

In the opinion of Gibbons, Del Deo, Dolan, Griffinger & Vecchione, a Professional Corporation, Bond Counsel to the County, assuming continuing compliance by the County with certain tax covenants described herein, under existing law, interest on the Series 2003A Bonds is excluded from the gross income of the owners of the Series 2003A 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 Series 2003A 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 Series 2003B Bonds is includable for federal income tax purposes in gross income of the owners thereof. Under existing law, interest on the Series 2003 Bonds and net gains from the sale of the Series 2003 Bonds are exempt from the tax imposed by the New Jersey Gross Income Tax Act. In the case of certain corporate holders of the Series 2003A Bonds, interest on the Series 2003A Bonds will be included in the calculation of the alternative minimum tax as a result of the inclusion of interest on the Series 2003A Bonds in "adjusted current earnings" of certain corporations. See "TAX MATTERS" herein.

\$57,210,000
COUNTY OF MONMOUTH
New Jersey
General Obligation Bonds, Series 2003
Consisting of
\$40,000,000 General Improvement Bonds, Series 2003A and
\$17,210,000 Pension Refunding Bonds, Series 2003B (Taxable)

Dated: Date of Delivery**Due: As shown below**

The \$57,210,000 General Obligation Bonds, Series 2003 consisting of \$40,000,000 General Improvement Bonds, Series 2003A (the "Series 2003A Bonds") and \$17,210,000 Pension Refunding Bonds, Series 2003B (Taxable) (the "Series 2003B Bonds" and together with the Series 2003A Bonds, the "Series 2003 Bonds") will be issued by the County of Monmouth, New Jersey (the "County") in fully registered form and, when issued, the Series 2003 Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), an automated depository for securities and clearing house transactions, which will act as securities depository for the Series 2003 Bonds. Individual purchases will be made in book-entry form (without certificates) through DTC Participants, as hereinafter defined, in the principal amount of \$5,000 or any integral multiple thereof. Provided DTC or its nominee Cede is the registered owner of the Series 2003 Bonds, principal of, redemption premium, if any, and interest (payable semi-annually on March 1, 2004 and on each September 1 and March 1 thereafter until maturity with respect to the Series 2003A Bonds and payable semi-annually on January 15, 2004 and on each July 15 and January 15 thereafter until maturity with respect to the Series 2003B Bonds), on the Series 2003 Bonds will be paid to DTC or its nominee 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 Series 2003 Bonds. See "OTHER INFORMATION — The DTC Book-Entry-Only System."

The Series 2003A Bonds are being issued pursuant to the Local Bond Law of New Jersey, constituting Chapter 2 of Title 40A of the New Jersey Statutes, as amended (the "Local Bond Law"), Title 18A, Education, of the New Jersey Statutes and various ordinances and resolutions of the County, to permanently finance specified general improvements and to pay the costs of issuance with respect to the Series 2003A Bonds. The Series 2003B Bonds are being issued pursuant to the Local Bond Law, an ordinance and a resolution of the County, to retire certain of the County's Public Employee Retirement System liabilities previously incurred by the County and to pay the costs of issuance with respect to the Series 2003B Bonds.

The full faith and credit of the County are irrevocably pledged for the payment of the principal of, redemption premium, if any, and interest on the Series 2003 Bonds. The Series 2003 Bonds will be valid and binding general obligations of the County, payable as to principal, redemption premium, if any, and interest from the levy of ad valorem taxes upon all taxable property within the County, without limitation as to rate or amount. The Series 2003A Bonds maturing on or after March 1, 2014 are subject to redemption prior to maturity as set forth herein. The Series 2003B Bonds are not subject to redemption prior to maturity.

\$40,000,000 General Improvement Bonds, Series 2003A

<u>Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
March 1, 2004	\$1,400,000	2.000%	0.990%	March 1, 2012	\$2,790,000	4.000%	2.960%
March 1, 2005	2,315,000	3.000	1.170	March 1, 2013	2,790,000	3.000	3.060
March 1, 2006	2,790,000	4.000	1.320	March 1, 2014	2,790,000	3.100	3.190
March 1, 2007	2,790,000	5.000	1.720	March 1, 2015	2,790,000	3.250	3.310
March 1, 2008	2,790,000	4.000	2.010	March 1, 2016	2,795,000	3.250	3.430
March 1, 2009	2,790,000	5.000	2.300	March 1, 2017	2,795,000	3.500	3.530
March 1, 2010	2,790,000	2.400	2.590	March 1, 2018	2,795,000	3.500	3.630
March 1, 2011	2,790,000	2.750	2.810				

\$17,210,000**Pension Refunding Bonds, Series 2003B (Taxable)**

<u>Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield or Price</u>	<u>Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield or Price</u>
July 15, 2004	\$3,325,000	1.500%	1.330%	July 15, 2007	\$3,500,000	2.375%	2.350%
July 15, 2005	3,375,000	1.500	100	July 15, 2008	3,580,000	2.625	2.690
July 15, 2006	3,430,000	2.000	1.930				

The issuance of the Series 2003 Bonds is subject to the approving legal opinion of Gibbons, Del Deo, Dolan, Griffinger & Vecchione, a Professional Corporation, Newark, New Jersey, Bond Counsel to the County, and certain other conditions described herein. It is anticipated that the Series 2003 Bonds will be available for delivery to DTC on or about May 29, 2003, in New York, New York, or at such other place and time as may be agreed to by the County.

Dated: May 22, 2003

COUNTY OF MONMOUTH
STATE OF NEW JERSEY

BOARD OF CHOSEN FREEHOLDERS

Harry Larrison, Jr.	Director of the Board
Thomas J. Powers	Deputy Director
Theodore J. Narozanick	Freeholder
Amy H. Handlin	Freeholder
Edward J. Stominski	Freeholder

COUNTY OFFICIALS

Louis Pappozzi	County Administrator
James S. Gray	Clerk of the Board of Chosen Freeholders
Mark E. Acker	Director of Finance
Malcolm V. Carton	County Counsel
Benjamin H. Danskin	County Treasurer

PROFESSIONALS

Gibbons, Del Deo, Dolan, Griffinger & Vecchione	Bond Counsel
Armour Hulsart & Co.	Independent Auditor
Public Resources Advisory Group	Financial Advisor

No dealer, broker, salesman or other person has been authorized by the County to give any information or to make any representations with respect to the Series 2003 Bonds, other than those contained in this Official Statement, in connection with the offering of the Series 2003 Bonds. If given or made, such information or representation must not be relied upon as having been authorized by the County. This Official Statement does not constitute an offer to sell nor the solicitation of any offer to buy, nor shall there be any sale of the Series 2003 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. This Official Statement is submitted in connection with the sale of the Series 2003 Bonds referred to herein and may not be used, in whole or in part, for any other purpose. This Official Statement is not to be construed as a contract or agreement between the County and the purchasers or the holders of any of the Series 2003 Bonds. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder shall under any circumstances create any implication that there has been no change in the affairs of the County since the date hereof or any earlier date as of which any information contained herein is given.

Certain information set forth herein has been obtained from sources other than the County that are believed to be reliable. Such information is not guaranteed as to accuracy or completeness by the County, and the provision of such information herein is not to be construed as a representation of the County.

