price of certain of the Obligations (the “Premium Obligations”) is greater than the principal amount of such Obligations payable at maturity. An amount equal to the excess of the purchase price of a Premium Obligation over its stated redemption price at maturity constitutes premium on such Premium Obligation. A purchaser of a Premium Obligation must amortize any premium over such Premium Obligation’s term using constant yield principles, based on the Premium Obligation’s yield to maturity. As premium is amortized, the purchaser’s basis of such Premium Obligation and the amount of tax-exempt interest received will be reduced by the amount of amortizable premium properly allocable to such purchaser. This will result in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes on the sale or disposition of such Premium Obligation prior to its maturity. Even though the purchaser’s basis is reduced, no federal income tax deduction is allowed.

Purchasers of any Premium Obligations, whether at the time of initial issuance or subsequent thereto, should consult with their tax advisors with respect to the determination and treatment of premium for federal income tax purposes, and with respect to state and local tax consequences of owning such Premium Obligations.

Additional Federal Income Tax Consequences

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. Prospective purchasers of the Obligations should consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

Bond Counsel expresses no opinion regarding any Federal tax consequences other than its opinions 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, and interest on the Obligations being included in

the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under 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 to the County 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.

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

RATINGS

Moody’s Ratings (“Moody’s”) has assigned a municipal bond rating of “Aa1” to the Bonds. Moody’s has assigned a municipal bond rating of “MIG 1” 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, LLP, Certified Public Accountants, 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.

Jerome M. St. John, Esquire, County Counsel, has not participated in the preparation of the financial or statistical information contained in this Official Statement, including the Appendices hereto, nor has he verified the accuracy, completeness or fairness thereof and, accordingly, expresses no opinion with respect thereto.

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

MUNICIPAL ADVISOR

Acacia Financial Group, Inc., of Mount Laurel, New Jersey, served as municipal advisor to the County with respect to the sale of the Obligations. The municipal advisor assisted in 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 Continuing Disclosure Certificates ("the Continuing Disclosure Certificates") 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 October 1, 2025 for the fiscal year ended December 31, 2024 (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. Notwithstanding the foregoing, if the Fiscal Year is not a calendar year then the County shall provide certain financial information and operating data relating to the County by not later than the first day of the tenth month of each fiscal year. 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, the County has made annual and enumerated event disclosure undertakings in connection with prior County debt offerings and prior debt offerings of the Essex County Improvement Authority and the Essex County Utilities Authority. In connection with such prior debt offerings, the County has agreed, among other things, to provide continuing disclosure of its Annual Report no later than a date certain of each year with the nationally recognized municipal securities information repositories or the MSRB, as applicable. The County has retained Digital Assurance Certification (DAC), as dissemination agent, in connection with its continuing disclosure obligations.

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 has 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 front 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 four-year period ended December 31, 2023 and unaudited financial statement of the County as of and for the year ended December 31, 2024 are included in Appendix “B” to this Official Statement. The financial statements for the four-year period ended December 31, 2023 have been audited by Samuel Klein and Company, LLP, Certified Public Accountants, 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. Hossam Mohamed, Director of Finance/County Treasurer, County of Essex, Hall of Records, 465 Dr. Martin Luther King, Jr. Boulevard, Newark, New Jersey 07102, telephone (973) 621-6318, or the County’s municipal advisor,

Acacia Financial Group, Inc., 6000 Midlantic Drive, Suite 410 North, Mt. Laurel, New Jersey 08054, telephone (609) 922-1436.

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: June __, 2025

APPENDIX A

INFORMATION CONCERNING THE COUNTY OF ESSEX, NEW JERSEY

Table of Contents to Appendix A

INTRODUCTION	A-1
GOVERNMENTAL STRUCTURE	A-1
GOVERNING BODY	A-2
COUNTY OFFICIALS	A-2
FINANCIAL INFORMATION AND BUDGET HIGHLIGHTS	A-3
SERVICES IN THE COUNTY	A-3
THE SOLID WASTE SYSTEM	A-5
THE COUNTY WELFARE SYSTEM.....	A-6
LABOR RELATIONS.....	A-7
RETIREMENT SYSTEMS	A-7
INSURANCE.....	A-8
PROPOSED CAPITAL IMPROVEMENT PROGRAM	A-9
ECONOMIC AND DEMOGRAPHIC INFORMATION	A-10
MAJOR REAL PROPERTY TAXPAYERS.....	A-13
PROPERTY VALUATIONS	A-14
TAX INFORMATION	A-14
COMPARISON OF TAX LEVY TO ANNUAL DEBT SERVICE REQUIREMENTS	A-15
CURRENT FUND REVENUE SOURCES PER ANNUAL ADOPTED BUDGET	A-15
CURRENT FUND BALANCES AND AMOUNTS UTILIZED IN SUCCEEDING YEAR'S BUDGET.....	A-15
DEBT INFORMATION	A-16
SCHEDULE OF DEBT SERVICE REQUIREMENTS ON THE COUNTY'S TAX SUPPORTED DEBT.....	A-21
DIRECT, OVERLAPPING AND UNDERLYING DEBT ISSUED AND OUTSTANDING.....	A-22
SELECTED ECONOMIC AND DEBT INFORMATION ON MUNICIPALITIES IN ESSEX COUNTY	A-23

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 863,728 people, based on the 2020 Data U.S.A, constituting approximately 9.29% 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 Commissioners (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; Public Safety; 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 staff 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, 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 the 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.
- Advice 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 Commissioners, 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, 2026. 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 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 6th term began on January 1, 2023, and whose term expires on December 31, 2026.

COUNTY OFFICIALS

Administrator – Robert Jackson was appointed County Administrator in April 2017. He has more than 30 years of senior management experience in the private sector and government in New Jersey. He is currently the Chairman of the governing body of the Essex County Psychiatric Hospital.

Director of Administration and Finance/County Treasurer – Hossam Mohamed was appointed Director of Administration and Finance and County Treasurer on June 9, 2021. Mr. Mohamed is a Certified Municipal Finance Officer and a Certified County Finance Officer. He has over 20 years of experience in Municipal and County levels of government.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

FINANCIAL INFORMATION AND BUDGET HIGHLIGHTS

The 2025 Budget

The 2025 Budget which includes a \$9,000,000 increase in taxes was adopted by the Board of County Commissioners on April 9, 2025.

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 three vocational and technical schools in the communities of 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 seven major universities and colleges: Seton Hall University, the New Jersey Institute of Technology, the Newark Campus of Rutgers, The State University of New Jersey, Bloomfield College, Caldwell University, 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 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.

Essex County College (ECC), an open-door public community college dedicated to academic excellence, serves the dynamic needs of diverse constituencies through comprehensive educational programs and services. With its main Newark campus, West Essex campus in Caldwell, and satellite centers throughout Essex County, ECC enrolls nearly 18,000 students who are pursuing credit courses in academic disciplines, while nearly 15,000 more are enrolled in ESL and adult literacy classes, short-term job training, and numerous programs for professional development and personal enrichment.

Essex County College offers more than 560 credit courses that create a wide range of transfer and career programs. There are 48 degree programs in disciplines ranging from the humanities, social sciences, and business to the natural sciences, health technologies, engineering, and computer science, and ten academic certificate programs.

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, 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 374 full-time professional personnel. The Hospital Center's current occupancy rate is 100%.

Sheriff's Department

The Essex County Sheriff's Department is currently staffed by 376 sworn personnel (this includes sheriffs, under-sheriff, captains, lieutenants, and officers) and 66 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 thirty-five parks and reservations were designed by the world-renowned Olmsted Brothers Landscape Architects. 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 6,076 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, 5 reservations, 25 developed parks, 23 playgrounds, 67 tennis courts, 6 senior citizen facilities, 3 community centers, a zoo, an ice skating arena and a roller skating complex. The parks accommodate various additional 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 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 sub caption "Ocean Borne Freight Facilities" below) is available for the movement of overseas freight.

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 a 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 processable 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 contract between Covanta Energy and the ECUA which commenced as of February 1, 2021, terminating on December 31, 2025.

Disposal of Non-Processible Waste – Flow Control

Pursuant to a five-year public bid contract that commenced on January 1, 2021, terminating on December 31, 2025, all Essex County non-processible waste (I.D. Type 13, 23, and 27) is currently directed to Advanced Enterprises Recycling, Inc. (AERI) transfer station located at Doremus Avenue, Newark, New Jersey.

Disposal of Processible Waste - Flow Control

That portion of processable waste (commercial and institutional I.D. type 10) 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 five (5) year public bid contract which commenced on January 1, 2021, terminating on December 31, 2025, 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 Family Assistance & Benefits is the eighth largest in the nation. Expenditures for welfare and other costs of the Department of Citizen Services are budgeted at \$100,493,465. in the 2025 Budget. The Division of Family Assistance & Benefits employs 832 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

Currently, the County employs approximately 3,567 personnel. Of these, approximately 3,455 are represented by 26 collective bargaining units. The County's negotiations with these bargaining units are managed by the Office of Labor Relations. One (1) expired on December 31, 2020, and one (1) will expire on December 31, 2025. Three (3) expired on December 31, 2023. The remaining twenty-one (21) contracts expire on December 31, 2028.

RETIREMENT SYSTEMS

County Pension Plan

The County administers the Essex County Employees' Retirement System, which is closed to additional members. The County discontinued its employer contributions on January 1, 1985, when the pension liabilities for pensioners who retired before 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 to permanently fund the County's pension system liabilities, through the purchase of a dedicated securities portfolio covering substantially all of the County's unfunded pension liability concerning 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. 2013, 2014, and 2015 budgets contained an appropriation of \$3.5 million each year. The 2016 budget contained an appropriation of \$2.5 million. The 2018 budget contained an appropriation of \$2.0 million and the same for 2019 through 2022. \$1 million for 2023 through 2025.

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 place of a County Employee's Pension Plan.

**Retirement Benefits
Five Year Summary**

<u>System</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
PERS*	\$29,100,962.88	\$28,657,087	\$27,428,483	\$24,552,339	\$23,187,192
PFRS*	33,168,975.04	33,112,356	33,083,421	29,903,809	29,606,749
Social Security	23,200,000	19,800,000	18,800,000	18,800,000	18,800,000
Non-Contributory	198,000	208,000	260,000	260,000	260,000
Total	<u>\$85,667,938</u>	<u>\$81,777,443</u>	<u>\$79,571,903</u>	<u>\$73,516,148</u>	<u>\$71,855,962</u>

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.

Consultec Associates, Inc., is contracted to administer and manage unemployment insurance claims. The 2025 budget includes an appropriation of \$2,567.95 for unemployment compensation insurance. In addition, the County had \$4,034,039 in its Unemployment Trust Fund as of December 31, 2024.

The PMA Group, the county's third-party administrator, administers the processing and payment of workers' compensation claims. 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 Arch Insurance Company, subject to the self-insured retention of \$1,000,000 per occurrence.

Health Benefits Insurance

On September 28, 2016, the Essex County Board of Commissioner adopted a resolution authorizing the County of Essex to enter active and retired employees into the State Health Benefits Plan effective January 1, 2017.

Liability Insurance

The County currently maintains an excess general, automobile, and Law Enforcement liability insurance up to \$7,000,000 per occurrence with a \$14,000,000 aggregate, less a \$500,000 self-insured retention (SIR). The excess coverage is with the Lloyds (Brit) Insurance Company.

The County maintains workers compensation (WC) insurance up to the NJ state statutory limits and a \$2,000,000 limit for Employers Practice Liability coverage with a \$1,000,000 SIR. The excess WC coverage is provided by Arch Insurance.

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 \$500,000,000 with various deductibles, including various sub-limits in certain categories of coverage such as flood, earthquake and wind/hail damage, and certified and extended terrorism coverage for all County owned and leased property locations. The County also added a \$38,000,000 sub-limit for business interruption for the Essex County Correctional Facility effective January 1, 2010.

The County also maintains hospital medical professional and general liability excess coverage through a policy provided by QBE Specialty Insurance. The County's retained limit under this policy is \$250,000 per incident/\$750,000 aggregate and coverage limits are \$1,000,000 per occurrence/\$3,000,000 annual aggregates each for employed physician and the Hospital Center. AIG Insurance provides a public employee's 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 third-party claims administrators for the self-insured liability program for managing and investigating all tort claims within the County's \$500,000 SIR and the \$1,000,000 SIR for WC coverage. The County experiences between 350 – 500 General Liability and averages 255 WC claims per year which are adjusted and managed by Inservco Insurance Services, Inc and PMA Companies, respectively. Their contracts commenced on May 1, 2007, and April 1, 2012, respectively.

PROPOSED CAPITAL IMPROVEMENT PROGRAM

The County's six-year Capital Improvement Program annual funding requirement, as set forth in the County's 2025 budget, is summarized below.

<u>Year</u>	<u>Annual Funding Requirement</u>
2025	\$50,000,000
2026	21,950,000
2027	23,950,000
2028	25,950,000
2029	27,950,000
2030	29,950,000
Total All Projects.....	<u>\$179,750,000</u>

2025 Capital Budget Appropriations, Funding Sources and Amounts

<u>Project</u>	<u>Six Year Estimated Total Cost</u>	<u>2025 Budget Appropriation s Fund</u>	<u>2025 Capital Improvement Fund</u>	<u>Debt Authorized</u>	<u>Future Years Funding</u>
Various Park Improvements	\$40,400,000	\$5,400,000	\$270,000	\$5,130,000	\$35,270,000
Various Highway Improvements	34,050,000	4,050,000	205,000	3,845,000	30,205,000
Various Buildings & Grounds Improvements	29,000,000	4,000,000	200,000	3,800,000	25,200,000
Acquisition of Various Equipment	35,000,000	5,000,000	250,000	4,750,000	30,250,000
Acquisitions of Various Properties	5,000,000	5,000,000	250,000	4,750,000	250,000
Construction of a Building	25,000,000	25,000,000	1,250,000	23,750,000	1,250,000
Essex County College Improvements	<u>11,300,000</u>	<u>1,550,000</u>	<u>0</u>	<u>1,550,000</u>	<u>9,750,000</u>
Total all Projects	\$179,750,000	\$50,000,000	\$2,425,000	\$47,575,000	\$132,175,000

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

ECONOMIC AND DEMOGRAPHIC INFORMATION

Population

Since 1970, the County's population has declined during most of the period. Specifically, the County's population decreased 9.0% from 1970 (933,179) to 1980 (849,376), 8.3% from 1980 to 1990 (778,564), increased 1.8% from 1990 to 2000 (792,253), decreased 1.0% from 2000 to 2010 (784,592), and increased 9.6% from 2010 to 2020 (863,728).