COUNTY OF MONMOUTH, NEW JERSEY

TABLE OF CONTENTS

	<u>Page</u>
I. DESCRIPTION OF THE SERIES 2003 BONDS	
Introduction	1
Term	1
Denomination and Place of Payment	2
Redemption Provisions	2
Authorization.....	3
Security for the Series 2003 Bonds	3
Purpose of the Issue.....	3
II. COUNTY OF MONMOUTH, NEW JERSEY, GENERAL INFORMATION	
Description of the County	6
County Government	6
Board of Chosen Freeholders	6
County Officials	6
Reclamation Center Utility.....	6
Solid Waste Disposal	7
Transportation	7
III. FINANCIAL INFORMATION	
County Taxes.....	8
CAP Limitations.....	8
The Local Budget Law	11
Miscellaneous Revenues	12
Deferral of Current Expenses	12
Budget Transfers	13
Capital Budget.....	13
The Local Fiscal Affairs Law	13
Statement of Operations and Changes in Fund Balance – Current Fund (1998-2002)	14
Five Year Summary of Current Fund Budget and Actual Results (1998-2002)	15
Comparative County Budgets	16
Statement of Operations and Changes in Fund Balance -- Reclamation Center Pension Fund (1998-2002).....	17
Anticipated Capital Needs.....	18
Investment of Funds	18
Pension Funds	19
Debt and Financial Management Policies	19

IV.	DEBT INFORMATION	
	Local Bond Law	20
	Debt Limits.....	20
	Exceptions to Debt Limits-Extensions of Credit.....	20
	Short-Term Financing	21
	Statement of Statutory Net Debt	22
	County of Monmouth-Schedule of Debt Service	23
	Debt Analysis	24
	County of Monmouth-Gross Debt and Net Debt of Constituent Municipalities	25
	Other County Obligations	29
V.	ECONOMIC AND DEMOGRAPHIC INFORMATION	
	Population	32
	Employment	32
	Median Family Income.....	35
	Average Per Capita Personal Income	35
	Effective Buying Income.....	36
	Housing and Construction Values.....	36
VI.	LEGAL MATTERS	
	Legality of the Bonds	38
	Tax Matters	38
	Legality For Investment.....	39
	Litigation	39
VII.	OTHER INFORMATION	
	Report of Independent Public Accountants.....	40
	Ratings.....	40
	The DTC Book-Entry-Only System	40
	Secondary Market Disclosure.....	42
	Additional Information.....	43
	Miscellaneous.....	43
	APPENDIX A: Report on Audits of Financial Statements.....	A-1
	APPENDIX B: Form of Continuing Disclosure Certificate.....	B-1
	APPENDIX C: Notice of Sale With Respect to Series 2003A Bonds	C-1
	APPENDIX D: Notice of Sale With Respect to Series 2003B Bonds.....	D-1
	APPENDIX E: Form of Opinions of Gibbons, Del Deo, Dolan, Griffinger & Vecchione, Bond Counsel to the County of Monmouth, New Jersey.....	E-1

**OFFICIAL STATEMENT
OF
THE COUNTY OF MONMOUTH
STATE OF NEW JERSEY**

**Relating to its
General Obligation Bonds, Series 2003**

I. DESCRIPTION OF THE SERIES 2003 BONDS

Introduction

This Official Statement, which includes the cover page and appendices attached hereto, has been prepared by officials of the County of Monmouth (the “County”), State of New Jersey (the “State”), in connection with the sale and issuance of \$57,210,000 aggregate principal amount of the County’s General Obligation Bonds, Series 2003 (the “Series 2003 Bonds”) dated the date of delivery, consisting of \$40,000,000 General Improvement Bonds, Series 2003A (the “Series 2003A Bonds”) and \$17,210,000 Pension Refunding Bonds, Series 2003B (Taxable) (the “Series 2003B Bonds”).

The Series 2003 Bonds are issued pursuant to the Local Bond Law of New Jersey, 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. The Series 2003 Bonds have been authorized by various ordinances duly adopted by the County and a resolution of the County adopted at meeting of the Board of Freeholders of the County (the “County Board”) held on May 8, 2003. The Series 2003 Bonds will be general obligations of the County, whose full faith and credit are pledged to the payment of the principal of, redemption premium, if any, and interest on the Series 2003 Bonds, and for which the County shall, unless otherwise paid, levy ad valorem taxes upon all taxable property within the County without limitation as to rate or amount.

Term

The Series 2003 Bonds will be dated the date of delivery, and will mature on the dates (the “Principal Payment Dates”) and in the years and in the amounts set forth on the cover page hereof. The Series 2003 Bonds will bear interest payable semi-annually on March 1, 2004 and on each September 1 and March 1 thereafter until maturity with respect to the Series 2003A Bonds and payable semi-annually on January 15, 2004 and on each July 15 and January 15 thereafter until maturity with respect to the Series 2003B Bonds.

Denomination and Place of Payments

The Series 2003 Bonds will initially be issued in fully registered form, without coupons, in the name of Cede & Co. (“Cede”), as nominee for The Depository Trust Company (“DTC”) which will act as securities depository for the Series 2003 Bonds under its book-entry-only system (the “DTC Book-Entry-Only System”). An individual purchaser (the “Beneficial Owner”) may purchase a Series 2003 Bond in book-entry form (without certificates) in denominations of \$5,000, or any integral multiple thereof.

Provided Cede is the registered owner of the Series 2003 Bonds, the principal, redemption premium, if any, and interest on, the Series 2003 Bonds will be paid to DTC or Cede, as its nominee, and credited to the participants of DTC as listed on the records of DTC as of each next preceding February 15 and August 15 with respect to the Series 2003A Bonds and January 1 and July 1 with respect to the Series 2003B Bonds (the “Record Dates” for the payment of interest on the applicable series of the Series 2003 Bonds). See “OTHER INFORMATION - The DTC Book-Entry-Only System” herein.

Redemption Provisions

The Series 2003A Bonds maturing on or prior to March 1, 2013 shall not be subject to redemption prior to their respective maturity dates. The Series 2003A Bonds maturing on or after March 1, 2014 shall be subject to redemption prior to their respective maturity dates, on or after March 1, 2013 at the option of the County, either in whole or in part at any time in any order of maturity at par (the “Redemption Price”), and accrued interest thereon to the date of redemption.

Notice of Redemption shall be given by publishing such notice once a week for two (2) successive weeks in a newspaper of general circulation that carries financial news, is printed in the English language and is customarily published on each business day in the State of New York, the first of such publications to be at least thirty (30) but not more than sixty (60) days before the date fixed for redemption. A Notice of Redemption shall also be mailed by first class mail in a sealed envelope with postage prepaid to the registered owners of such Series 2003A Bonds at their respective addresses as they last appear on the registration books kept for that purpose by the County or a duly appointed bond registrar. However, so long as DTC (or any successor thereto) acts as Securities Depository for the Series 2003A Bonds, Notices of Redemption shall be sent to such depository and shall not be sent to the beneficial owners of the Series 2003A Bonds, nor shall the notice be published as provided herein. 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 Series 2003A Bonds of a maturity, such Series 2003A Bonds shall be selected by the County by lot. If Notice of Redemption has been given as described herein, the Series 2003A 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 Series 2003A Bonds redeemed.

The Series 2003B Bonds are not subject to redemption prior to their stated maturity.

Authorization

The Series 2003 Bonds have been authorized and are to be issued in accordance with the Local Bond Law and Title 18A, Education, of the New Jersey Statutes and various ordinances and a resolution adopted by the Board of Chosen Freeholders of the County. The ordinances included in the sale of the Series 2003 Bonds were published in full 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 Series 2003 Bonds by the County.

Security for the Series 2003 Bonds

The Series 2003 Bonds are general obligations of the County whose full faith and credit are pledged to the payment of the principal of, redemption premium, if any, and interest thereon. The County is authorized and required by law to levy ad valorem taxes upon all the taxable property within the County without limitation as to rate or amount for the payment of the principal of and interest on the Series 2003 Bonds.

Purpose of the Issue

The proceeds of the Series 2003A Bonds will be used to finance the acquisition and construction of capital improvements authorized by various ordinances of the Board of Chosen Freeholders of the County adopted on the date as set forth in the table below:

<u>Project</u>	<u>Amount of Series 2003A Bonds Authorized</u>	<u>Amount of Series 2003A Bonds Issued</u>	<u>Adoption Dates</u>
Various Improvements and Purposes for and by the County (Ord. No. 97-3)	\$ 4,901,000	\$ 2,617,000	May 8, 1997
Various Improvements and Purposes for and by the County (Ord. No. 98-1)	12,840,000	6,400,000	March 19, 1998
Various Improvements and Purposes for and by the County (Ord. No. 99-1)	6,547,000	1,814,000	February 25, 1999

Various Improvements – Brookdale Community College (Ord. No. 99-2, as amended)	2,000,000	2,000,000	May 27, 1999 and June 8, 2000
Various Improvements and Purposes for and by the County (Ord. No. 00-1, as amended)	7,752,000	2,901,000	April 13, 2000, July 13, 2000 and July 26, 2001
Various Improvements and Purposes for and by the County (Ord. No 01-1)	8,588,000	2,610,000	March 22, 2001
Various Improvements and Purposes for and by the County (Ord. No 02-2)	41,369,000	13,950,000	February 14, 2002
Various Improvements and Purposes for and by the County (Ord. No. 03-1)	22,618,000	7,708,000	March 27, 2003
TOTAL	<u>\$ 106,615,000</u>	<u>\$ 40,000,000</u>	

The County previously adopted early retirement incentive programs (an “ERI Program”) for eligible employees covered by the Public Employee Retirement System (the “PERS”) and as a result of said participation created an unfunded liability to PERS that would be retired by annual payments to PERS through the year 2008 and 2021 under each ERI Program. P.L. 2002, c. 42 and P.L. 2003, c. 15 were enacted to permit governmental units such as the County who participated in ERI programs to sell refunding bonds in accordance with the Local Bond Law to retire the present value of the liabilities attributed to the ERI Programs. The present value of the County’s liability to PERS under the ERI Programs has been established by the New Jersey Division of Pensions and Benefits. The County has authorized the issuance of refunding bonds to retire the County’s PERS liabilities. Accordingly, the proceeds of the Series 2003B Bonds will be used to retire the County’s PERS liabilities previously incurred by the County in accordance with the refunding bond ordinance of the Board of Chosen Freeholders of the County adopted on the date as set forth in the table below:

<u>Pension Project</u>	<u>Amount of Series 2003B Bonds Authorized</u>	<u>Amount of Series 2003B Bonds Issued</u>	<u>Adoption Dates</u>
Retire Pension Liabilities	\$ 18,500,000	\$17,210,000	April 10, 2003
TOTAL	<u>\$ 18,500,000</u>	<u>\$17,210,000</u>	

II. COUNTY OF MONMOUTH, NEW JERSEY, GENERAL INFORMATION

Description of the County

The County of Monmouth, with a land area of 471 square miles and water area of 60 square miles, is located in central New Jersey and is bordered on the west by Mercer and Middlesex Counties, on the south by Burlington and Ocean Counties, on the east by the Atlantic Ocean and on the north by the Raritan and Sandy Hook Bays. The County consists of fifty-three municipalities, whose populations range from 280 to 66,327.

County Government

The County is governed by a Board of Chosen Freeholders composed of five members, all of whom are elected at large. The County Administrator is responsible for the day-to-day operations of County government under the guidelines and policy supervision of the Board.

Board of Chosen Freeholders

		<u>Expiration of Term</u>
Harry Larrison, Jr.	Director of the Board	January 2006
Thomas J. Powers	Deputy Director	January 2006
Theodore J. Narozanick	Freeholder	January 2004
Amy H. Handlin	Freeholder	January 2005
Edward J. Stominski	Freeholder	January 2005

County Officials

James S. Gray	Clerk of the Board of Chosen Freeholders
Louis Paparozzi	County Administrator
Mark E. Acker	Director of Finance
Malcolm V. Carton, Esq.	County Counsel
Benjamin H. Danskin	County Treasurer

Reclamation Center Utility

On February 14, 1985, the Board of Chosen Freeholders unanimously approved the creation of the Monmouth County Reclamation Center Utility to operate the County landfill and various recycling and reclamation programs. The Reclamation Center Utility is currently a self-liquidating utility under the Local Bond Law and its activity has been shown as a separate fund in each year beginning with calendar year 1985. See "Statement of Operations and Changes in Fund Balance - Reclamation Center Utility Fund - (1998-2002)" herein.

Solid Waste Disposal

The County presently uses solid waste processing and landfill facilities at the Monmouth County Reclamation Center (MCRC) in Tinton Falls for disposal of non-hazardous solid waste generated in the County that is not recycled. Although some County waste is disposed at out-of-state landfills since federal court decisions dismantled the NJ “waste flow control” regulations, the MCRC still accepts most solid waste from local businesses and municipalities. The MCRC accepted almost 510,000 tons during 2002 and, at current monthly deliveries, is expected to accept a similar amount during 2003. Much of the waste has been shredded since the MCRC opened in 1976, making more efficient use of the available capacity. A new Materials Processing and Recovery Facility (MPRF) began operation in December 1996, and now accepts all municipal and bulky waste brought to the facility. Trucks dump regular and bulky waste in separate areas of an enclosed building, where waste is inspected, and some recyclables removed, before municipal waste is baled. Bulky waste is crushed and transferred to an out-of-state landfill. A new Phase III landfill area opened in August 1997, designed specifically as a balefill. With its new landfill space and MPRF operation, and bulky waste transfer operation, sufficient landfill capacity will be available for the County past the year 2017. This landfill capacity and facility have been included in the Monmouth County Solid Waste Management Plan, and certified by the NJDEP Commissioner. The Phase III Landfill and MPRF have received all necessary permits from the NJ Department of Environmental Protection. The County has also opened a permanent “Household Hazardous Waste Facility” adjacent to the landfill, to complement existing efforts to keep potentially toxic household paints and chemicals from reaching the landfill.

The County has also developed a comprehensive mandatory recycling program as part of its Solid Waste Plan. The program began in 1987 with a phased-in approach (over 12 months) for multi-material municipal private collection of residential, commercial and institutional recyclables. Many towns recycle additional materials not required by the County. The mandatory recycling program, in conjunction with the recovery operations at the Reclamation Center MPRF, results in a recycling rate over 50% for the County as a whole. Current efforts focus on source reduction, such as backyard composting and environmental shopping, to reduce the total amount of waste requiring recycling or disposal.

Transportation

The County’s transportation network provides convenient access to destinations within New Jersey and the major cities beyond: New York, Boston, Philadelphia and Washington, D.C. There are in excess of 2,700 highway miles in Monmouth County. The Garden State Parkway runs the length of the County with seven interchanges located in the County. State Highways 9, 18, 33, 34, 35, 36 and 79 and Interstate 195 traverse the County. Other transportation facilities include the New Jersey coast railroad line with fourteen stations, six regional and four local bus systems, and the Monmouth County Airport. The Monmouth County Airport has all weather flight capabilities and serves as a base for business travel.