Employment

Historic data of private (nongovernmental) employment in the County follow:

COUNTY OF ESSEX PRIVATE EMPLOYMENT

<u>Year</u>	<u>Number of Jobs</u>	<u>Percentage Change</u>
2019	389,652	.11%
2020	299,108	.77
2021	309,500	3.5
2022	333,157	3.0
2023	349,500	1.6
2024	362,267	4.1
2025	396,352	.92

Source: Bureau of Labor Statistics; Quarterly Census of Employment and Wages

COUNTY OF ESSEX MAJOR EMPLOYERS

<u>Employer</u>	<u>Business</u>	<u>Location</u>	<u>2025 Approximate Employment</u>
Prudential Ins., Co. of America	Insurance	Newark	38,196
Rutgers University-Newark Campus	University	Newark	23,980
Verizon	Communications	Newark	15,000
Public Service Electric & Gas	Diversified energy	Newark	12,500
St. Barnabas Health Care System	Acute Care Hospital	Livingston	11,624
New Jersey Transit	Transportation	Newark	11,500
City of Newark	Government	Newark	10,001
Montclair State University	Education	Newark	7,900
Newark Board of Education	Board of Education	Newark	7,050
Gateway Group One	Security Customer care	Newark	6,250
Automatic Data Processing	Computer Software	Roseland	5,649

Source: City of Newark and County of Essex; Reflects company-wide employment

	<u>Year</u>	<u>Labor Force</u>	<u>Employment</u>	<u>Unemployment</u>	<u>Rate</u>
2020	County	376,557	345,485	19,880	4.5
	State	4,564,200	4,390,400	173,900	4.7
	U.S.	163,539,000	157,538,000	6,001,000	3.7
2021	County	362,159	326,073	36,086	9.9
	State	4,377,300	4,039,600	337,700	7.7
	U.S.	160,742,000	147,795,000	12,947,000	8.1
2022	County	378,427	355,346	23,081	6.1
	State	4,632,700	4,398,600	234,100	5.1
	U.S.	140,881,253	132,585,253	8,296,000	6.3
2023	County	385,578	371,016	14,562	3.8
	State	4,731,550	4,536,800	174,750	3.4
	U.S.	164,272,253	132,585,253	8,296,000	3.5
2024	County	388,106	370,619	17,487	4.5
	State	4,832,319	4,600,812	231,5077	3.4
	U.S.	167,276,000	161,152,000	6,124,000	3.5
2025	County	396,352	372,967	23,385	5.9
	State	4,897,900	4,667,698	230,201	4.7
	U.S.	170,591,000	163,508,000	7,083,000	4.2

Source: U.S. Bureau of Labor Statistics. Historical revisions were made for 2010-2020 data due to the U.S. Bureau of Labor Statistics introducing changes in the methodology used in estimating monthly labor force and unemployment statistics for all States and areas.

Median Family Income

According to the U.S. Census Bureau, the median family income in the County was \$54,818 in 2000, \$68,683 in 2010 and \$67,568 in 2020 as opposed to \$65,370 in 2000, \$84,904 in 2010, and \$89,703 in 2020 for New Jersey.

Average Per Capita Personal Income

<u>Year</u>	<u>Essex County</u>	<u>Percentage of New Jersey</u>	<u>New Jersey</u>	<u>Percentage of United States</u>	<u>U.S.A</u>
2020	\$63,368	77.52%	\$81,740	136.77%	\$59,763
2021	61,510	74.52	82,545	146.59	56,310
2022	67,826	75.96	89,296	128.09	69,717
2023	73,314	75.62	96,961	98.27	74,606
2024	76,712	61.92	123,892	102.822	74,606

Source: Data U.S.A, Bureau of Economic Analysis.

Housing and Construction Values

The U.S. Census Bureau estimates 2020 census housing units in the County at 336,552, compared to the 2010 census housing units of 312,954 an increase of 7.0%. The following tables compare the County with the State relative to building permits and construction values for new, privately owned housing units.

RESIDENTIAL BUILDING PERMITS

<u>Year</u>	County of <u>Essex</u>	State of <u>New Jersey</u>	Essex's Percentage of <u>State Permits</u>
2020	1,763	37,087	4.7%
2021	1,701	26,680	6.3
2022	3,302	38,248	8.6
2023	3,470	36,974	9.4
2024	3,781	32,840	9.4

RESIDENTIAL CONSTRUCTION VALUES

(Thousands)

<u>Year</u>	County of <u>Essex</u>	State of <u>New Jersey</u>	Essex's Percentage of State <u>Construction Value</u>
2020	\$386,000	\$3,605,401	10.3%
2021	336,291	3,779,565	8.9
2022	336,552	3,785,346	8.8
2023	301,742	5,160,513	5.9
2024	494,400	3,804,012	12.9

Sources: U.S. Bureau of the Census; Building Permit Estimates, January, 2025.

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.

<u>Taxpayer</u>	<u>Business</u>	<u>Location</u>	<u>2024 Assessed Valuation</u>
Short Hills Assoc. LLC	Mall	Millburn	\$930,819,000
Prudential Insurance Co. of America	Insurance	Newark	177,157,500
Marcus Ward Home Co Springpoint	Assisted Living	Maplewood	118,543,100
MPT Legacy of Montclair	Hospital	Montclair	112,011,900
Prudential Newark Realty	Office Building	Newark	108,535,600
Market Halsey Urban Renewal, LLC	Office Building	Newark	97,000,000
80 Park Place	Office Building	Newark	90,000,000
Prudential Drive Investors, LLC	Office Building	Newark	88,810,000
Colfin 2019-4 Industrial Owner, LLC	Industrial	Fairfield	84,041,200
Total 2024 Assessed Valuation of Major Taxpayers			1,914,918,300
2024 Assessed Valuation of Real Property in the County			\$94,575,369,620
Ratio of Major Taxpayers' Net 2024 Assessed Valuation to the 2024 Valuation of Real Property in the County			2.02%

Source: Essex County Board of Taxation.

PROPERTY VALUATIONS

Net Assessed Valuations by Classification of Real Property

Type of Real Property	Net Assessed Valuation				
	2024	2023	2022	2021	2020
Residential	\$70,333,271,670	\$66,273,329,050	\$67,426,945,450	\$61,941,984,769	\$61,712,977,929
Apartment	5,495,155,900	5,317,926,800	5,173,015,000	4,199,608,300	4,126,501,200
Commercial	13,722,680,850	13,504,710,650	13,490,426,350	13,334,294,037	13,628,651,742
Industrial	3,754,913,700	3,710,431,400	3,614,488,900	3,523,073,600	3,399,717,500
Farm	2,224,500	2,224,500	2,165,600	2,648,800	2,648,800
Vacant Land	1,267,123,000	1,238,934,200	1,185,785,300	1,093,454,300	1,141,079,600
Sub –Total	<u>\$94,575,369,620</u>	<u>\$90,047,565,600</u>	<u>\$87,892,826,600</u>	<u>\$84,095,063,806</u>	<u>\$84,011,578,771</u>
Exempt	25,992,805,917	22,826,934,027	22,272,135,300	20,922,002,943	21,023,940,742
Total of Real Property	<u>\$120,568,175,537</u>	<u>\$108,092,542,017</u>	<u>\$110,164,961,900</u>	<u>\$105,017,066,749</u>	<u>\$105,035,517,513</u>

Source: Essex County Board of Taxation.

Net Assessed and Equalized Valuations of Real and Personal Tangible Property

	2024	2023	2022	2021	2020
Net Assessed Valuation:					
Real Property (1)	\$94,575,369,620	\$90,047,565,600	\$87,892,826,600	\$84,095,063,806	\$84,011,576,771
Personal Tangible Property (2)	50,792,300	175,867,189	179,480,489	178,848,616	174,502,589
Total Net Assessed Valuation	94,626,161,920	90,223,432,789	88,072,307,089	84,273,912,422	84,186,079,360
Percent Increase (Decrease) Over Previous Year	4.87%	2.44%	4.50%	1.00%	3.97%
Equalized Valuation (3)	\$123,198,282,264	\$109,001,140,127	\$107,860,131,308	\$97,405,520,944	\$93,509,161,260
Percent Increase(Decrease) Over Previous Year	13.97%	9.56%	4.8%	.99%	1.00%

(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

<u>Year</u>	<u>Tax Rate (1)</u>	<u>Tax Apportionment</u>	<u>Tax Collection</u>	<u>Percent</u>
2024.....	\$3.833	\$451,435,003	\$451,435,003	100.00%
2023.....	4.292	443,671,426	443,671,426	100.00
2022.....	4.657	437,114,700	437,114,700	100.00
2021.....	4.657	437,114,700	437,114,700	100.00
2020.....	4.716	434,940,006	434,940,006	100.00

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

COMPARISON OF TAX LEVY TO ANNUAL DEBT SERVICE REQUIREMENTS

<u>Year</u>	<u>Tax Levy(1)</u>	<u>Debt Service Requirements (2)</u>	<u>Percent of Debt Service To Tax Levy</u>
2025.....	\$460,435,000	\$101,131,792	21.97%
2024.....	451,435,000	102,291,215	22.65
2023.....	443,671,426	134,002,911	30.21
2022.....	437,114,700	133,707,162	30.58
2021.....	437,114,700	126,085,364	28.84

(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

<u>Year</u>	<u>Budget Requirement</u>	<u>Revenue Surplus Appropriated</u>	<u>Miscellaneous Revenues</u>	<u>Amount to Be Raised by Taxation</u>
2025	\$866,944,111	\$36,000,000	\$370,509,111	\$460,435,000
2024	840,798,224	36,000,000	353,363,224	451,435,000
2023	865,963,286	36,000,000	386,291,866	443,671,426
2022	865,301,299	36,000,000	428,885,300	437,114,700
2021	797,336,823	36,000,000	324,222,123	437,114,700

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

<u>Year</u>	<u>Balance as of December 31</u>	<u>Utilized in Budget of Succeeding Year</u>	
		<u>Amount</u>	<u>Percent</u>
2024	\$118,207,209	\$36,000,000	28.50%
2023	126,187,557	36,000,000	28.50
2022	126,294,721	36,000,000	28.55
2021	122,243,972	36,000,000	29.45
2020	108,159,362	36,000,000	33.28

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

DEBT INFORMATION

General Information

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 sub caption "Statutory Debt and Statutory 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. Refunding bonds may be sold on a negotiated basis without the approval of the New Jersey Local Finance Board provided that the following conditions are met: (1) the present value savings is at least three percent, (2) The new debt service shall be structured such that no annual debt service payment is more than it was under the original debt service schedule, (3) the final maturity of the refunding bond does not extend past the budget year in which such final maturity was originally scheduled to mature, and (4) the debt savings are substantially level across the life of the refunding. 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.

Statutory Debt and Borrowing Power

The following tables set forth information, as of December 31, 2024, 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, 2024)**

<u>Purpose</u>	<u>Interest Rate</u>	<u>Dated Date</u>	<u>Final Maturity Date</u>	<u>Amount Outstanding</u>
County College Chap 12 (1)				
ECC Series 2016D	5.00	09/15/2016	09/01/2026	\$250,000
ECC Ref Series 2016D	5.00	05/12/2016	03/01/2025	100,000
ECC Series 2017D	4.00-5.00	09/13/2017	09/01/2027	375,000
ECC Series 2018D	5.00	09/11/2018	09/01/2028	740,000
ECC Series 2019C	4.00-5.00	09/09/2019	09/01/2029	1,800,000
ECC Series 2021D	2.00-5.00	08/31/2021	08/15/2031	3,115,000
ECC Series 2022D	3.00-4.00	08/16/2022	08/15/2032	1,410,000
ECC Series 2024B	4.00	07/11/2024	06/01/2034	3,450,000
				<u>\$11,240,000</u>
County College:				
County College Bonds 2016C	5.00	09/15/2016	09/01/2026	\$250,000
County College Ref Bonds 2016C	5.00	05/12/2016	03/01/2025	60,000
County College Bonds 2017C	4.00-5.00	09/13/2017	09/01/2027	375,000
County College Refunding Bonds 2017	4.00-5.00	12/28/2017	08/01/2025	2,745,000
County College Bonds 2018C	5.00	09/11/2018	09/01/2028	740,000
County College Bonds 2019B	4.00-5.00	09/09/2019	09/01/2029	1,800,000
County College Bonds 2021C	2.00-5.00	08/31/2021	08/15/2021	3,815,000
County College Bonds 2022B	3.00-4.00	08/16/2022	08/15/2037	9,030,000
County College Bonds 2022C	3.00-4.00	08/16/2022	08/15/2032	1,410,000
County College Bonds 2024	4.00	07/11/2024	06/01/2034	3,450,000
				<u>\$23,675,000</u>
General Obligation:				
General Improvement Bonds Series 2014A	1.50-3.00	09/23/2014	09/01/2029	7,430,000
General Improvement Bonds Series 2015A	2.00-3.00	09/02/2015	09/01/2027	6,305,000
General Improvement Bonds Series 2016A	4.00-5.00	09/01/2016	09/01/2035	15,930,000
General Improvement Ref Bonds Series 2016A	4.00-5.00	05/12/2016	03/01/2025	45,000
General Improvement Bonds Series 2017A	3.00-5.00	09/13/2017	09/01/2032	10,965,000
General Improvement Ref Bonds Series 2017	3.00-5.00	12/18/2017	08/01/2025	17,080,000
General Improvement Bonds Series 2018A	3.00-5.00	09/11/2018	09/01/2033	15,100,000
General Improvement Bonds Series 2019A	2.00-5.00	09/09/2019	09/01/2049	104,495,000
General Improvement Bonds Series 2020	2.00-5.00	08/25/2020	09/01/2050	87,415,000
General Improvement Bonds Series 2021A	0.05-5.00	08/31/2021	08/15/2037	27,350,000
General Improvement Bonds Series 2022A	3.00-4.00	08/16/2022	08/15/2036	39,535,000
				<u>\$331,650,000</u>
Vocational School:				
County Vocational School Bonds, Series 2013A	3.00-4.00	09/25/2013	09/01/2028	\$1,290,000
County Vocational School Bonds, Series 2014B	1.50-3.00	09/23/2014	09/01/2029	770,000
County Vocational School Bonds, Series 2015	2.00-4.00	09/01/2015	09/01/2045	41,560,000
County Vocational School Bonds, Series 2016B	2.00-3.00	09/01/2016	09/01/2046	64,975,000
County Vocational School Ref Bonds, Series 2016B	3.00-5.00	05/12/2016	04/13/2025	260,000
County Vocational School Bonds, Series 2017B	3.00-5.00	09/13/2017	09/01/2047	23,480,000
County Vocational School Bonds, Series 2018B	3.00-5.00	09/11/2018	09/01/2048	30,365,000
County Vocational School Bonds, Series 2021B	0.05-5.00	08/31/2021	08/15/2036	38,720,000
				<u>\$201,420,000</u>

**Essex County Improvement Authority Pooled
Governmental Loan Program:**

General Improvement Series 2010	Variable	06/03/2010	07/01/2025	\$285,000
General Improvement Series 2015A	Variable	06/24/2015	06/01/2025	350,000
				<u>\$635,000</u>

Green Trust Loans:

DEP Loan (Verona Dam)	2.00	10/23/2009	04/23/2028	\$111,989.24
DEP Loan (Diamond Mill Pond Project)	2.00	07/30/2013	04/29/2033	216,228.92
N.J. Transportation Bank Direct Loan Program	2.00	06/07/2022	10/01/2041	<u>1,698,928.13</u>
				<u>\$2,027,146.29</u>

Employee Retirement Service

Series 2003 G.O. Pension Refunding (Taxable)	4.75	06/25/2003	04/01/2033	<u>\$38,820,000</u>
				<u>\$38,820,000</u>

Total Net Outstanding County Debt

\$609,467,146

- (1) The State pays half the annual debt service on the County College Bonds (Chapter 12) 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. The State pays 100% of the annual debt service on the referenced bonds listed above under footnote (1). Under such Act, a portion of the County College Bonds (Chapter 12), 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.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

**Outstanding Debt Guaranteed by the County
Or Issued for County Purposes
(As of December 31, 2024)**

The Essex County Improvement Authority	<u>Interest Rate</u>	<u>Dated Date</u>	<u>Final Maturity Date</u>	<u>Amount Outstanding</u>
Bonds and Notes Payable by the County Under Lease or Deficiency Agreements				
Project Consolidation Revenue Bonds, Series 2004A	5.50	09/02/2004	10/01/2030	\$68,450,000
G.O. Guaranteed Lease Revenue Refunding, Series 2005A (Sportsplex Project)	4.00-5.10	09/13/2005	10/01/2027	1,105,000
Project Consolidation Revenue Bonds, Series 2005C (Refunding Project)	4.00-4.375	08/24/2005	12/15/2027	645,000
G.O. Guaranteed Lease Revenue Refunding Bonds, Series 2011 (Social Services)	3.00-5.00	04/13/2011	10/01/2027	930,000
G.O. Guaranteed Consolidation Revenue Refunding Bonds, Series 2017	2.00-2.125	11/14/2017	12/15/2027	1,300,000
G.O. Guaranteed Lease Revenue Project Notes, Series 2024	5.00	6/20/2024	6/18/2025	<u>176,830,000</u>
Total Bonds and Notes Payable by the County Under Lease or Deficiency Agreements (A)				<u>\$249,260,000</u>
<u>Bonds Guaranteed by the County and Payable from Other Sources</u>				
Governmental Loan Revenue Bonds, Series 2019 (City of Newark Project)	4.00-5.00	11/07/2019	11/01/2049	\$65,460,000
Capital Equipment Pooled Lease Revenue Bonds, Series 2019	4.00-5.00	11/21/2019	10/01/2029	3,322,166
Airport Revenue and Refunding Bonds, Series 2019 (AMT) (County Guaranteed)	3.00-5.00	12/20/2019	11/01/2034	<u>8,195,000</u>
Total Bonds Guaranteed by the County& Payable from Other Sources (B)				<u>\$76,977,166</u>
Total ECIA ((A)+(B))				<u>\$326,237,166</u>

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

**Statutory Debt
As of December 31, 2024**

	<u>Gross Debt</u>	<u>Deductible Debt</u>	<u>Net Debt</u>
General Purpose:			
Bonds Issued	\$331,650,000		\$331,650,000
G.O. County College Bonds ⁽¹⁾	34,915,000	\$11,240,000	23,675,000
Employment Retirement Service Bonds	38,820,000	38,820,000	0.00
Vocational School Bonds	201,420,000		201,420,000
Green Trust Loans	328,218		328,218
ECIA Pooled Gov. Loans	635,000		635,000
NJIB Transportation Loan	1,698,928		1,698,928
Bond Anticipation Notes Issued	45,359,000		45,359,000
Debt Authorized but Unissued	15,108,408		15,108,408
County Guaranteed Debt ⁽²⁾ :			
Essex County Improvement Authority	326,237,166	326,237,166	0
Essex County Utilities Authority	<u>0</u>	<u>0</u>	<u>0</u>
Total Gross Statutory Debt	<u>\$996,171,720</u>		
Total Statutory Deductions		<u>\$376,297,166</u>	
Total Net Statutory Debt			<u>\$619,874,554</u>

(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, 2024**

Three-Year Average Equalized (1)	\$122,327,865,632
Statutory Borrowing Power(2)	2,446,557,312
Statutory Net Debt	619,874,554
Remaining Statutory Borrowing Power	121,707,991,078
Ratios:	
Statutory Net Debt to State Equalized Valuation	0.507%
Statutory Net Debt Per Capita (3)	\$717.00

(1) Average for three years (2022, 2023 and 2024) as prepared by the State.

(2) 2.00% of the three-year average equalized valuation as prepared by the State.

(3) 2020 Census population 863,728.

County of Essex, New Jersey
SCHEDULE OF DEBT SERVICE REQUIREMENTS ON THE COUNTY'S TAX-SUPPORTED DEBT
(Beginning January 1, 2025)

Period Ending	Net Outstanding County Debt (1)			Essex County Improvement Authority (2)			Total Debt Service	Maturing
	Principal	Interest	Debt Service	Principal	Interest	Debt Service		
12/31/2025	\$53,118,809.24	\$20,322,939.47	\$73,441,748.71	\$13,030,000.00	\$12,705,120.56	\$25,735,120.56	4 99,176,869.27	
12/31/2026	33,445,753.35	17,740,588.28	51,186,341.63	12,640,000.00	3,222,958.76	15,862,958.76	67,049,300.39	
12/31/2027	34,517,761.84	16,255,907.29	50,773,669.13	12,930,000.00	2,554,898.76	15,484,898.76	66,258,567.89	
12/31/2028	33,378,200.75	14,812,769.91	48,190,970.66	10,680,000.00	1,860,650.00	12,540,650.00	60,731,620.60	29.88%
12/31/2029	34,028,327.59	13,486,932.01	47,515,259.60	11,265,000.00	1,273,250.00	12,538,250.00	60,053,509.60	
12/31/2030	32,980,034.32	12,193,856.52	45,173,890.84	11,885,000.00	653,675.00	12,538,675.00	57,712,565.84	
12/31/2031	34,426,810.91	10,967,656.17	45,394,467.08				45,394,467.08	
12/31/2032	34,998,660.68	9,830,801.40	44,829,462.08				44,829,462.08	
12/31/2033	34,671,785.26	8,742,472.40	43,414,257.66				43,414,257.66	58.366%
12/31/2034	26,934,757.86	7,801,842.82	34,736,600.68				34,736,600.68	
12/31/2035	27,116,754.80	7,111,720.88	34,228,475.68				34,228,475.68	
12/31/2036	26,218,856.74	6,503,532.68	32,722,389.42				32,722,389.42	
12/31/2037	19,191,069.95	5,912,271.96	25,103,341.91				25,103,341.91	
12/31/2038	16,463,401.08	5,407,797.10	21,871,198.18				21,871,198.18	80.35%
12/31/2039	16,870,969.94	4,921,628.24	21,792,598.18				21,792,598.18	
12/31/2040-50	151,105,191.98	22,053,529.36	173,158,721.34				173,158,721.34	100.00%
Totals	\$609,467,146.29	\$184,066,246.49	\$793,533,392.78	\$72,430,000.00	\$22,270,553.08	\$94,700,553.08	\$888,233,945.86	

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

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

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

DIRECT, OVERLAPPING, AND UNDERLYING DEBT ISSUED AND OUTSTANDING

(As of December 31, 2024)

Debt Ratios

	<u>Debt Outstanding</u>		<u>Debt Per Capita (1)</u>		<u>Debt as % of Equalized Value (2)</u>	
	<u>Gross</u>	<u>Net</u>	<u>Gross</u>	<u>Net</u>	<u>Gross</u>	<u>Net</u>
Direct Debt:						
General Purpose	\$607,768,218	\$596,199,554				
County College.....	<u>16,807,336</u>	<u>27,530,000</u>				
Subtotal Direct Debt.....	<u>\$624,575,554</u>	<u>\$619,874,554</u>	\$836.41	\$778.02	.67%	.62%
Overlapping Debt:						
ECIA :(3)						
Payable by the County under Lease						
Or Deficiency Agreement and						
Guaranteed by the County	370,961,166	<u>0</u>				
Payable from other sources	635,000	<u>0</u>				
ECUA: (3)	<u>0</u>	<u>0</u>				
Subtotal Overlapping Debt	<u>371,596,166</u>	<u>0</u>				
Subtotal Direct and Overlapping						
Debt	<u>\$996,171,720</u>	<u>\$619,874,554</u>	\$1,171.55	\$793.82	.93%	0.63%
Underlying Debt :(4)						
Municipal	1,448,294,820	1,448,294,820				
School.....	629,512,754					
Self-supporting:						
Municipal Utility	978,552,688					
Commissions :(5)						
PVSC.....	255,345,493					
North Jersey	<u>22,515,143</u>					
Subtotal Underlying Debt	<u>3,334,220,898</u>	<u>1,448,294,820</u>				
Total Direct, Overlapping						
And Underlying Debt:	<u>\$4,330,392,618</u>	<u>\$2,068,169,374</u>	\$5,013.61	\$2,394.47	3.54%	1.69%

(1) New Jersey Department of Labor 2022 Estimate 863,728

(2) 2024 equalized valuation as shown in the County's Annual Debt Statement (\$122,327,865,632).

(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, 2024, with exceptions and described under "Selected Economic and Debt Information on Municipalities in Essex County".

(5) Includes on a pro-rata basis, Passaic Valley Sewerage Commissioner's share of outstanding debt and North Jersey District Water Supply Commission share of outstanding debt as of December 31, 2024. Refer to "Selected Economic and Debt Information on Municipalities in Essex County" for apportionment of respective outstanding debt amounts by municipality.

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

SELECTED ECONOMIC AND DEBT INFORMATION ON MUNICIPALITIES IN ESSEX COUNTY

Municipality	2024 Net Valuation (1)	2024 Tax Levy (1)	Gross Debt(2)	Outstanding Debt						
				Municipal Debt (3)	Self – Liquidating Debt(4)	Net Direct Debt(5)	School(6)	County(7)	Commissions(8)	
Belleville (9)	\$3,125,163,100	\$491,311,250	\$104,059,248	\$62,261,748	\$3,047,500	\$52,741,748	\$38,750,000	\$15,677,934.67	\$14,382,048	A
Bloomfield	5,308,284,200	990,704,800	157,881,381	94,357,225	55,774,156	92,659,294	7,750,000	25,495,430.53	16,625,355	A
									2,858,811	B
Caldwell	1,052,116,900	263,584,200	57,721,869	39,545,500	18,176,369	39,452,740	0	5,288,035.65		
Cedar Grove	2,259,524,000	484,588,100	45,157,474	22,208,474	8,678,000	40,097,737	14,271,000	10,294,912.13	577,816	B
E. Orange	4,790,276,470	1,964,609,600	176,808,834	95,442,394	67,456,440	95,251,059	13,910,000	19,161,589.28		
Essex Fells	758,060,000	113,963,700	18,430,843	5,130,748	12,855,095	5,100,549	445,000	2,966,255.82		
Fairfield (9)	3,217,859,700	271,264,400	23,751,694	21,448,267	2,303,427	21,395,732	0	15,184,232.31		
Glen Ridge	1,723,458,800	162,030,700	27,822,126	5,684,126	4,500,000	5,684,126	17,638,000	9,070,098.33	11,051,692	A
									197,495	B
Irvington	1,909,560,550	327,763,067	108,356,091	91,777,106	0	69,416,606	16,578,985	13,107,628.01		
Livingston	8,645,061,800	1,550,071,200	271,147,083	119,743,376	102,533,707	119,355,793	48,870,000	37,964,220.95		
Maplewood	6,200,218,100	1,028,810,900	180,120,917	71,411,512	108,709,404	67,626,686	0	19,661,684.39		
Milburn	9,910,365,900	684,542,300	91,137,940	39,024,940	0	39,024,940	52,113,000	43,577,392.01		
Montclair	7,172,658,300	833,965,100	309,248,080	72,054,659	13,457,652	72,054,659	223,735,769	39,605,961.84	3,044,857	A
									1,316,635	B
Newark	12,769,265,500	12,769,050,400	714,588,713	270,611,376	354,167,337	272,847,150	89,810,000	85,716,926.34	163,814,198	A
									16,119,944	B
N. Caldwell	1,907,965,700	184,326,100	23,417,500	16,837,500	6,580,000	16,837,500	0	8,601,975.06		
Nutley	4,963,781,300	479,007,000	49,541,763	22,625,282	3,796,481	25,432,160	23,120,000	18,942,871.39	16,152,982	A
									1,444,442	B
Orange	2,262,962,400	705,579,300	111,225,772	37,213,850	59,121,922	35,946,721	14,890,000	8,314,362.86	12,167,583	A
Roseland	2,104,410,300	118,304,900	45,025,638	23,668,251	7,997,387	23,115,253	13,360,000	7,065,201.91		
S. Orange	4,263,297,100	1,389,066,200	179,013,334	79,971,775	99,041,558	79,471,775	0	15,174,366.27		
Verona	2,399,591,100	361,912,500	119,745,091	49,151,891	26,548,200	49,151,891	44,045,000	11,630,858.73		
W. Caldwell	2,351,564,700	131,415,100	59,685,124	35,877,072	23,808,052	38,537,211	0	10,924,557.18		
W. Orange	<u>5,479,923,700</u>	<u>686,935,100</u>	<u>182,473,745</u>	<u>172,247,745</u>	<u>0</u>	<u>170,571,638</u>	<u>10,226,000</u>	<u>28,008,507.83</u>		
Total	<u>\$94,575,369,620</u>	<u>\$25,992,805,917</u>	<u>\$3,056,360,262</u>	<u>\$1,448,247,745</u>	<u>\$ 978,552,688</u>	<u>\$1,394,233,020</u>	<u>\$629,512,754</u>	<u>\$451,435,003.49</u>	<u>\$277,860,636</u>	

(1) Source: Essex County 2024 Abstract of Ratable.