III. FINANCIAL INFORMATION

County Taxes

County taxes are collected by the constituent municipalities and paid to the County Treasurer. The municipal levy includes all county, school and municipal taxes.

Each municipality is required to pay to the County Treasurer its share of the County Purpose Tax on the fifteenth day of February, May, August and November of each year. The County receives its share of the taxes collected by each municipality from the first taxes collected. The County has received 100% of its tax levy for each of the last five years.

CAP Limitations

Chapter 89, Public Laws of 1990, extended and amended Chapter 203, Public Laws of 1986, and Chapter 68, Public Laws of 1976, commonly referred to as the "CAP Laws", places limits on county and municipal expenditures. The increase in the County tax levy is either 5% or the index rate when the index rate is lower than 5%. However, in any year for which the index rate exceeds 5% a county may, by resolution, provide that the tax levy of the county for such year be increased by a percentage rate, greater than 5% but not to exceed the index rate, over the previous year's levy. The index rate is defined as the annual percentage increase in the Implicit Price Deflator for State and Local Government purchases of Goods and Services for the year preceding the current year. The index rate for 2003 is 1.0%.

ASSESSED VALUATION OF REAL PROPERTY AND EQUALIZED VALUATIONS TAXABLE AND TAX RATES

<u>Year</u>	<u>Net Valuation Taxable</u>	<u>Net Valuation Divided by Equalized Valuation</u>	<u>Valuations as Equalized</u>	<u>Tax Rate Per \$100</u>
1998	\$40,136,754,115	93.96	\$42,716,356,592	0.445257775
1999	41,151,055,725	92.35	44,560,096,550	0.436243045
2000	42,241,110,283	89.43	47,235,372,676	0.427296588
2001	43,459,301,407	83.81	51,857,201,260	0.421838231
2002	47,004,978,315	79.92	58,813,432,379	0.401074976

DISTRIBUTION OF ASSESSED VALUATION

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
Vacant Land	\$ 1,113,290,735	\$ 1,076,449,055	\$ 1,030,855,227	\$ 1,005,920,615	\$ 1,083,767,615
Residential	31,696,484,054	32,668,666,649	33,726,074,088	34,692,550,760	37,649,570,005
Farm Regular	389,818,200	391,454,800	384,993,100	396,728,900	424,951,430
Farm Qualified	33,717,474	35,432,654	32,591,074	32,216,674	31,339,384
Commercial	4,976,687,377	5,090,548,661	5,323,052,063	5,557,630,487	5,932,925,687
Industrial	809,535,550	809,691,550	781,513,450	773,371,250	832,732,150
Apartments	<u>723,687,615</u>	<u>735,215,300</u>	<u>749,137,350</u>	<u>787,191,250</u>	<u>858,223,450</u>
	\$39,743,221,005	\$40,807,458,669	\$42,028,216,352	\$43,245,609,936	\$46,813,509,721

Source: Abstract of Ratables, County of Monmouth.

Note: Difference between Assessed Valuation and Net Valuation Taxable is the “Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies” (c.138, L.1966).

LIST OF MONMOUTH COUNTY TWELVE LARGEST TAXPAYERS

DECEMBER 31, 2002

<u>Owner of Record</u>	<u>Property Location</u>	<u>2002 Total Assessed Value</u>	<u>2002 Tax Rate Per \$100</u>	<u>Total 2002 Taxes</u>
1. Freehold Mall				
Freemall Associates	Freehold Township	\$ 169,340,900	2.709	\$ 4,587,445.00
Linn & Marsh	Freehold Township	5,682,400	2.709	153,936.00
JC Penney	Freehold Township	12,050,600	2.709	326,451.00
Loews Theater	Freehold Township	12,557,600	2.709	340,185.00
Macy's East	Freehold Township	24,897,800	2.709	674,481.00
Nordstrom	Freehold Township	14,257,000	2.709	386,222.00
Sears	Freehold Township	10,524,500	2.709	285,109.00
Sam's Club	Freehold Township	9,300,000	2.709	251,937.00
Kmart Corporation	Freehold Township	9,380,800	2.709	254,126.00
Lord & Taylor	Freehold Township	12,204,600	2.709	330,623.00
Toys R Us	Freehold Township	2,589,500	2.709	70,150.00
Kids R Us	Freehold Township	4,714,000	2.709	127,702.00
		\$243,395,300		\$7,788,367.00
2. AT&T Corporate Offices				
Four Ponds % CB R Ellis Lease Adv	Middletown	\$ 28,000,000	3.083	\$ 863,240.00
199 Laurel Asso. %Steiner Equ. Group	Middletown	366,000	3.083	11,284.00
200 Laurel % ATT Lease Adm/NJ8110E1	Middletown	215,029,300	3.083	6,629,353.00
		\$287,499,700		\$7,503,877.00
3. Monmouth Mall				
JC Penney	Eatontown	\$ 11,672,000	2.937	\$ 342,807.00
Lord & Taylor-	Eatontown	9,728,500	2.937	285,726.00
Macy's	Eatontown	13,026,000	2.937	382,574.00
Monmouth Mall LLC	Eatontown	130,000,000	2.937	3,818,100.00
		\$164,426,500		\$4,829,206.00
4. Lucent Technologies				
LTI NJ Finance L.L.C.	Holmdel	\$ 130,000,000	2.816	\$ 3,660,800.00
NS-MPG INC.%LUCENT T	Holmdel	2,757,400	2.816	77,648.00
NS-MPG INC.%LUCENT Tech.	Holmdel	1,842,800	2.816	51,893.00
Weill, M. Trust Lucent Tech. Adm.	Middletown	28,637,500	3.083	882,894.00
		\$163,237,700		\$4,673,236.00
5. International Flavors & Fragrances				
International Flavors & Fragrances	Union Beach	\$ 38,056,600	3.292	\$ 1,252,823.00
International Flavors & Fragrances	Hazlet	15,500,000	3.437	532,735.00
		\$53,556,600		\$1,785,558.00
6. Bellcore Research Facility				
One Rvr. Assoc. % Bellcore, RM.IJ008G	Middletown	\$48,214,100	3.083	\$1,484,159.00

<u>Owner of Record</u>	<u>Property Location</u>	<u>2002 Total Assessed Value</u>	<u>2002 Tax Rate Per \$100</u>	<u>Total 2002 Taxes</u>
7. Assisted Living Facility Tinton Falls Campus, LLC % Seabrook	Tinton Falls	\$48,296,400	3.052	\$1,474,006.00
8. Monmouth Park Raceway New Jersey Sports & Exposition Auth	Oceanport	\$47,866,700	2.862	\$1,369,945.00
9. Shopping Center (200,000 Sq.Ft. lease) Caydenzar Assoc. % Denholtz Associate	Holmdel	\$ 5,683,500	2.816	\$ 160,047.00
Caydenzar Assoc., c/o Denholtz Associate	Holmdel	1,407,000	2.816	39,621.00
Caydenzar ATS I, LP	Holmdel	28,531,100	2.816	803,436.00
		\$35,621,600		\$1,003,104.00
10. Nestle Processing Facility Nestle USA-ATT:D. Amrozowicz	Freehold Boro	\$27,300,000	3.221	\$879,333.00
Nestle/Hills Bros Coffee Company	Freehold Township	1,602,500	2.709	43,412.00
		\$28,902,500		\$922,745.00
11. Seaview Square Mall Starwood Heller Seaview, L.L.C. (Mall, Anchor)	Ocean Township	\$18,489,400	3.207	\$592,955.00
Sears	Ocean Township	9,643,000	3.207	309,251.00
		\$35,621,600		\$902,206.00
12. Prudential Financial Companies Prud.Prop & Casual % Facility Manag	Holmdel	\$ 30,000,000	2.816	\$ 844,800.00

Source: Monmouth County Board of Taxation (March 31, 2003).

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

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

Tax anticipation notes are limited in amount by law and must be paid off in full by a county within six months of the close of the fiscal year. The County has no tax anticipation notes outstanding and presently does not anticipate issuing such notes.

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

The budgets of local units must be in balance; i.e., the total of anticipated revenues must equal the total of appropriations (N.J.S.A. 40A:4-22).

If in any year a county's expenditures exceed its realized revenues for that year, then such excess (deficit) must be raised in the succeeding year's budget.

Miscellaneous Revenues

N.J.S.A. 40A:4-26 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 shall determine upon application by the governing body that the facts clearly warrant the expectation that such excess amount will actually be realized in cash during the fiscal year and shall certify such determination in writing to the local unit".

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

Deferral Of Current Expenses

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

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

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

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. Subaccounts (line items) within an appropriation are not subject to the same year-end transfer restriction; however, they are subject to internal review and approval.

Capital Budget

In accordance with the local budget law, each local unit must adopt and annually revise 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 unit may contemplate over the next six years. Expenditures for capital purposes may be made either by ordinances adopted by the Board of Freeholders setting forth the items and the method of financing or from the annual operating budget if the items were detailed. See “Anticipated Capital Needs” herein.

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

This law regulates the nonbudgetary financial activities of local governments. The chief financial officer of every local unit must file annually with the Director a verified statement of the financial condition of the local unit. The County’s statement is on file with the Clerk of the Board of Freeholders.

An independent examination of the County’s financial statements must be performed annually by a registered municipal accountant. The audit, conforming to the Division of Local Government Services “Requirements of Audit,” includes recommendations for improvement of the local unit’s financial procedures and must be filed with the Director prior to June 1 of each year. A synopsis of the audit report, together with all recommendations made, must be published in a local newspaper within 30 days of its completion.

The report of Armour S. Hulsart & Co., the County’s independent auditor, for the calendar year ending December 31, 2001 appears in Appendix A to this Official Statement.

COUNTY OF MONMOUTH
CURRENT FUND
STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>Unaudited 2002</u>
Revenues and Other Additions:					
Fund Balance Utilized	\$ 29,000,000	\$ 31,000,000	\$ 35,000,000	\$ 35,000,000	\$ 37,500,000
Miscellaneous Revenue					
Anticipated	112,928,992	121,474,230	128,571,127	144,425,067	138,852,377
Miscellaneous Revenue Not					
Anticipated	13,709,117	13,269,820	14,930,954	14,957,122	19,744,145
Receipts from Current Taxes	189,700,000	193,900,000	201,529,528	218,585,192	236,020,000
Other Credits to Revenue	2,197,540	98,179	28,669	92,462	35,827
Unexpended Balance of					
Appropriations Lapsed	<u>8,035,083</u>	<u>9,544,742</u>	<u>8,523,139</u>	<u>10,272,732</u>	<u>11,514,061</u>
 Total Revenues and Other Additions	 \$355,570,732	 \$369,286,971	 \$388,583,417	 \$423,332,575	 \$443,666,410
Expenditures:					
Budget Appropriations*	\$323,789,117	\$327,932,072	\$349,888,842	\$381,009,412	\$403,491,421
Other Charges	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Expenditures	\$323,789,117	\$327,932,072	\$349,888,842	\$381,009,412	\$403,491,421
Excess in Revenue	31,781,615	41,354,899	38,694,575	42,323,163	40,174,989
Adjustment to Income Before					
Surplus: Emergency Authorization	--	--	470,000	--	--
Fund Balance, January 1	<u>40,980,348</u>	<u>43,761,963</u>	<u>54,116,862</u>	<u>58,281,437</u>	<u>65,604,600</u>
	72,761,963	85,116,862	93,281,437	100,604,600	105,779,589
Decreased by:					
Utilized as Anticipated Revenue	<u>29,000,000</u>	<u>31,000,000</u>	<u>35,000,000</u>	<u>35,000,000</u>	<u>37,500,000</u>
Fund Balance, December 31	<u>\$43,761,963</u>	<u>\$54,116,862</u>	<u>\$58,281,437</u>	<u>\$65,604,600</u>	<u>\$68,279,589</u>
Fund Balance, as a percentage of Total Expenditures	13.52%	16.50%	16.66%	17.22%	16.92%
* Paid or Charged	\$312,881,997	\$318,020,001	\$338,406,413	\$368,960,010	\$390,299,294
Appropriation Reserves	10,780,782	9,824,640	11,453,760	12,045,806	13,190,671
Current Appropriations Cancelled	<u>126,338</u>	<u>87,431</u>	<u>28,669</u>	<u>3,596</u>	<u>1,456</u>
	<u>\$323,789,117</u>	<u>\$327,932,072</u>	<u>\$349,888,842</u>	<u>\$381,009,412</u>	<u>\$403,491,421</u>

Current Fund operating results reflect a policy of conservatively estimating revenues so that at year-end positive fund balances are maintained. Revenue growth, plus the benefits of a tightly monitored hiring freeze and a new, managed budget approach, analogous to zero based budgeting, both implemented in the early nineties, have resulted in increased fund balances. Fund balance, as a percentage of expenditures, has increased from 5.7% in 1990 to 16.9% in 2002. This has allowed the County to relax its reliance on the property tax to balance budgets. In fact, since 1990 the average annual property tax increase has been 3.3%, consistent with corresponding rates of inflation. Revenue growth is expected to continue through 2003, albeit at a slower pace, as a result of the strong local economy.