(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 \$619,874,554 is equal to the ratio that a municipality's 2024 equalized valuation, as calculated by the County, bears to the County's total 2024 equalized valuation, as calculated by the County.

(8) (A) The Passaic Valley Sewerage Commissioners ("PVSC") had \$255,345,493 debt outstanding as of December 31, 2024. Of this amount, seven municipalities in the County are ultimately responsible for \$188,865,969. 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 \$22,515,143 debt outstanding as of December 31, 2024. Of this amount, six municipalities in the County are ultimately responsible for 25,527,710. 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) Fairfield 2024 annual debt statements were not available at the time of publishing; therefore, 2023 numbers were used.

Sources: The Essex County Abstract of Ratables, The Essex County Improvement Authority, The PVSC, North Jersey, the 2024 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 FOUR YEARS ENDED DECEMBER 31, 2023 AND UNAUDITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31 2024**

[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 Honorable Members of the Board of County Commissioners
and the County Executive
County of Essex
Newark, New Jersey 07102

The accompanying summary financial statements - regulatory basis, 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, 2023, 2022, 2021 and 2020. We expressed unmodified audit opinions on those audited financial statements - regulatory basis in our report dated June 14, 2024. The audited financial statements - regulatory basis, and the summary financial statements - regulatory basis 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 - regulatory basis.

The summary financial statements - regulatory basis 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 - regulatory basis, therefore is not a substitute for reading the audited financial statements - regulatory basis 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 - regulatory basis on the basis described in Note 1.

Auditor's Responsibility

Our responsibility is to express an opinion about whether the summary financial statements - regulatory basis are consistent, in all material respects, with the audited financial statements - regulatory basis 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 - regulatory basis with the related information in the audited financial statements - regulatory basis from which the summary financial statements - regulatory basis have been derived, and evaluating whether the summary financial statements - regulatory basis are prepared in accordance with the basis described in Note 1. We did not perform any audit procedures regarding the audited financial statements - regulatory basis after the date of our report on those financial statements.

Opinion

In our opinion, the summary financial statements - regulatory basis of the County of Essex, State of New Jersey as of and for the years then ended December 31, 2023, 2022, 2021 and 2020 referred to above are consistent, in all material respects, with the audited financial statements - regulatory basis from which they have been derived, on the basis described in Note 1.

Emphasis-of-Matter

These summary financial statements - regulatory basis of the County of Essex, New Jersey were prepared for the purpose of inclusion in an official statement for the County of Essex, New Jersey for General Obligation Bonds, Series 2025 consisting of County College Bonds, Series 2025A and County College Bonds, Series 2025B (County College Bond Act, P.L. 1971, c. 12) and Bond Anticipation Notes, Series 2025 and were abstracted from audit reports issued under the periods referred to above as dated June 14, 2024, June 15, 2023, June 20, 2022 and June 11, 2021, respectively.

SAMUEL KLEIN AND COMPANY, LLP

SAMUEL KLEIN AND COMPANY, LLP
CERTIFIED PUBLIC ACCOUNTANTS

JOSEPH J. FACCONI, RMA, PA

JOSEPH J. FACCONI, RMA, PA

Newark, New Jersey
June 14, 2024

COUNTY OF ESSEX, NEW JERSEY
CURRENT FUND

COMPARATIVE BALANCE SHEET - REGULATORY BASIS

Sheet #1

	Unaudited	Audited			
	Balance	Balance	Balance	Balance	Balance
<u>ASSETS</u>	<u>Dec. 31, 2024</u>	<u>Dec. 31, 2023</u>	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>	<u>Dec. 31, 2020</u>
<u>Regular Fund</u>					
Cash	\$ 235,181,403	\$ 207,975,465	\$ 235,183,949	\$ 261,529,079	\$ 220,623,168
Certificates of Deposit		40,000,000	50,000,000		
Cash - Change Fund		13,425	13,425	13,425	13,425
	<u>235,181,403</u>	<u>247,988,890</u>	<u>285,197,374</u>	<u>261,542,504</u>	<u>220,636,593</u>
Receivables and Other Assets with Full Reserves:					
Taxes Receivable	2,276,306	2,191,553	1,928,807	2,403,917	1,626,630
Sales Contracts Receivable				50,952	6,838
Deposits Receivable	231,858	136,858	113,344	13,077,326	
Other Accounts Receivable		110,000			
Revenue Accounts Receivable		329,987	723,470		8,263,345
Payroll Taxes Receivable	2,534	420	894		
Due from Pension Trust Fund				12,605	12,605
	<u>2,510,698</u>	<u>2,768,818</u>	<u>2,766,515</u>	<u>15,544,800</u>	<u>9,909,418</u>
	<u>237,692,101</u>	<u>250,757,708</u>	<u>287,963,889</u>	<u>277,087,304</u>	<u>230,546,011</u>
<u>Federal and State Grant Fund</u>					
Due from Current Fund	12,604,325	17,953,815	54,275,721	52,965,998	31,862,818
Federal and State Grants Receivable	177,241,743	201,904,514	166,822,215	146,050,702	140,779,964
	<u>189,846,068</u>	<u>219,858,329</u>	<u>221,097,936</u>	<u>199,016,700</u>	<u>172,642,782</u>
	<u>\$ 427,538,169</u>	<u>\$ 470,616,037</u>	<u>\$ 509,061,825</u>	<u>\$ 476,104,004</u>	<u>\$ 403,188,793</u>

COUNTY OF ESSEX, NEW JERSEY
CURRENT FUND

COMPARATIVE BALANCE SHEET - REGULATORY BASIS

Sheet #2

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	Unaudited	Audited			
	Balance <u>Dec. 31, 2024</u>	Balance <u>Dec. 31, 2023</u>	Balance <u>Dec. 31, 2022</u>	Balance <u>Dec. 31, 2021</u>	Balance <u>Dec. 31, 2020</u>
<u>Regular Fund</u>					
Appropriation Reserves	\$ 41,016,588	\$ 54,706,936	\$ 47,260,410	\$ 49,418,516	\$ 59,794,094
Accounts Payable	13,289,826	10,323,776	13,144,668	8,454,864	3,549,497
Prepaid Revenue	12,446,250	1,628,477	10,318,352	12,780,284	10,000,000
Interfunds Payable	12,604,326	17,953,816	54,369,895	52,965,998	31,864,100
Reserve for Encumbrances	16,373,862				
Other Reserves:					
Miscellaneous	21,243,343	37,188,328	33,809,328	15,678,870	7,269,540
Sub-Total Cash Liabilities	116,974,195	121,801,333	158,902,653	139,298,532	112,477,231
Reserve for Receivables	2,510,698	2,768,818	2,766,515	15,544,800	9,909,418
Fund Balance	118,207,208	126,187,557	126,294,721	122,243,972	108,159,362
	<u>237,692,101</u>	<u>250,757,708</u>	<u>287,963,889</u>	<u>277,087,304</u>	<u>230,546,011</u>
<u>Federal and State Grant Fund</u>					
Reserve for Federal and State Grant					
Funds:	185,546,560	213,512,479	192,893,267	198,182,380	113,860,597
Encumbered					54,118,545
Unencumbered					
Unappropriated Reserves	4,299,508	6,345,850	28,204,669	834,320	4,663,640
	<u>189,846,068</u>	<u>219,858,329</u>	<u>221,097,936</u>	<u>199,016,700</u>	<u>172,642,782</u>
	<u>\$ 427,538,169</u>	<u>\$ 470,616,037</u>	<u>\$ 509,061,825</u>	<u>\$ 476,104,004</u>	<u>\$ 403,188,793</u>

See accompanying notes to financial statements.

COUNTY OF ESSEX, NEW JERSEY
CURRENT FUND

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

	Unaudited	Audited			
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<u>Revenue and Other Income</u>					
Fund Balance Utilized	\$ 36,000,000	\$ 36,000,000	\$ 36,000,000	\$ 36,000,000	\$ 36,000,000
Miscellaneous Revenue Anticipated	462,643,485	475,576,309	499,160,989	488,752,244	505,708,991
Receipts from Current Taxes	451,435,004	443,671,426	437,114,707	437,114,703	434,940,006
Miscellaneous Revenue Not Anticipated	4,349,459	6,294,107	5,733,733	7,328,718	3,129,592
Other Credits to Income:					
Unappropriated Grant Funds Cancelled					604
Interfunds Realized			12,605		12,560,516
Unexpended Balance of Appropriation					
Reserves	4,507,526	23,963,024	2,156,905	15,792,781	14,962,902
Accounts Payable Cancelled	595,119	2,711,001		11,769	913,586
	<u>959,530,593</u>	<u>988,215,867</u>	<u>980,178,939</u>	<u>985,000,215</u>	<u>1,008,216,197</u>
<u>Expenditures</u>					
Budget Appropriations	931,389,012	951,826,726	939,374,262	934,202,343	970,842,683
Other Charges:					
Prior Years' Revenue Refunds	121,930	385,791	753,928	558,814	140,100
Reserve for Other Accounts Receivable		110,000			
Prior Year Revenue Cancelled		514			
Federal and State Grants Receivable					
Cancelled/Adjustment				154,448	870
	<u>931,510,942</u>	<u>952,323,031</u>	<u>940,128,190</u>	<u>934,915,605</u>	<u>970,983,653</u>
Excess in Revenue	28,019,651	35,892,836	40,050,749	50,084,610	37,232,544
<u>Fund Balance</u>					
Balance January 1	126,187,557	126,294,721	122,243,972	108,159,362	106,926,818
	<u>154,207,208</u>	<u>162,187,557</u>	<u>162,294,721</u>	<u>158,243,972</u>	<u>144,159,362</u>
Decreased by:					
Utilization as Anticipated Revenue	36,000,000	36,000,000	36,000,000	36,000,000	36,000,000
Balance December 31	<u>\$ 118,207,208</u>	<u>\$ 126,187,557</u>	<u>\$ 126,294,721</u>	<u>\$ 122,243,972</u>	<u>\$ 108,159,362</u>

See accompanying notes to financial statements.

COUNTY OF ESSEX, NEW JERSEY
CAPITAL FUND

COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Unaudited	Audited			
	Balance	Balance	Balance	Balance	Balance
<u>ASSETS AND DEFERRED CHARGES</u>	<u>Dec. 31, 2024</u>	<u>Dec. 31, 2023</u>	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>	<u>Dec. 31, 2020</u>
Cash	\$ 51,004,811	\$ 25,166,158	\$ 84,355,824	\$ 113,669,153	\$ 97,664,670
Fees Receivable				43,680	109,336
ECIA Capital Leases	249,260,000	208,735,000			
Deferred Charges to Future Taxation:					
Funded	609,467,146	654,494,093	706,495,423	685,691,034	632,004,515
Unfunded	61,233,537	67,936,688	33,909,688	54,501,151	111,753,265
	<u>\$ 970,965,494</u>	<u>\$ 956,331,939</u>	<u>\$ 824,760,935</u>	<u>\$ 853,905,018</u>	<u>\$ 841,531,786</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>					
Refunding Bonds	\$	\$	\$ 105,965,000	\$ 118,335,000	\$ 131,215,000
Serial Bonds	606,805,000	651,055,000	595,456,000	560,725,000	492,825,000
Loans Payable	3,428,275	3,439,093	5,074,423	6,631,035	7,964,515
Bond Anticipation Notes	45,359,000			26,550,000	43,980,000
Improvement Authorizations:					
Funded	24,833,779	32,980,660	55,441,209	79,145,904	52,646,161
Unfunded	17,802,931	29,249,170	19,439,859	32,263,542	74,541,101
Encumbered	20,170,882	25,947,885	35,520,047	21,302,480	27,433,348
Capital Improvement Fund	1,318,039	2,091,039	1,914,039	2,319,039	2,039,039
Interfunds Payable				14,098	14,098
Capital Leasing Program	249,260,000	208,735,000	14,098		
Miscellaneous Reserves	916,516	398,904			
Reserve for Improvements	12,184	13,752	514,824	348,994	616,244
Fund Balance	1,058,888	2,421,436	5,421,436	6,269,926	8,257,280
	<u>\$ 970,965,494</u>	<u>\$ 956,331,939</u>	<u>\$ 824,760,935</u>	<u>\$ 853,905,018</u>	<u>\$ 841,531,786</u>
Bonds and Notes Authorized but Not Issued	<u>\$ 15,108,408</u>	<u>\$ 67,936,687</u>	<u>\$ 33,909,688</u>	<u>\$ 27,951,151</u>	<u>\$ 67,773,265</u>

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

COUNTY OF ESSEX, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2023

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 County Commissioners 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 County Commissioners.

Each member of the Board of County Commissioners carries a legislative vote.

Governmental Accounting Standards Board (GASB) Statement No. 14 establishes certain standards for defining and reporting on the financial 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 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, as amended by 2CFR 200 (Uniform Guidance), 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 15-08 "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid". 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

B. Measurement Focus, Basis of Accounting and Basis of Presentation

Description of Funds

The Governmental Accounting Standards Board (GASB) is the recognized standard setting body for establishing governmental accounting and financial reporting principles. The GASB establishes three 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.

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.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

Basis of Accounting (Continued)

Taxes and Other Revenue (Continued)

Under the provisions of N.J.S.A. 40A:20-12, each municipality located in the County is required to remit to the County five percent (5%) of the annual service charge for each long-term PILOT financial agreement entered into by the municipality.

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 County Commissioners 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.

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.