FIVE YEAR SUMMARY OF CURRENT FUND BUDGET AND ACTUAL RESULTS

	1998		1999		2000		2001		2002	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Revenues:										
County Clerk	\$4,600,000	\$6,534,353	\$4,700,000	\$7,403,270	\$5,000,000	\$7,416,712	\$5,000,000	\$7,673,789	\$6,300,000	\$13,745,747
Interest on Investments	3,600,000	8,096,365	3,600,000	7,747,151	3,700,000	10,465,873	3,700,000	9,202,999	3,700,000	3,922,853
Parks & Recreation	4,100,000	5,329,077	5,100,000	5,662,674	5,200,000	5,367,877	5,200,000	6,063,762	5,600,000	6,177,238
Medical Homes	15,150,000	15,251,931	14,600,000	17,110,400	16,500,000	17,533,431	16,500,000	18,814,635	16,900,000	19,938,336
Division of Social Services	19,281,850	19,433,572	19,259,900	19,544,932	19,060,500	19,803,277	19,341,000	22,810,796	17,841,000	22,350,248
Stated N.J. Social Service Reimbursement	15,571,808	15,571,808	14,251,775	14,251,775	14,804,415	14,804,415	15,939,923	15,939,923	18,780,272	18,780,272
State of N.J. - Inmate Reimbursement	5,350,000	4,521,231	4,500,000	9,939,655	6,000,000	5,777,667	3,017,000	2,336,778	2,000,000	1,558,227
State of N.J. - Remaining Aid	2,246,545	2,412,340	2,001,351	2,318,572	2,530,056	2,850,069	2,426,550	2,683,309	3,184,685	3,452,946
State & Federal Grants	23,426,875	23,426,875	22,415,439	22,415,439	24,455,111	24,455,111	39,581,533	39,581,533	39,337,651	39,337,651
Miscellaneous Revenue	11,762,040	26,060,557	12,603,607	28,350,182	16,139,232	35,027,649	16,718,214	34,274,664	16,327,813	29,333,005
Fund Balance Utilized	29,000,000	29,000,000	31,000,000	31,000,000	35,000,000	35,000,000	35,000,000	35,000,000	37,500,000	37,500,000
County Tax Levy	<u>189,700,000</u>	<u>189,700,000</u>	<u>193,900,000</u>	<u>193,900,000</u>	<u>201,529,528</u>	<u>201,529,528</u>	<u>218,585,192</u>	<u>218,585,192</u>	<u>236,020,000</u>	<u>236,020,000</u>
TOTAL REVENUES	\$323,789,118	\$345,338,109	\$327,932,072	\$359,644,050	\$349,418,842	\$380,031,609	\$381,009,412	\$412,967,380	\$403,491,421	\$432,116,523
Appropriations:										
General Government	\$52,396,713	\$50,485,008	\$49,631,908	\$46,955,957	\$55,507,307	\$52,885,608	\$19,334,265	\$18,681,257	\$22,121,875	\$21,242,543
Judiciary	570,859	557,802	561,171	557,016	607,199	600,656				
Regulation	12,845,107	12,392,728	13,129,139	12,765,610	14,896,057	14,482,776				
Public Works & Engineering	25,196,733	24,207,320	26,676,236	25,891,333	29,636,227	28,539,748	31,955,468	31,101,984	27,665,510	26,667,281
Penal Institutions	26,489,140	26,084,609	30,653,149	30,154,491	32,906,832	32,555,546				
Health & Human Services	77,766,425	73,258,388	76,102,964	72,719,641	78,395,711	73,811,092	82,643,937	76,949,912	85,512,081	80,387,826
Education	32,121,458	31,868,087	32,161,376	31,850,818	32,500,433	32,143,726	31,950,285	31,835,117	32,974,227	32,611,406
Parks & Recreation	13,410,125	13,075,443	14,190,611	14,032,991	15,100,300	14,968,867	16,042,878	15,877,743	16,966,669	16,797,075
State & Federal Grants	24,526,875	24,286,968	23,515,439	23,373,398	25,555,111	25,461,171	40,681,533	40,597,828	40,537,651	40,454,436
Capital Improvements	10,625,000	10,265,477	12,697,000	11,853,608	14,165,000	13,051,399	13,498,000	11,563,261	15,962,000	14,722,892
Debt Service	35,621,396	35,495,057	36,791,942	36,704,511	38,601,665	38,572,996	38,789,150	38,785,555	39,801,145	39,799,689
Statutory Expenditures	11,813,252	10,714,462	11,566,137	10,945,608	11,762,000	11,080,947	10,732,192	10,277,910	10,697,000	10,188,969
Unclassified/Contingent	<u>406,035</u>	<u>190,648</u>	<u>255,000</u>	<u>215,019</u>	<u>255,000</u>	<u>251,881</u>	200,000	197,810	450,000	372,623
Public Safety							63,159,166	62,120,630	67,859,352	66,803,561
Land Use Administration							1,289,815	1,255,828	1,532,509	1,488,979
Code Enforcement							341,531	324,025	321,460	316,815
Insurance							29,266,000	28,484,320	33,114,000	31,467,178
Utility Expenses							<u>1,125,192</u>	<u>906,830</u>	<u>7,975,942</u>	<u>6,978,021</u>
TOTAL APPROPRIATIONS	\$323,789,118	\$312,881,997	\$327,932,072	\$318,020,001	\$349,888,842	\$338,406,413	\$381,009,412	\$368,960,010	\$403,491,421	\$390,299,294
Excess in Revenues										
Appropriation Reserve		\$32,456,112		\$41,624,049		\$41,625,196		\$44,007,370		\$41,817,229
Excess in Revenues, Net		<u>10,780,782</u>		<u>9,824,640</u>		<u>11,453,760</u>		<u>12,045,806</u>		<u>13,190,671</u>
		\$21,675,330		\$31,799,409		\$30,171,436		\$31,961,564		\$28,626,558
Other Credits to Income:										
Refund of Prior Year Loan to Grant Fund		2,020,629								
Unexpended Balance of Previous Year										
Appropriation Reserve		8,035,083		9,544,742		8,523,139		10,272,732		11,514,061
Emergency Authorization						470,000				
Other		<u>50,572</u>		<u>10,748</u>				<u>88,867</u>		<u>34,370</u>
		\$31,781,614		\$41,354,899		\$39,164,575		\$42,323,163		\$40,174,989
Fund Balance, Beginning of Year		<u>11,980,349</u>		<u>12,761,963</u>		<u>19,116,862</u>		<u>23,281,437</u>		<u>28,104,600</u>
Fund Balance, End of Year		\$43,761,963		\$54,116,862		\$58,281,437		\$65,604,600		\$68,279,589

**COUNTY OF MONMOUTH
COMPARATIVE COUNTY BUDGETS
AS APPROVED AND ADOPTED**

	<u>2002(1)</u>	<u>2003(2)</u>
Anticipated Revenues:		
Fund Balance Utilized	\$ 37,500,000	\$ 37,500,000
State Aid	39,546,707	35,987,372
State and Federal Grants	12,168,125	12,509,063
Miscellaneous Revenue	51,087,063	56,193,817
County Tax Levy	<u>236,020,000</u>	<u>250,251,000</u>
Total Anticipated Revenues	<u>\$376,321,895</u>	<u>\$392,441,252</u>
Appropriations:		
Operations	\$308,383,750	\$323,747,625
Capital Improvements	15,962,000	14,565,000
Debt Service	39,801,145	41,653,627
Pension Contributions and Social Security Taxes	<u>12,175,000</u>	<u>12,475,000</u>
Total Appropriations	<u>\$376,321,895</u>	<u>\$392,441,252</u>

- (1) The 2002 County Budget was adopted by the Board of Freeholders on February 28, 2002.
(2) The 2003 County Budget was adopted by the Board of Freeholders on February 27, 2003.

**COUNTY OF MONMOUTH
RECLAMATION CENTER UTILITY FUND
STATEMENTS OF OPERATIONS AND CHANGE IN FUND BALANCE**

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>Unaudited 2002</u>
<u>REVENUES</u>					
Fund Balance	\$20,124,282	\$18,500,000	\$20,00,000	\$22,979,901	\$19,500,000
Utility Fees	22,144,136	24,292,147	25,834,224	27,791,733	27,954,966
Miscellaneous Revenue Not Anticipated	9,129,792	3,421,611	3,983,065	3,751,056	1,722,334
Other Income	552,143	252,050	58,137	698,047	63,605
Unexpended Appropriations	3,502,238	5,923,254	3,516,443	4,535,335	3,693,236
Total Revenue	<u>\$55,452,591</u>	<u>\$52,389,062</u>	<u>\$53,391,869</u>	<u>\$59,756,072</u>	<u>\$52,934,141</u>
<u>EXPENDITURES</u>					
Operations with Reserves	\$30,377,365	\$28,292,160	\$31,066,139	\$41,017,887	\$30,436,211
Other Expenditures and Commitments	567	--	6,462	--	159,358
Total Expenditures	<u>\$30,377,932</u>	<u>\$28,292,160</u>	<u>\$31,072,601</u>	<u>\$41,017,887</u>	<u>\$30,595,569</u>
Net Revenues	<u>\$25,074,659</u>	<u>\$24,096,902</u>	<u>\$22,319,268</u>	<u>\$18,738,185</u>	<u>\$22,338,572</u>
Debt Service	<u>6,114,624</u>	<u>5,946,397</u>	<u>2,433,861</u>	<u>3,182,113</u>	<u>3,063,789</u>
Change in Fund Balance	\$18,960,035	\$18,150,505	\$19,885,407	\$15,556,072	\$19,274,783
Fund Balance, January 1	<u>\$30,705,735</u>	<u>\$29,541,488</u>	<u>\$29,191,993</u>	<u>\$29,077,400</u>	<u>\$21,653,571</u>
	\$49,665,770	\$47,691,993	\$49,077,400	\$44,633,472	\$40,928,354
Utilized as Revenue	<u>20,124,282</u>	<u>18,500,000</u>	<u>20,000,000</u>	<u>22,979,901</u>	<u>19,500,000</u>
Fund Balance, December 31	<u>\$29,541,488</u>	<u>\$29,191,993</u>	<u>\$29,077,400</u>	<u>\$21,653,571</u>	<u>\$21,428,354</u>

Anticipated Capital Needs

The Board of Freeholders annually adopts a six-year capital improvement program setting forth its anticipated capital expenditures during that period. The program adopted by the Board of Freeholders on February 27, 2003 calls for expenditures of \$248,445,000 through the year 2008. Of this \$248,445,000 total, \$20,325,000 is anticipated to be paid from cash and Federal and State grants; the remaining \$228,120,000 will be financed by the issuance of bond anticipation notes or bonds of the County. Many of the projects represented in the capital improvement program have not received a funding commitment from the Board of Freeholders and their inclusion in the program represents a planning mechanism for future decisions of the Board.

Investment of Funds

The Director of Finance is responsible for the investment of funds for the County. Permitted investments for local governmental units in New Jersey pursuant to New Jersey Statute 40A:5-15.1 (the "Statute") are presented below:

1. Bonds or other obligations of the US or obligations guaranteed by the US.
2. Government money market mutual funds.
3. Fixed rate obligations issued by federal agency or federal instrumentality in accordance with an act of Congress, with maturity of not more than 397 days.
4. Bonds or other obligations of Monmouth County or of school districts within Monmouth County.
5. Bonds or other obligations with maturity of not more than 397 days, approved by the Division of Investment of the Department of the Treasury for investment by local units.
6. Local government investment pools, as defined by the Statute.
7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1997, c.281 (C.52:18A-90.4).
8. Repurchase agreements fully collateralized by securities outlined in (1) and (3) above, with custody of collateral transferred to a third party, maturity not exceeding 30 days, underlying securities purchased through a public depository and an executed master repurchase agreement providing for the custody and security of collateral.

The composition of the County's current portfolio is presented in the table below:

<u>Type of Security</u>	<u>Amount</u>	<u>Percent</u>
New Jersey Cash Management Fund (1)	\$223,471,781	78.84%
Federal Home Loan Bank (2)	50,000,000	17.64
Taxable Bond Anticipation Notes (3)	<u>10,000,000</u>	<u>3.52</u>
	\$283,471,781	100.00%

- (1) A money market fund administered and approved for investment by local units by the Division of Investment of the Department of Treasury.
- (2) Maturity value.
- (3) Hudson County and Perth Amboy BAN's approved for purchase by the Director, Division of Investments, Department of the Treasury, State of New Jersey.

None of the County's investments have a maturity date of more than 397 days from the date of purchase.

Pension Funds

County employees, who are eligible for a pension plan, are enrolled in one of three pension systems administered by the Division of Pensions; Treasury Department of the State of New Jersey. The three plans are: The Public Employees' Retirement System, Police and Firemen's Retirement System of New Jersey and the Judicial Retirement System of New Jersey. The Division annually charges counties and other participating governmental units for their respective contributions to the plans based upon actuarial methods. A portion of the cost is contributed by the employees. The County's share of pension costs, which is based upon the annual billings received from the State, amounted to \$104,424 for 2002 and \$110,539 for 2003.

Debt and Financial Management Policies

The Board of Chosen Freeholders adopted debt and financial management policies pursuant to a resolution adopted on September 14, 1995. The policies adopted were as follows:

1. The County will annually adopt a five year capital improvement program showing the projected capital expenditures and the source of funding for those expenditures. The County will determine the effect of the projected debt issuance on its net tax-supported debt ratios such as debt to full value, debt per capita, debt to personal income and debt service to revenues.
2. The County will maintain a target of net tax-supported debt service to revenues ratio, excluding debt service on Recreational Facilities Revenue Bonds, of 10%. The target is to be achieved over a period of time, but the maximum level will be 12.0%.
3. The County will maintain a minimum rapidity repayment rate of 70% of its net tax-supported debt to be retired in 10 years.
4. The County's ratio of net tax-supported debt to full value will not exceed 0.75%.

5. The ratio of net tax-supported debt to personal income will not exceed 2.0%.
6. The County will plan to have a minimum ratio of year-end Current Fund Balance to revenues of 3% and a target of at least 5%. This Current Fund Balance policy can be violated in times of fiscal stress as long as the County has a plan to restore the Fund Balance to appropriate levels.

IV. DEBT INFORMATION

Local Bond Law

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

Debt Limits

The authorized bond indebtedness of the County is limited by statute, subject to the exceptions noted below, to an amount equal to two percent of its average equalized assessed valuation. The equalized valuation basis of the County is set by statute as the average for the last three years, of the equalized value of all taxable real property and certain Class II railroad property within its boundaries as annually determined by the State Board of Taxation.

Exceptions To Debt Limits - Extensions of Credit

The debt limit of the County may be exceeded with the approval of the Local Finance Board, a state regulatory agency, and as permitted by other statutory exceptions. If all or any part of a proposed debt authorization would exceed its debt limit, the County must apply to the Local Finance Board for an extension of credit. If the Local Finance Board determines that a proposed debt authorization would not materially impair the ability of the County to meet its obligations or to provide essential services, or makes other statutory determinations, approval is granted. In addition, debt in excess of the debt limit may be issued by the County under N.J.S.A. 40A:2-7(g) for purposes permitted under the Local Bond Law if the amount (exclusive of utility and assessment obligations) of such obligations and all others authorized pursuant to such provision during the then current fiscal year do not exceed an amount equal to two-thirds of the amount budgeted for the retirement of outstanding obligations. The County’s net debt as of April 30, 2003 is .5746% of its equalized valuation basis, compared to the statutory debt limit of 2.00%.

Short-Term Financing

The County has the authority to sell short-term “bond anticipation notes” to temporarily finance a capital improvement or project in anticipation of the issuance of bonds, if the bond

ordinance so provides. Under the Local Bond Law, bond anticipation notes, which are full faith and credit obligations of the issuer, may be issued for a period not exceeding one year and may be renewed from time to time, again for a period that does not exceed one year. All bond anticipation notes, including all renewals, must be paid not later than three years from their original date, unless the issuer begins to amortize such notes beginning in the third year. If the appropriate amortization is commenced in the third year, such notes must finally mature, and be paid not later than first day of the fifth month following the close of the tenth fiscal year next following the date of the original notes. The County has not issued any short-term debt since September 1997.