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 31st, 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

B. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

Basis of Accounting (Continued)

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.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

Basis of Accounting (Continued)

Capital Fixed Assets

Capital Asset activity for the year ended December 31, 2022 and December 31, 2023 was as follows:

Governmental Activities	Balance Dec. 31, 2022	Additions	Retirement	Adjustment	Balance Dec. 31, 2023
Land	\$ 1,245,922,100.00	\$	\$	\$	\$ 1,245,922,100.00
Building	1,425,135,000.00				1,425,135,000.00
Vehicles and Equipment	60,071,547.11	1,485,013.01	1,327,026.36	(810.48)	60,228,723.28
	<u>\$ 2,731,128,647.11</u>	<u>\$ 1,485,013.01</u>	<u>\$ 1,327,026.36</u>	<u>\$ (810.48)</u>	<u>\$ 2,731,285,823.28</u>
Governmental Activities	Balance Dec. 31, 2022	Additions	Retirement	Adjustment	Balance Dec. 31, 2023
Land	\$ 1,245,922,100.00	\$ 2,517,400.00	\$	\$	\$ 1,248,439,500.00
Building	142,135,000.00	257,600.00	23,500.00		142,369,100.00
Vehicles and Equipment	60,228,723.28	4,644,398.94	368,818.05		64,504,304.17
	<u>\$ 1,448,285,823.28</u>	<u>\$ 7,419,398.94</u>	<u>\$ 392,318.05</u>	<u>\$ -</u>	<u>\$ 1,455,312,904.17</u>

State regulations do not recognize depreciation expense net of principal.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. 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.

D. Recent Accounting Pronouncements Not Yet Effective

In April 2022, the Governmental Accounting Standards Board issued GASB Statement No. 99, "Summaries/Status". The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

The requirements of this Statement that are effective are as follows:

- The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging government as, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance.
- The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.
- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

The County does not expect this Statement to impact its financial statements.

In June 2022, the Governmental Accounting Standards Board issued GASB Statement No. 101, "Compensated Absences". The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023. The County is currently reviewing what effect, if any, this Statement might have on future financial statements.

In December 2023, the Governmental Accounting Standards Board issued GASB Statement No. 102, "Certain Risk Disclosures". The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. The County is currently reviewing what effect, if any, this Statement might have on future financial statements.

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 Depositary Insurance Corporation (FDIC) or any other agencies of the United States that insures deposits or the State of New Jersey Cash Management Fund.

2. **CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

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

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.

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.

The County considers petty cash, change funds, cash in banks and passbooks as cash and cash equivalents.

The County of Essex has the following Cash and Cash Equivalents at December 31, 2023:

<u>Fund Type</u>	<u>Bank Balance</u>	<u>Reconciling Items</u>		<u>Reconciled to Balance</u>
		<u>Additions</u>	<u>Deletions</u>	
Current Fund	\$219,725,208.69	\$6,134,757.47	\$17,884,500.75	\$207,975,465.41
Other Trust Fund	69,793,860.10	85,080.49	939,323.87	68,939,616.72
General Capital Fund	<u>27,027,827.47</u>		<u>1,861,669.70</u>	<u>25,166,157.77</u>
	<u>\$316,546,896.26</u>	<u>\$6,219,837.96</u>	<u>\$20,685,494.32</u>	<u>\$302,081,239.90</u>

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The County does not have a specific deposit policy for custodial risk other than those policies that adhere to the requirements of statute, which requires cash be deposited only in New Jersey based bank institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. Under the act, all demand deposits are covered by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the County in excess of FDIC insured amounts are protected by GUDPA. As of December 31, 2023, of the cash balance in the bank, \$2,924,950.63 was covered by Federal Depository Insurance and \$313,621,945.63 was covered under the provisions of NJGUDPA.

Interest Rate Risk - This is the risk that changes in market interest rates that will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to change in market interest rates. The County's investment policy does not include limits on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

A. Cash and Cash Equivalents (Continued)

As of December 31, 2023, the County had funds invested and on deposit in checking and statement savings.

The amount of the County's cash on deposit as of December 31, 2023 was \$316,546,896.26. These funds constitute "deposits with financial institutions" as defined by GASB Statement No. 40. There were no securities categorized as investments as defined by GASB Statement No. 40.

B. Investments

New Jersey P.L. 2017, c. 310 permits the County to purchase various investments in accordance with the County's Cash Management Plan.

3. COMPARATIVE TAX INFORMATION

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

<u>Year</u>	<u>Net Valuation on which County Taxes are Apportioned</u>	<u>County Tax Rate</u>	<u>County Open Space Tax Rate</u>
2023	\$108,092,542,017.00	\$0.4142	\$0.0151
2022	98,656,499,908.00	0.4455	0.0151
2021	94,589,839,435.00	0.4657	0.0151
2020	92,853,355,333.00	0.4716	0.0151
2019	92,645,800,045.00	0.4714	0.0151

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:

<u>Year</u>	<u>Real Property Tax</u>	<u>Added and Omitted Taxes Under Chapter 397, P.L. 1941</u>	<u>Total Tax Levy</u>	<u>Cash Collections</u>
2023	\$443,671,426.30	\$2,191,553.00	\$445,862,979.30	\$445,600,236.07
2022	437,114,707.63	1,928,806.63	439,043,514.26	439,518,625.23
2021	437,114,702.71	2,403,917.59	439,518,620.30	438,741,332.74
2020	434,940,005.63	1,626,630.03	436,566,635.66	437,103,605.00
2019	432,775,007.99	2,163,599.37	434,938,607.36	435,002,081.05

Cash collections include taxes unpaid in prior years.

4. FUND BALANCE APPROPRIATED

<u>Year</u>	<u>Balance December 31</u>	<u>Utilized in Budget of Succeeding Year</u>
2023	\$ 126,187,556.63	\$36,000,000.00
2022	126,294,721.27	36,000,000.00
2021	122,243,972.00	36,000,000.00
2020	108,159,362.05	36,000,000.00
2019	106,926,818.42	36,000,000.00

5. 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 are considered a cost-sharing multiple-employer plan.

The amount of the County's contribution is certified each year by PERS and PFRS on the recommendation of the actuary, who makes an annual actuarial valuation. The valuation is based on a determination of the financial condition of the retirement system. It includes the computation of the present dollar value of benefits payable to former and present members and the present dollar value of future employer and employee contributions, giving effect to mortality among active and retired members and also to the rates of disability, retirement, withdrawal, former service, salary and interest. In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Specific information on actuarial assumptions and rates of return can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PERS and PFRS. In the PERS and PFRS the employer contribution includes funding for post-retirement medical premiums.

	<u>PERS</u>		
	<u>2023</u>	<u>2022</u>	<u>2021</u>
Covered Employee Payroll	\$164,469,413	\$159,161,345	\$155,910,901
Total Payroll	318,125,439	317,225,402	312,782,187
Actuarial Contribution			
Requirements	28,414,067	27,259,351	23,175,722
Total Contributions	40,745,976	39,437,695	35,020,779
Employer Share	28,414,067	27,259,391	23,175,722
% of Covered Payroll	17.28%	17.13%	14.86%
Employee's Share	12,331,909	12,178,304	11,845,057
% of Covered Payroll	7.50%	7.65%	7.60%

5. PENSION PLANS (Continued)

Description of Systems (Continued)

		PFRS	
	<u>2023</u>	<u>2022</u>	<u>2021</u>
Covered Employee Payroll	\$ 88,247,805	\$ 89,275,684	\$ 89,631,998
Total Payroll	318,125,439	317,225,402	312,782,187
Actuarial Contribution			
Requirements	32,980,195	33,014,259	29,798,434
Total Contributions	41,804,820	41,941,248	38,760,900
Employer Share	32,980,195	33,014,259	29,798,434
% of Covered Payroll	37.37%	36.98%	33.25%
Employee's Share	8,824,625	8,926,989	8,962,466
% of Covered Payroll	10.00%	10.00%	10.00%

Assumptions

The collective total PERS and PFRS pension liability for June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2022 using an actuarial experience study for the period July 1, 2014 to June 30, 2018 for PERS and for the period July 1, 2018 to June 30, 2021 for PFRS. The pension liability was rolled forward to June 30, 2023. The actuarial valuation used an inflation rate of 2.75% for price and 3.25% for wage, projected salary increases through 2026 of 2.00% to 6.55% for PERS and thereafter 3.00% to 7.00% based on years of service and through all future years 3.25% to 16.25% for PFRS based on years of service and an investment rate of return 7.00%.

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

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

The discount rate used to measure the total pension liability was 7.00% for PERS and 7.00% for PFRS as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability. More information on mortality rates and other assumptions, and investment policies, can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

5. **PENSION PLANS (Continued)**

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 of local jurisdiction.

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. 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 $\frac{1}{4}$ 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.
- 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 2013, the member contribution rates increased in July 2013. 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, the method for amortizing the pension systems' unfunded accrued liability changed (from a level percent of pay method to a level dollar of pay).

The following presents the County's proportionate share of the collective PERS net pension liability calculated using the discount rate of 7.00% and 7.00% as of June 30, 2023 and 2022, respectively, as well as what the PERS net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the assumed rate.

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

	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
2023	<u>\$404,241,992</u>	<u>\$310,528,466</u>	<u>\$230,765,865</u>
	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
2022	<u>\$422,649,182</u>	<u>\$328,984,864</u>	<u>\$249,272,759</u>

5. **PENSION PLANS (Continued)**

Special Funding Situation

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

	<u>2023</u>	<u>2022</u>
Employer Net Pension Liability	\$307,932,357.00	\$326,222,088.00
Nonemployer Proportional Share of the Net Pension Liability	<u>2,596,109.00</u>	<u>2,762,776.00</u>
	<u>\$310,528,466.00</u>	<u>\$328,984,864.00</u>

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 and 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.

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

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

- The annual benefit under special retirement for new PFRS 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.

The following presents the County's proportionate share of the collective PFRS net pension liability calculated using the discount rate of 7.00% and 7.00% as of June 30, 2023 and 2022, respectively, as well as what the PFRS net pension liability would be if it were calculated using a discount rate of one percentage point lower or one percentage point higher than the assumed rate.

5. **PENSION PLANS (Continued)**

Police and Firemen's Retirement System:

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

	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase) (8.00%)
2023	<u>\$451,672,917</u>	<u>\$324,169,128</u>	<u>\$217,989,936</u>
	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase) (8.00%)
2022	<u>\$469,638,210</u>	<u>\$342,274,959</u>	<u>\$236,244,434</u>

Special Funding Situation

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

	<u>2023</u>	<u>2022</u>
Employer Net Pension Liability	\$273,731,007.00	\$290,563,224.00
Nonemployer Proportional Share of the Net Pension Liability	<u>50,538,121.00</u>	<u>51,711,735.00</u>
	<u>\$324,269,128.00</u>	<u>\$342,274,959.00</u>

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension

Although the Division administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarially determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense excluding that attributable to employer-paid member contributions are determined separately for each individual employer of the State and local groups.

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer allocations are applied to amounts presented in the schedules of pension amount by employer. The allocation percentages for each group as of June 30, 2022 and 2021 are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal years ended June 30, 2023 and 2022, respectively.

5. **PENSION PLANS (Continued)**

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension (Continued)

Following is the total of the County's portion of the PERS and PFRS net pension liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and the pension expense and expenditures for the fiscal year ended June 30, 2023:

	<u>PERS</u>	<u>PFRS</u>
Net Pension Liabilities	\$307,932,357	\$273,731,007
Deferred Outflow of Resources	12,798,989	26,252,027
Deferred Inflow of Resources	27,251,680	51,537,464
Pension Expense	(2,527,391)	9,664,620
Contributions Made After Measurement Date	28,414,067	32,980,195

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collected deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer allocation percentages presented in the PERS schedule of employer allocations and applied to amounts presented in the PERS schedule of pension amounts by employer are based on the ratio of the contributions as an individual employer to total contributions to the PERS and PFRS during the years ended June 30, 2023 and 2022. The County's proportionate share of the collective net pension liability as of June 30, 2023 and 2022 was 2.1259624006% and 2.1616457521% for PERS and 2.4774765696% and 2.5384779147% for PFRS, respectively.

It is important to note that New Jersey's municipalities and counties do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the net pension liability as a liability on their balance sheets. However, N.J.A.C. 5:30-6.1©(2) requires municipalities and counties to disclose GASB 68 information in the Notes to the Financial Statements.

At June 30, 2023, the amount determined as the County's proportionate share of the PERS net pension liability was \$307,932,351. For the year ended June 30, 2023, the County would have recognized PERS pension income of \$(2,527,391). At June 30, 2023, deferred outflows of resources and deferred inflows of resources related to the PERS pension are as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 2,944,251	\$ 1,258,738
Change of Assumptions	676,480	18,662,019
Net Difference Between Projected and Actual Investment Earnings	1,418,071	
Net Change in Proportions	7,760,187	7,330,923
Total Contributions and Proportionate Share of Contributions After the Measurement Date	<u>28,414,067</u>	<u> </u>
	<u>\$41,213,056</u>	<u>\$27,251,680</u>

5. **PENSION PLANS (Continued)**

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension (Continued)

At June 30, 2023, the amount determined as the County's proportionate share of the PFRS net pension liability was \$273,731,007. For the year ended June 30, 2023, the County would have recognized PFRS pension expense of \$9,664,620. At June 30, 2023, deferred outflows of resources and deferred inflows of resources related to the PFRS pension are as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$11,720,614	\$13,054,542
Change of Assumptions	590,809	18,483,401
Net Difference Between Projected and Actual Investment Earnings	13,940,604	
Net Change in Proportions		19,999,521
Total Contributions and Proportionate Share of Contributions After the Measurement Date	<u>32,980,195</u>	
	<u><u>\$59,232,222</u></u>	<u><u>\$51,537,464</u></u>

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2023) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in the PFRS's target asset allocation as of June 30, 2023 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	28.00%	8.98%
Non-U.S. Developed Markets Equity	12.75%	9.22%
International Small Cap Equity	1.25%	9.22%
Emerging Markets Equity	5.50%	11.13%
Private Equity	13.00%	12.50%
Real Estate	8.00%	8.58%
Real Assets	3.00%	8.40%
High Yield	4.50%	6.97%
Private Credit	8.00%	9.20%
Investment Grade Credit	7.00%	5.19%
Cash Equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Risk Mitigation Strategies	3.00%	6.21%

5. **PENSION PLANS (Continued)**

Contributions Required and Made

Contributions made by employees for PERS and PFRS are currently 7.50% 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:

<u>Year</u>	<u>PERS</u>		<u>PFRS</u>	
	<u>County</u>	<u>Employees</u>	<u>County</u>	<u>Employees</u>
2023	\$28,657,086.58	\$12,331,909.00	\$33,112,355.53	\$8,824,625.00
2022	18,711,710.70	12,178,304.00	33,083,420.28	8,926,989.00
2021	15,801,507.00	11,845,057.00	27,606,748.94	8,916,205.00

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	<u>30,352,085.00</u>
	<u><u>\$52,503,068.00</u></u>

6. **OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

Information presented below is as of June 30, 2022. Additional information was not available as of the date of this audit.

In addition to the pension described in Note 5, the County provides postemployment health care benefits as part of the State Health Benefits Local Government Retired Employments Plan.

General Information about the OPEB Plan

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

6. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

General Information about the OPEB Plan (Continued)

The Plan provides medical and prescription drug to retirees and their covered dependents of the employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

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

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

Total OPEB Liability

Information presented below is as of June 30, 2022. Additional information was not available as of the date of this audit.

At December 31, 2022, the County had a liability of \$762,699,283 for its proportionate share of the non-special funding net OPEB liability. The net OPEB liability was measured as of June 30, 2022 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The County's proportion of the net OPEB liability was based on a projection of the County's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers in the plan. At June 30, 2022, the County's proportion was 4.753675% which was a decrease of 0.027065% from its proportion measured as of June 30, 2021.

For the year ended December 31, 2022, the County would have recognized OPEB expense of \$136,764,747. At December 31, 2022, deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

6. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Total OPEB Liability (Continued)

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Changes of Assumptions	\$102,452,652	\$262,000,964
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	202,102	
Differences Between Expected and Actual Experience	39,644,811	142,298,815
Changes in Proportion and Differences Between the County's Contributions and Proportionate Share of Contributions	<u>401,645,285</u>	<u>38,094,067</u>
Total	<u>\$543,944,850</u>	<u>\$442,393,846</u>

Amounts reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB (excluding changes in proportion) would be recognized in OPEB expense as follows:

Year Ended June 30:	
2023	\$ (1,463,380,541)
2024	(1,464,672,406)
2025	(1,156,630,079)
2026	(516,557,746)
2027	(115,810,526)
Thereafter	(794,478,497)

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 7.82 years for the 2022 and 2021 amounts.

Actual Assumptions and Other Inputs

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

Inflation Rate	2.50%
Public Employees' Retirement System (PERS):	
Initial Fiscal Year Applied:	
Rate for all Future Years	2.75% to 6.55%
Police and Firemen's Retirement System (PFRS):	
Rate for all Future Years	3.25% to 16.25%

6. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Actual Assumptions and Other Inputs (Continued)

Mortality:	
PERS	Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using scale MP-2019.
PFRS	Pub-2010 Safety classification headcount weighted mortality with fully generational mortality improvement projections from the central year using scale MP-2019.

*Salary increases are based on years of service within the respective plan.

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

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

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend is initially 5.6% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2021-2022 are reflected. The rates used for 2023 and 2024 are 21.83% and 18.53%, respectively, trending to 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long-term trend rate after seven years.

Discount Rate

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

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

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

	June 30, 2022		
	1% Decrease <u>2.54%</u>	At Current Discount Rate <u>3.54%</u>	1% Increase <u>4.54%</u>
County's Proportionate Share of Net OPEB Liability	\$ 889,918,014	\$767,699,283	\$669,362,878
	June 30, 2021		
	1% Decrease <u>1.16%</u>	At Current Discount Rate <u>2.16%</u>	1% Increase <u>3.16%</u>
County's Proportionate Share of Net OPEB Liability	\$1,012,670,205	\$860,522,741	\$739,942,605

6. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Sensitivity of Net OPEB Liability to Changes in the Healthcare Trend Rates

The following presents the County's proportionate share of the net OPEB liability as of June 30, as well as what the County's proportionate share of the net OPEB liability would be if it were calculated using a healthcare trend rate that is one percentage point lower or one percentage point higher than the current rate:

	June 30, 2022		
	1% <u>Decrease</u>	Healthcare Cost <u>Trend Rate</u>	1% <u>Increase</u>
County's Proportionate Share of Net OPEB Liability	\$651,262,414	\$767,699,283	\$ 916,822,124

	June 30, 2021		
	1% <u>Decrease</u>	Healthcare Cost <u>Trend Rate</u>	1% <u>Increase</u>
County's Proportionate Share of Net OPEB Liability	\$717,695,781	\$860,522,741	\$1,046,541,923

Special Funding Situation

Under Chapter 330, P.L. 1997, the State shall pay the premium or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80 percent of the premium or periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the program providing the lowest premium or periodic charge. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L. 1989.

Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan, there is no net OPEB liability, deferred outflows of resources or deferred inflows of resources to report in the financial statements of the local participating employers related to this legislation.

The County as of June 30, 2022 has 263 members under the Special Funding Situation. The State proportionate share of the net OPEB liability attributed to the County is \$53,972,755.

7. 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.

7. ESSEX COUNTY EMPLOYEES' RETIREMENT SYSTEM (Continued)

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:

<u>Year</u>	<u>Amount</u>
2023	\$ -
2022	1,590.63
2021	5,401.12

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 2023, the sum of \$116,689.68 was collected from this source.

8. 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.

8. **DEFINED CONTRIBUTION RETIREMENT PROGRAM (Continued)**

Description of System (Continued)

- 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.

Contributions Required and Made

Contributions made by employees for DCRP are currently at 5.5% of their base wages. The employer contribution is 4.05% which includes a member contribution match of 3.0%, Group Life Insurance is .74% of gross wages and Long-Term Disability is .31% of gross wages.

During the year 2023, there were thirty-eight (38) officials enrolled in the DCRP. Contributions to the plan for the past three (3) years are as follows:

<u>Year</u>	<u>County</u>	<u>Employees</u>
2023	\$48,054.30	\$92,098.88
2022	46,767.06	97,917.60
2021	35,956.72	93,668.55

9. **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:2-8.1, 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 legal 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.

9. **COUNTY DEBT (Continued)**

Summary of County Debt (Excluding Current Debt)

	<u>Year 2023</u>	<u>Year 2022</u>	<u>Year 2021</u>
Issued:			
Bonds and Notes	\$ 569,385,000.00	\$595,456,000.00	\$ 587,275,000.00
Refunding Bonds	81,670,000.00	105,965,000.00	118,335,000.00
Loans Payable	3,439,092.75	5,074,423.18	6,631,034.67
Authorized but Not Issued:			
Bonds and Notes:			
General	67,936,687.99	33,909,687.99	27,951,150.99
County Guaranteed Debt:			
Essex County Improvement Authority:			
Lease Revenue Bonds and Lease Revenue Refunding Bonds Outstanding	208,735,000.00	140,000,000.00	201,490,000.00
Airport Revenue and Refunding Bonds Outstanding	9,075,000.00	9,915,000.00	10,725,000.00
Equipment Lease Revenue Bonds Outstanding	4,792,166.00	4,990,000.00	6,980,000.00
City of Newark:			
Bonds Outstanding	66,860,000.00	68,195,000.00	69,465,000.00
Essex County Utilities Authority:			
Bonds Outstanding			8,340,000.00
	<u>\$1,011,892,946.74</u>	<u>\$963,505,111.17</u>	<u>\$1,037,192,185.66</u>

9. COUNTY DEBT (Continued)

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 0.616%:

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
General Debt	<u>\$ 1,011,892,946.73</u>	<u>\$339,902,166.00</u>	<u>\$ 671,990,780.73</u>

Deductions:

Lease Revenue and Lease Revenue Refunding Bonds Issued by the Essex County Improvement Authority	\$208,735,000.00
Airport Refunding Bonds Issued by the Essex County Improvement Authority	9,075,000.00
Equipment Lease Revenue Bonds Issued by the Essex County Improvement Authority	4,792,166.00
Revenue Bonds - City of Newark Issued by the Essex County Improvement Authority	66,860,000.00
Capital Projects for the County College - Chapter 12 State Aid	9,560,000.00
Pension Refunding Bonds	<u>40,880,000.00</u>
	<u>\$339,902,166.00</u>

Net Debt, \$671,990,780.73 divided by Equalized Valuation Basis per N.J.S. 40A:2-2 as amended, \$109,001,140,127.00 equals 0.616%.

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

Borrowing Power - 2% of Equalized Valuation Basis	\$2,180,022,802.54
Net Debt	<u>671,990,780.73</u>
Remaining Borrowing Power	<u>\$1,508,032,021.81</u>

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

9. COUNTY DEBT (Continued)

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

Year	General Serial Bonds		Refunding Bonds		ECIA Loan Program		Total
	Principal	Interest	Principal	Interest	Principal	Interest (1)	
2024	\$ 28,590,000.00	\$ 17,915,833.75	\$ 22,560,000.00	\$ 3,770,625.00	\$ 635,000.00	\$ 135,000.00	\$ 73,606,458.75
2025	28,950,000.00	16,786,746.25	22,700,000.00	2,863,292.50	635,000.00	67,500.00	72,002,538.75
2026	29,815,000.00	15,584,746.25	2,795,000.00	1,733,118.75			49,927,865.00
2027	30,465,000.00	14,286,171.25	3,215,000.00	1,584,371.25			49,550,542.50
2028	28,885,000.00	13,060,921.25	3,670,000.00	1,413,967.50			47,029,888.75
2029	29,055,000.00	11,992,221.25	4,165,000.00	1,220,051.25			46,432,272.50
2030	27,460,000.00	10,982,608.75	4,710,000.00	1,000,395.00			44,153,003.75
2031	28,320,000.00	10,073,008.75	5,295,000.00	752,771.25			44,440,780.00
2032	28,250,000.00	9,263,346.25	5,935,000.00	474,828.75			43,923,175.00
2033	27,245,000.00	8,515,496.25	6,625,000.00	163,968.75			42,549,465.00
2034	26,145,000.00	7,768,302.50					33,913,302.50
2035	27,015,000.00	7,093,977.50					34,108,977.50
2036	26,115,000.00	6,487,891.25					32,602,891.25
2037	19,085,000.00	5,898,843.75					24,983,843.75
2038	16,355,000.00	5,396,700.00					21,751,700.00
2039	16,760,000.00	4,913,100.00					21,673,100.00
2040	16,905,000.00	4,414,900.00					21,319,900.00
2041	16,905,000.00	3,905,050.00					20,810,050.00
2042	16,905,000.00	3,394,600.00					20,299,600.00
2043	17,105,000.00	2,884,150.00					19,989,150.00
2044	17,105,000.00	2,368,600.00					19,473,600.00
2045	17,105,000.00	1,853,050.00					18,958,050.00
2046	14,765,000.00	1,332,025.00					16,097,025.00
2047	11,335,000.00	909,175.00					12,244,175.00
2048	10,115,000.00	589,150.00					10,704,150.00
2049	8,690,000.00	310,300.00					9,000,300.00
2050	3,940,000.00	83,725.00					4,023,725.00
	<u>\$ 569,385,000.00</u>	<u>\$ 188,064,640.00</u>	<u>\$ 81,670,000.00</u>	<u>\$ 14,977,390.00</u>	<u>\$ 1,270,000.00</u>	<u>\$ 202,500.00</u>	<u>\$ 855,569,530.00</u>

Note:

(1) Interest is determined by the Trustee and is estimated for purposes of this schedule.

9. COUNTY DEBT (Continued)

As of December 31, 2023, the County's long-term debt is as follows:

General Obligation Bonds

\$20,400,000, 2014 Bonds due in annual installments of \$1,355,000 to \$1,585,000 through September 2029, interest at 2.25% to 3.00%.	\$ 8,785,000.00
\$23,560,000, 2015A Bonds due in annual installments of \$1,995,000 to \$2,160,000 through September 2027, interest at 3.00% to 5.00%.	8,300,000.00
\$24,520,000, 2016A Bonds due in annual installments of \$1,175,000 to \$1,740,000 through September 2035, interest at 2.125% to 5.00%.	17,105,000.00
\$18,665,000, 2017A Bonds due in annual installments of \$1,180,000 to \$1,555,000 through September 2032, interest at 3.00% to 5.00%.	12,145,000.00
\$22,605,000, 2018A Bonds due in annual installments of \$1,370,000 to \$1,955,000 through September 2033, interest at 3.00% to 5.00%.	16,470,000.00
\$117,280,000, 2019A Bonds due in annual installments of \$2,790,000 to \$4,790,000 through September 2049, interest at 2.00% to 5.00%.	107,285,000.00
\$96,220,000, 2020 Bonds due in annual installments of \$2,295,000 to \$3,940,000 through September 2050, interest at 2.00% to 5.00%.	89,710,000.00
\$31,460,000, 2021A Bonds due in annual installments of \$1,730,000 to \$2,375,000 through August 2037, interest at 0.50% to 4.00%.	29,080,000.00
\$44,160,000, 2022A Bonds due in annual installments of \$2,600,000 to \$4,045,000 through August 2036, interest at 3.00% to 4.00%.	42,135,000.00
	<u>\$ 331,015,000.00</u>

9. COUNTY DEBT (Continued)

County College and Vocational School Bonds (Continued)

\$4,000,000, 2013A County Vocational School Bonds due in annual installments of \$290,000 to \$345,000 through September 2028, interest at 3.50% to 4.00%.	\$ 1,580,000.00
\$2,100,000, 2014B Vocational School Bonds due in annual installments of \$140,000 to \$160,000 through September 2029, interest at 2.25% to 3.00%.	910,000.00
\$2,500,000, 2014C County College Bonds due in annual installments of \$250,000 through September 2024, interest at 2.25%.	250,000.00
\$2,500,000, 2014D County College Bonds due in annual installments of \$250,000 through September 2024, interest at 2.25%.	250,000.00
\$55,000,000, 2015B Vocational School Bonds due in annual installments of \$1,425,000 to \$2,340,000 through September 2045, interest at 3.00% to 5.00%.	42,985,000.00
\$80,000,000, 2016B Vocational School Bonds due in annual installments of \$2,045,000 to \$3,450,000 through September 2046, interest at 2.125% to 5.00%.	67,020,000.00
\$1,250,000, 2016C County College Bonds due in annual installments of \$125,000 through September 2026, interest at 5.00%.	375,000.00
\$1,250,000, 2016D County College Bonds due in annual installments of \$125,000 through September 2026, interest at 5.00%.	375,000.00
\$28,000,000, 2017B Vocational School Bonds due in annual installments of \$690,000 to \$1,220,000 through September 2047, interest at 3.00% to 5.00%.	24,170,000.00
\$1,250,000, 2017C County College Bonds due in annual installments of \$125,000 through September 2027, interest at 5.00%.	500,000.00
\$1,250,000, 2017D County College Bonds due in annual installments of \$125,000 through September 2027, interest at 5.00%.	500,000.00
\$35,000,000, 2018B County Vocational School Bonds due in annual installments of \$845,000 to \$1,440,000 through September 2048, interest at 3.00% to 5.00%.	31,210,000.00
\$1,850,000, 2018C County College Bonds due in annual installments of \$185,000 through September 2028, interest at 5.00%.	925,000.00

9. COUNTY DEBT (Continued)

County College and Vocational School Bonds (Continued)

\$1,850,000, 2018D County College Bonds due in annual installments of \$185,000 through September 2028, interest at 5.00%.	\$ 925,000.00
\$3,600,000, 2019B County College Bonds due in annual installments of \$360,000 through September 2029, interest at 4.00% to 5.00%.	2,160,000.00
\$3,600,000, 2019 County College Bonds due in annual installments of \$360,000 through September 2029, interest at 4.00% to 5.00%.	2,160,000.00
\$45,000,000, 2021B Bonds due in annual installments of \$2,680,000 to \$3,600,000 through August 2036, interest at 0.50% to 4.00%.	41,400,000.00
\$5,465,000, 2021C Bonds due in annual installments of \$545,000 to \$550,000 through August 2031, interest at 2.00% to 4.00%.	4,365,000.00
\$4,465,000, 2021D Bonds due in annual installments of \$445,000 to \$450,000 through August 2031, interest at 2.00% to 4.00%.	3,565,000.00
\$10,000,000, 2022B Bonds due in annual installments of \$535,000 to \$870,000 through August 2037, interest at 3.00% to 4.00%.	9,565,000.00
\$1,768,000, 2022C Bonds due in annual installments of \$175,000 to \$180,000 through August 2032, interest at 3.00% to 4.00%.	1,590,000.00
\$1,768,000, 2022D Bonds due in annual installments of \$175,000 to \$180,000 through August 2032, interest at 3.00% to 4.00%.	1,590,000.00
	<u>\$ 238,370,000.00</u>

Refunding Bonds

\$54,665,000, 2003 Bonds due in annual installments of \$2,060,000 to \$6,625,000 through April 2033, interest at 4.95%. The Bonds are not subject to optional redemption.	\$ 40,880,000.00
\$23,920,000, 2016A Bonds due in annual installments of \$45,000 through March 2025, interest at 4.00% to 5.00%.	90,000.00
\$6,900,000, 2016B Bonds due in annual installments of \$250,000 to \$260,000 through March 2025, interest at 4.00% to 5.00%.	510,000.00

9. COUNTY DEBT (Continued)

Refunding Bonds (Continued)

\$8,140,000, 2016C Bonds due in annual installments of \$55,000 to \$60,000 through March 2025, interest at 4.00% to 5.00%.	\$ 115,000.00
\$4,010,000, 2016D County College Bonds due in annual installments of \$95,000 to \$100,000 through March 2025, interest at 3.00% to 4.00%.	195,000.00
\$34,680,000, 2017 Bonds due in annual installments of \$3,765,000 to \$17,080,000 through August 2025, interest at 3.50% to 5.00%.	32,195,000.00
\$8,010,000, 2017 County College Bonds due in annual installments of \$1,235,000 to \$3,705,000 through August 2025, interest at 3.50% to 5.00%.	<u>7,685,000.00</u>
	<u><u>\$ 81,670,000.00</u></u>

9. **COUNTY DEBT (Continued)**

New Jersey Department of Environmental Protection

Loan agreements were entered into by the County of Essex with the New Jersey Department of Environmental Protection for the purpose of restoration of the Verona Park Lake and Diamond Mill Dams at an interest rate of 2.0%.

The following are schedules of annual principal and interest payments for the restoration of the Verona Lake and Diamond Mill Dams as of December 31, 2023:

Loan 1:

Verona Lake Dam Restoration

<u>Year</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
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
	<u>\$149,802.89</u>	<u>\$142,579.37</u>	<u>\$7,223.52</u>

Loan 2:

Diamond Mill Dam Restoration

<u>Year</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 27,788.90	\$ 23,116.99	\$ 4,671.91
2025	27,788.90	23,581.64	4,207.26
2026	27,788.90	24,055.64	3,733.26
2027	27,788.90	24,539.15	3,249.75
2028	27,788.90	25,032.39	2,756.51
2029	27,788.90	25,535.54	2,253.36
2030	27,788.90	26,048.80	1,740.10
2031	27,788.90	26,572.38	1,216.52
2032	27,788.90	27,106.49	682.41
2033	13,894.46	13,756.89	137.57
	<u>\$263,994.56</u>	<u>\$239,345.91</u>	<u>\$24,648.65</u>

New Jersey Environmental Infrastructure Trust Loan Payable

Loan agreements were entered into by the County of Essex with the Department of Environmental Protection for the purpose of the New Dutch Lane Bridge Replacement Project. The loan outstanding at December 31, 2023 is in the amount of \$1,787,167.47.

It is noted that the loan was issued interest-free.

Interim loan disbursements have been made to the County. No payments are made until the loan is fully disbursed.

9. **COUNTY DEBT (Continued)**

New Jersey Environmental Infrastructure Trust Loan Payable (Continued)

<u>Year</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 119,498.18	\$ 88,239.32	\$ 31,258.86
2025	119,498.17	89,022.61	30,475.56
2026	119,498.18	89,865.50	29,632.68
2027	119,498.17	90,750.65	28,747.52
2028	119,498.18	91,688.36	27,809.82
2029	119,498.17	92,792.05	26,706.12
2030	119,498.18	93,985.52	25,512.66
2031	119,498.17	95,238.53	24,259.64
2032	119,498.17	96,554.19	22,943.98
2033	119,498.19	98,028.37	21,469.82
2034	119,498.18	99,757.86	19,740.32
2035	119,498.18	101,754.80	17,743.38
2036	119,498.18	103,856.74	15,641.44
2037	119,498.17	106,069.95	13,428.22
2038	119,498.18	108,401.08	11,097.10
2039	119,498.18	110,969.94	8,528.24
2040	119,498.17	113,674.79	5,823.38
2041	119,498.17	116,517.21	2,980.96
	<u>\$2,150,967.17</u>	<u>\$1,787,167.47</u>	<u>\$363,799.70</u>

Essex County Improvement Authority Pooled Governmental Loan Program

Certain ECIA Pooled Governmental Loan Program debt was reported in the 2013 and prior financial statements as General Serial Bonds. This debt has been reclassified in the 2014 financial statements as Loans Payable and the comparative 2013 financial statements and the 2012 and 2013 comparative debt information has been revised to reflect such reclassifications.

The following loan agreement was reclassified from General Serial Bonds:

<u>Date of Issue</u>	<u>Original Issue</u>	<u>Year 2012</u>	<u>Year 2013</u>
6/3/2010	\$4,275,000.00	<u>\$3,705,000.00</u>	<u>\$3,420,000.00</u>

Loan agreements were entered into by the County of Essex with the Essex County Improvement Authority for General Improvements at various interest rates.

9. COUNTY DEBT (Continued)

Essex County Improvement Authority Pooled Governmental Loan Program (Continued)

The following are schedules of annual principal and interest payments for 1986 Pooled Governmental Loan Program as of December 31, 2023:

<u>Description</u>	<u>Date of Loan</u>	<u>Amount of Original Loan</u>	<u>Maturities of Loans Outstanding Dec. 31, 2023</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2023</u>
			<u>Date</u>	<u>Amount</u>		
Essex County Improvement Authority - General Improvements	06-03-10	\$ 4,275,000.00	07-01-2024	\$ 285,000.00	*	
			07-01-2025	285,000.00	*	\$ 570,000.00
Essex County Improvement Authority - General Improvements	06-24-15	3,500,000.00	06-01-2023/2025	350,000.00	10.00% (1)	700,000.00
						<u>\$ 1,270,000.00</u>

(1) Estimated Interest Rate

*Variable Interest Rate

9. COUNTY DEBT (Continued)

Lease Revenue Bonds and Notes

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:

<u>Purpose</u>				
<u>Bonds</u>	<u>Date of Issue</u>	<u>Expiration Date</u>	<u>Principal Amount</u>	<u>Amount Outstanding Dec. 31, 2023</u>
General Obligation Lease Revenue Bonds, (Social Service Facilities Project) (Noncallable)	9-01-98	9-01-27	\$ 5,000,000.00	\$ 1,210,000.00
Project Consolidation Revenue Bonds, Series 2004	10-01-04	10-01-30	188,565,000.00	81,175,000.00
Project Consolidation Revenue Bonds, Series 2006	9-16-05	12-15-24	41,865,000.00	3,395,000.00
Project Consolidation Revenue Bonds, Series 2005	8-24-05	12-15-27	11,515,000.00	840,000.00
General Obligation Lease Revenue Refunding Bonds	10-01-05	10-01-29	14,420,000.00	1,445,000.00
Project Consolidation Revenue Refunding Bonds, Series 2017	11-14-17	12-15-23	4,815,630.00	1,835,000.00
Project Consolidation Revenue Refunding Bonds, Series 2017	11-14-17	12-15-23	<u>33,644,370.00</u>	<u> </u>
			299,825,000.00	89,900,000.00
<u>Notes</u>				
Lease Notes, Series 2023A	7-03-24	12-31-24	<u>118,835,000.00</u>	<u>118,835,000.00</u>
Total			<u>\$ 418,660,000.00</u>	<u>\$ 208,735,000.00</u>

9. **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.

<u>Year</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 22,306,688.76	\$ 17,470,000.00	\$ 4,836,688.76
2025	16,942,740.00	13,030,000.00	3,912,740.00
2026	15,862,958.76	12,640,000.00	3,222,958.76
2027	15,484,898.76	12,930,000.00	2,554,898.76
2028	12,540,650.00	10,680,000.00	1,860,650.00
2029	12,538,250.00	11,265,000.00	1,273,250.00
2030	<u>12,538,675.00</u>	<u>11,885,000.00</u>	<u>653,675.00</u>
	<u>\$108,214,861.28</u>	<u>\$89,900,000.00</u>	<u>\$18,314,861.28</u>

Bonds and Notes Authorized but Not Issued

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

	Balance <u>Dec. 31, 2023</u>	Balance <u>Dec. 31, 2022</u>
General Capital Fund	<u>\$67,936,687.99</u>	<u>\$33,909,688.00</u>

9. 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:

<u>Purpose</u>	<u>Date of Issue</u>	<u>Expiration Date</u>	<u>Principal Amount</u>	<u>Annual Installment Amounts</u>	<u>Interest Rates</u>	<u>Amount Outstanding Dec. 31, 2023</u>
Airport Revenue and Refunding Bonds, Series 2019	12-12-19	11-01-34	<u>\$10,725,000.00</u>	\$650,000.00 to \$990,000.00	2.125% - 5.00%	<u>\$ 9,075,000.00</u>

The County is required to pay the Debt Service on the above Airport Revenue and Refunding Bonds pursuant to Trustee Service Agreements.

9. COUNTY DEBT (Continued)

Debt Guaranteed by the County (Continued)

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:

\$10,750,000, 2019 Series Lease Revenue Bonds due
in annual installments of \$385,000 to \$1,400,000
through October 2029, interest at 5.00%. \$4,792,166.00

The following debt, which was issued by the Essex County Improvement Authority for the benefit of the City of Newark, has been guaranteed by the County of Essex and is detailed as follows:

\$70,685,000, 2019 Series Revenue Bonds
due in annual installments of \$1,335,000 to
\$3,475,000 through 2045, interest at 4.00%
to 5.00%, which includes \$15,470,000 Term
Bonds due November 1, 2044, interest at
4.00% and \$15,350,000 Term Bonds due
November 1, 2049, interest at 4.00%. \$66,860,000.00

10. LEASES

In June 2017, the Governmental Accounting Standards Board issued GASB No. 87, Leases.

The County of Essex has commitments to lease copying equipment and office space under operating leases, as well as property under financing leases. Future minimum lease payments are as follows:

Year	Total Leases	Operating Leases	Financing Leases	
			Total	Principal Interest
2024	\$ 25,594,571.89	\$ 3,287,883.13	\$ 22,306,688.76	\$ 17,470,000.00 \$ 4,836,688.76
2025	19,573,589.04	2,630,849.04	16,942,740.00	13,030,000.00 3,912,740.00
2026	17,692,457.97	1,829,499.21	15,862,958.76	12,640,000.00 3,222,958.76
2027	16,275,490.09	790,591.33	15,484,898.76	12,930,000.00 2,554,898.76
2028	12,981,275.00	440,625.00	12,540,650.00	10,680,000.00 1,860,650.00
Later	25,076,925.00	-	25,076,925.00	23,150,000.00 1,926,925.00
Total Future Minimum Lease Payments	\$ 117,194,308.99	\$ 8,979,447.71	\$ 108,214,861.28	\$ 89,900,000.00 \$ 18,314,861.28

The County is also the lessor to several lease agreements involving office space and parking lots. These leases were classified as operating leases. Future minimum lease receivables are as follows:

Year	Operating Leases
2024	\$ 2,533,778.40
2025	2,433,017.67
2026	2,450,727.30
2027	2,261,756.16
2028	2,040,023.40
Later	21,540,181.80
Total Future Minimum Lease Receivables	\$ 33,259,484.73

11. **SUBSCRIPTION LEASES**

In June 2022, Statement No. 96, Subscription-Based Information Technology Arrangements was implemented providing municipalities guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. Under this new guidance, the County must disclose and report any SBITAs in excess of one year with the following information. A general description of its SBITAs, including the basis, terms and conditions on which variable payments not included in the measurement of the subscription liability are determined; the total amount of subscription assets, and the related accumulated amortization, disclosed separately from other capital assets; the amount of outflows of resources recognized in the reporting period for variable payments not previously included in the measurement of the subscription liability; the amount of outflows of resources recognized in the reporting period for other payments, such as termination penalties, not previously included in the measurement of the subscription liability, principal and interest requirements to maturity, presented separately, for the subscription liability for each of the five subsequent fiscal years and in five-year increments thereafter and commitments under SBITAs before the commencement of the subscription term; the components of any loss associated with an impairment. The County of Essex has reviewed all their SBITAs and determined that disclosures under GASB Statement No. 96 were required. However, information on these leases was not available for audit review.

12. **INTERFUND RECEIVABLES AND PAYABLES**

As of December 31, 2023, Interfund Receivables and Payables that resulted from various Interfund transactions were as follows:

	Due from <u>Other Funds</u>	Due to <u>Other Funds</u>
Current Fund	\$	\$17,953,815.49
Federal and State Grant Fund	<u>17,953,815.49</u>	<u></u>
	<u>\$17,953,815.49</u>	<u>\$17,953,815.49</u>

13. **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, AXA Equitable Life Insurance Company and MetLife Insurance Company.

14. 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, 2023 for possible catastrophic claims.

The County is liable for the first \$1,000,000.00. Any claims in excess of \$1,000,000.00 are covered to the extent of the State statutory limits.

Processing and payment of workers' compensation claims for 2023 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, 2023.

Activity for the Workers' Compensation Trust Fund for the year 2023 is detailed as follows:

Balance December 31, 2022		\$ 182,793.56
Increases:		
Budget Appropriation	\$4,484,589.22	
Other	<u>1,386,727.86</u>	
		<u>5,871,317.08</u>
		6,054,110.64
Decreases:		
Claims	5,676,407.91	
Management Fees	<u>157,657.00</u>	
		<u>5,834,064.91</u>
Balance December 31, 2023		<u><u>\$ 220,045.73</u></u>

Automobile:

The County is liable for the first \$1,250,000.00. Any claims in excess of \$1,250,000.00 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, 2023 for possible catastrophic claims.

General Liability:

The County is liable for the first \$750,000.00. Any claims in excess of \$750,000.00 per occurrence are covered to the sum of \$5,000,000.00/\$10,000,000.00 aggregate. 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, 2023 for possible catastrophic claims.

Health Care Professionals (Malpractice):

The County is responsible for the first \$50,000.00 of each medical incident. Any claims in excess of \$50,000.00 per occurrence are covered to the sum of \$1,000,000.00/\$3,000,000.00 aggregate. A separate fund is not maintained and there was no reserve established at December 31, 2023 for possible catastrophic claims.

14. RISK MANAGEMENT (Continued)

Health Benefits:

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

Processing and payment of fully-insured health benefit claims are administered by the State Health Benefits Plan.

Individual stop loss coverage premiums are paid to the fully-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, 2023 for possible catastrophic claims.

There has been no provision included in the financial statements for claims incurred but not reported as of December 31, 2023.

15. CONTINGENT LIABILITIES

a. Compensated Absences

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 \$9,286,832.25 computed internally at 2023 salary rates would be payable to officials and employees of the County of Essex as of December 31, 2023 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.

15. **CONTINGENT LIABILITIES (Continued)**

b. Federal and State Awards

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, 2023 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.

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:

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

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 \$20,000,000) 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. 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 ECUA maintains the Security Account with TD Bank in an amount of not less than \$500,000.00, at all times, to be used in the event of a deficiency in payments by the ECUA to the Port Authority pursuant to the Waste Disposal Agreement.

All required service charge payments to the Port Authority by the ECUA are current to date.

In the event the amount on deposit in the ECUA's Security Account falls below \$300,000.00, Essex County is under an obligation to replenish the Security Account pursuant to the terms of a Limited Deficiency Agreement, in the event that the ECUA is unable to do so.

15. CONTINGENT LIABILITIES (Continued)

f. 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.

g. Litigation

Alegunlade, Lemus v. County of Essex, et al:

This is a personal injury matter arising out of motor vehicle accident wherein Plaintiffs, both minors, were struck by an Essex County Sheriff's vehicle at approximately 3:15 P.M. on October 8, 2021. Plaintiffs were struck while crossing 13th Avenue, near the corner of Richmond Street, which is outside of Science High School.

The County has offered a settlement to plaintiff Alegunlade. A county offer has not been received to date.

Robert Green and Ryan Connell v. County of Essex:

Plaintiff's filed a collection action, alleging that the County failed to pay them and similarly situated employees for overtime hours in violation of the Fair Labor Standards Act (FLSA).

The County of Essex intends to vigorously defend this matter.

The Estate of Paul Braswell v. Essex County Sheriff's Office, et al:

The complaint alleges that defendants deprived decedent, Paul Braswell, of his constitutional rights when he was allegedly shot and killed by plain-clothed law enforcement officers.

At this time discovery, except for experts, is complete. There is a status/case management conference and a settlement conference scheduled.

The plaintiff made a settlement demand in the amount of \$4.5 million which is regarded as excessive. The anticipation of any verdict is to be significantly lower.

There is a reasonable possibility of an unfavorable outcome.

The County intends to contest this case vigorously.

Dan Gelin v. County of Essex, et al:

Mr. Gelin alleges that his civil rights were violated during his incarceration by the County of Essex.

This case has been stayed.

The management of the County of Essex is fully cooperative and stands ready to assist in defending itself against plaintiff's factual claims and cooperative in discovery if and when the stay is lifted by the Court.

15. CONTINGENT LIABILITIES (Continued)

g. Litigation (Continued)

Branch v. County of Essex:

Plaintiffs are a fifteen year old minor who was struck by a co-defendant vehicle on Franklin Avenue in the city of Newark on June 11, 2015 and his mother.

Plaintiff alleges that the park entrance constitutes a dangerous condition of public property and a public nuisance.

Based on an assessment of verdicts in similar matters, the financial exposure could be in excess of \$13 million.

The case is in fact discovery.

Estate of Dawud v. Essex County:

Plaintiff's estate filed a lawsuit alleging violation of the constitution of the State of New Jersey and New Jersey Civil Rights Act arising out of Mahmoud Ibn Dawud's confinement at Essex County Correctional Facility and his death on May 14, 2022.

Paul A. Albano v. County of Essex Arbitration:

The plaintiff alleges that he was retaliated, faced hostile work environment, age discrimination in violation of the New Jersey Law Against Discrimination, and harassed related to his employment with the County of Essex as a stationary engineer. The alleged actions, he claims, resulted in docked pay, suspension, and unequal opportunities for overtime work.

The County of Essex intends to vigorously defend this matter.

Jayshawn Boyd, et al v. County of Essex:

Plaintiff alleges that he sustained injuries due to an assault that took place on September 23, 2021 at the Essex County Correctional Facility.

This case is in the midst of discovery.

Robert Pace v. County of Essex:

This personal injury lawsuit arises out of an incident which is alleged to have occurred on February 16, 2021, on the grounds of the Donald M. Payne, Jr. Vocational School located in Newark, New Jersey. The plaintiff alleges to have tripped and fell when leaving the school after receiving a COVID-19 vaccination. At the time of this incident, the County of Essex was the lessee of a portion of the school building and grounds.

The County of Essex intends to contest the case vigorously because they do not own, maintain, or control the Donald M. Payne, Jr. Vocational School.

Peter Kessler, a Father and Natural Guardian of infant A.K. and Peter Kessler, Individually v. County of Essex:

This personal injury lawsuit arises out of an incident which is alleged to have occurred on April 19, 2022, in the outfield of a baseball field located at the Luis M. Lopez Field at Branch Brook Park in Newark, New Jersey. It appears that the infant plaintiff was engaged in playing baseball when he encountered the rightfield wire fence.

At this time, discovery is ongoing.

15. CONTINGENT LIABILITIES (Continued)

g. Litigation (Continued)

Health Benefits Unfair Practice Charge:

Four unions representing Sheriff[s and corrections Officers have challenged the County's change to health benefits program.

The matter is proceeding as an unfair practice charge with the Public Employment Relations Commission.

The County continues to vigorously defend this matter.

There are numerous workers' compensation cases being handled by outside counsel, with a value of \$4,520,000.00.

The County is continually confronted with various claims, lawsuits, administrative proceedings, etc. (collectively, the "matters") with varying levels of financial exposure to the County. The matters include, but are not limited to, administrative, contract, employment, constitutional, tort, negligence, intentional acts, etc. The status of each threatened, new and pending matter is in constant flux as each matter progresses from its initial stages through to conclusion. The County vigorously defends all matters with both in-house and contracted legal counsel. Furthermore, the County has various policies of insurance (the "Insurance Policies"), which Insurance Policies may or may not cover the matters in whole or in part. No litigation is presently pending or threatened that, if decided unfavorable to the interest of the County, would materially and adversely affect its financial condition or operations.

16. 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.

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:

<u>Resolution/ Ordinance Number</u>	<u>Purpose</u>
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.

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

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 nonprocessable 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, 2023.

17. 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").

17. SUBSEQUENT EVENTS

The County of Essex has evaluated subsequent events that occurred after the balance sheet date, but before June 14, 2024. No items were determined to require disclosure.

APPENDIX C

FORMS OF CONTINUING DISCLOSURE CERTIFICATES

[THIS PAGE INTENTIONALLY LEFT BLANK]

CONTINUING DISCLOSURE CERTIFICATE

THIS CONTINUING DISCLOSURE CERTIFICATE is made as of July 1, 2025 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 2025, dated July __, 2025, in the aggregate principal amount of \$3,100,000 (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 June __, 2025; 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) 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, as the same may be amended or officially interpreted from time to time (“Rule 15c2-12”); and

WHEREAS, the Issuer represented in its Notice of Sale dated June 18, 2025 (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 June 26, 2025, 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 County Treasurer 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 June 26, 2025 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 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 October 1, 2025 for the fiscal year ended December 31, 2024, an Annual Report to the MSRB; notwithstanding the foregoing, if the Fiscal Year is not a calendar year then by not later than the first day of the tenth month of each fiscal year;

(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;
- (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material.
- (xv) incurrence of a financial obligation (as defined in Rule 15c2-12) of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Issuer, any of which affect security holders, if material; and
- (xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Issuer, any of which reflect financial difficulties.

(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.

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: Hossam Mohamed.

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: _____
Hossam Mohamed,
Director of Finance/
County Treasurer

CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (the “Undertaking”) dated as of July 1, 2025 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 \$67,644,000 principal amount of Bond Anticipation Notes, Series 2025 (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.

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 Notes, or other material events affecting the tax status of the Notes;

- (vii) modifications to rights of Noteholders; if material;
- (viii) Note calls, if material, and tender offers;
- (ix) defeasances;
- (x) release, substitution, or sale of property securing repayment of the Notes, 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.
- (xv) incurrence of a financial obligation (as defined in the Rule) of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Issuer, any of which affect security holders, if material; and
- (xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Issuer, any of which reflect financial difficulties.

(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 Director of Finance/County Treasurer as of the date first above written.

THE COUNTY OF ESSEX, NEW JERSEY

By:_____

Name: Hossam Mohamed

Title: Director of Finance/
County Treasurer

APPENDIX D

FORMS OF APPROVING OPINIONS OF GIBBONS P.C.

[THIS PAGE INTENTIONALLY LEFT BLANK]

[FORM OF BOND COUNSEL OPINION]

July __, 2025

Board of County Commissioners 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 County Commissioners 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 the County’s \$3,100,000 General Obligation Bonds, Series 2025, consisting of \$1,550,000 County College Bonds, Series 2025A (the “Series 2025C Bonds”) and \$1,550,000 County College Bonds, Series 2025B (County College Bond Act, P.L. 1971, c. 12) (the “Series 2025B Bonds” and together with the Series 2025A Bonds, the “Bonds”), dated the date of delivery.

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 June __, 2025 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 Director of Finance/County Treasurer executed June __, 2025. 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 front cover of the Official Statement relating to the Bonds and matures on June 1 in the years and in the principal amounts as set forth below:

<u>Year</u>	<u>Series 2025A Bonds</u>	<u>Series 2025B Bonds</u>
2026	\$155,000	\$155,000
2027	155,000	155,000
2028	155,000	155,000
2029	155,000	155,000
2030	155,000	155,000
2031	155,000	155,000
2032	155,000	155,000
2033	155,000	155,000
2034	155,000	155,000
2035	155,000	155,000

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.

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 alternative minimum tax, however, interest on the Bonds is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under the Code. We 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 the date of issuance and 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 made certain representations and covenants in its tax certificate, which is executed on the date of issuance of the Bonds, as to various tax requirements. In addition, the County has covenanted to comply with the provisions of the Code applicable to the Bonds and has covenanted not to take any action or fail to take any action 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. With your permission, we have relied upon the representations made in the tax certificate and have assumed continuing compliance by the County with the above covenants in rendering our federal tax 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 for purposes of this letter 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 referred to hereinabove, 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 expressed herein are based upon the laws and judicial decisions of the State of New Jersey and the federal laws and judicial decisions of the United States as of the date hereof and are subject to any amendment, repeal or other modification of the applicable laws or judicial decisions that served as the basis for our opinions, or laws or judicial decisions hereafter enacted or rendered. Our engagement by the County with respect to the opinions expressed herein does not require, and shall not be construed to constitute, a continuing obligation on our part to notify or otherwise inform the addressee hereof of the amendment, repeal or other modification of the applicable laws or judicial decisions that served as the basis for this opinion letter or of laws or judicial decisions hereafter enacted or rendered which impact on this opinion letter.

This opinion letter is rendered to you in connection with the above described transaction. This opinion letter may not be relied upon by you for any other purpose, or relied upon by, or furnished to, any other person, firm or corporation without our prior written consent. This is only an opinion letter and not a warranty or guaranty of the matters discussed herein.

Very truly yours,

[THIS PAGE INTENTIONALLY LEFT BLANK]

[FORM OF BOND COUNSEL OPINION]

July __, 2025

Board of County Commissioners 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 County Commissioners 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 \$67,644,000 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 July 8, 2026. 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"), and where appropriate, 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 Director of Finance/County Treasurer executed June __, 2025.

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 alternative minimum tax, however, interest on the Notes is included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under the Code. We express no opinion regarding any other Federal income tax consequences arising with respect to the Notes.

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 the date of issuance and 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 made certain representations and covenants in its tax certificate, which is executed on the date of issuance of the Notes, as to various tax requirements. In addition, 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 fail to take 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. With your permission, we have relied upon the representations made in the tax certificate and have assumed continuing compliance by the County with the above covenants in rendering our federal tax 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 for purposes of this letter 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 referred to hereinabove, 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 expressed herein are based upon the laws and judicial decisions of the State of New Jersey and the federal laws and judicial decisions of the United States as of the date hereof and are subject to any amendment, repeal or other modification of the applicable laws or judicial decisions that served as the basis for our opinions, or laws or judicial decisions hereafter enacted or rendered. Our engagement by the County with respect to the opinions expressed herein does not require, and shall not be construed to constitute, a continuing obligation on our part to notify or otherwise inform the addressee hereof of the amendment, repeal or other modification of the applicable laws or judicial decisions that served as the basis for this opinion letter or of laws or judicial decisions hereafter enacted or rendered which impact on this opinion letter.

This opinion letter is rendered to you in connection with the above described transaction. This opinion letter may not be relied upon by you for any other purpose, or relied upon by, or furnished to, any other person, firm or corporation without our prior written consent. This is only an opinion letter and not a warranty or guaranty of the matters discussed herein.

Very truly yours,

[THIS PAGE INTENTIONALLY LEFT BLANK]