COUNTY OF MONMOUTH
STATEMENT OF STATUTORY NET DEBT

April 30, 2003

GROSS DEBT:		
General Bonds Issued and Outstanding		\$207,530,000.00
Self-Liquidating Utility		25,690,000.00
County College Bonds Issued and Outstanding		19,215,000.00
County Vocational Bonds Issued and Outstanding		2,801,952.11
NJDEP-Green Trust Program		<u>15,243,813.10</u>
		\$270,480,765.21
BONDS/NOTES AUTHORIZED:		
General Improvements:		
Notes Issued		
Authorized but not Issued	\$155,205,000.00	
Self-Liquidating Utility:		
Notes Issued:	-0-	
Authorized but not Issued	750,000.00	<u>\$155,955,000.00</u>
TOTAL GROSS DEBT		<u>\$426,435,765.21</u>
LESS: STATUTORY DEDUCTIONS:		
Guaranty Equipment Lease Program:		
M.C.I.A.	\$30,090,000.00 ⁽¹⁾	
County College Bonds	19,215,000.00	
Vocational School Bonds	-0-	
Self-Liquidating Utility	26,440,000.00 ⁽²⁾	
Refunding Bonds for Unfunded Pension Liabilities	18,500,000.00 ⁽³⁾	
		94,245,000.00
STATUTORY NET DEBT		<u>\$332,190,765.21</u>
Three-Year Average (2000-2002)		
Equalized Valuation of Real Property (Pursuant to N.J.S.A. 15:1-35.1)		\$57,813,803,263
Net Debt Expressed as a Percentage of Average Equalized Valuation of Real Property		.5746%
Debt Limitation Per N.J.S.A. 40A:2-6 (Counties) 2% of Three-Year Average Equalized Valuation		1,156,276,065.26
Total Net Debt		<u>332,190,765.21</u>
Remaining Net Debt Capacity		\$824,085,300.05

(1) The County has unconditionally guaranteed \$30,090,000 M.C.I.A. Capital Equipment Pooled Lease Revenue Bonds. The guaranty is an allowable deduction from gross debt pursuant to the Local Bond Law and the County Improvement Authorities Law (N.J.S.A. 40:37A-80).

(2) The Reclamation Center indebtedness is an allowable deduction for self-liquidating purposes pursuant to the Local Bond Law (N.J.S.A. 40A:2-44 (c)).

(3) The Refunding Bonds are an allowable deduction pursuant to the Local Bond Law (N.J.S.A. 40A:2-52).

**COUNTY OF MONMOUTH
SCHEDULE OF DEBT SERVICE
DECEMBER 31, 2002**

<u>Year</u>	<u>General</u>	<u>County College</u>	<u>Vocational School</u>	<u>NJDEP Green Trust</u>	<u>Total Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal Reclamation Center</u>	<u>Interest Reclamation Center</u>	<u>Total Including Reclamation Center</u>
2003	\$22,200,000.00	\$2,700,000.00	\$377,848.89	\$1,768,714.86	\$27,046,563.75	\$10,586,670.71	\$37,633,234.46	\$2,590,000.00	\$1,119,622.50	\$41,342,856.96
2004	20,195,000.00	2,700,000.00	233,216.38	1,804,266.01	24,932,482.39	9,436,035.05	34,368,517.44	2,550,000.00	1,007,860.00	37,926,377.44
2005	18,645,000.00	2,700,000.00	237,745.62	1,787,476.78	23,370,222.40	8,371,919.07	31,742,141.47	2,510,000.00	897,885.00	35,150,026.47
2006	15,395,000.00	2,500,000.00	242,720.31	1,605,710.98	19,743,431.29	7,388,507.09	27,131,938.38	2,465,000.00	789,697.50	30,386,635.88
2007	15,020,000.00	2,500,000.00	247,890.26	1,418,114.76	19,186,005.02	6,562,382.48	25,748,387.50	2,555,000.00	683,522.50	28,986,910.00
2008	15,220,000.00	1,770,000.00	253,366.87	1,237,772.39	18,481,139.26	5,733,929.76	24,215,069.02	2,515,000.00	568,910.00	27,298,979.02
2009	16,670,000.00	1,770,000.00	258,927.61	1,262,651.61	19,961,579.22	4,931,468.29	24,893,047.51	2,475,000.00	455,165.00	27,823,212.51
2010	16,870,000.00	1,050,000.00	264,916.11	1,288,030.94	19,472,947.05	4,071,937.69	23,544,884.74	2,430,000.00	342,665.00	26,317,549.74
2011	17,020,000.00	1,060,000.00	271,214.09	1,007,468.88	19,358,682.97	3,228,314.92	22,586,997.89	800,000.00	231,200.00	23,618,197.89
2012	14,470,000.00	465,000.00	277,993.62	1,027,719.01	16,240,712.63	2,362,186.29	18,602,898.92	800,000.00	199,200.00	19,602,098.92
2013	11,550,000.00		285,112.36	751,278.66	12,586,391.02	1,645,694.62	14,232,085.64	800,000.00	167,200.00	15,199,285.64
2014	9,440,000.00			346,625.85	9,786,625.85	1,099,798.94	10,886,424.79	800,000.00	135,200.00	11,821,624.79
2015	7,480,000.00			162,069.11	7,642,069.11	665,723.62	8,307,792.73	800,000.00	102,400.00	9,210,192.73
2016	5,355,000.00	-	-	-	5,355,000.00	324,060.00	5,679,060.00	800,000.00	68,800.00	6,547,860.00
2017	2,000,000.00	-	-	-	2,000,000.00	87,000.00	2,087,000.00	800,000.00	34,800.00	2,921,800.00
	<u>\$207,530,000.00</u>	<u>\$19,215,000.00</u>	<u>\$2,950,952.12</u>	<u>\$15,467,899.84</u>	<u>\$245,163,851.96</u>	<u>\$66,495,628.53</u>	<u>\$311,659,480.49</u>	<u>\$25,690,000.00</u>	<u>\$6,804,127.50</u>	<u>\$344,153,607.99</u>

DEBT ANALYSIS

	December 31, <u>1998⁽¹⁾</u>	December 31, <u>1999⁽¹⁾</u>	December 31, <u>2000⁽¹⁾</u>	December 31, <u>2001⁽¹⁾</u>	December 31, <u>2002⁽¹⁾</u>
Full Valuation Per Capita	\$77,231.00	\$80,565.00	\$76,768.00	\$84,279.00	\$95,585.00
County Net Debt as a Percentage of Full Value	.59%	.61%	.59%	.54%	.51%
County Net Debt Per Capita	\$ 454.52	\$ 489.16	\$ 453.93	\$ 458.72	\$ 492.19
Overlapping Net Debt as a Percentage of Full Value	2.46%	2.58%	2.68%	2.85%	2.64%
Overlapping Net Debt Per Capita	\$ 1,898.64	\$ 2,078.63	\$ 2,058.54	\$ 2,404.70	\$ 2,526.99

⁽¹⁾ Per capita figures for 1998 and 1999 have been calculated utilizing 1990 Census Data; for 2000 through 2002 utilizing 2000 Census Data.

**COUNTY OF MONMOUTH
GROSS DEBT AND NET DEBT OF CONSTITUENT MUNICIPALITIES**

December 31, 2002

	<u>GROSS DEBT</u>			<u>DEDUCTIONS</u>			<u>Net Statutory Debt</u>	<u>Average Equalized Valuations</u>	<u>Statutory % of Net Debt</u>
	<u>School</u>	<u>Utility</u>	<u>Other</u>	<u>School</u>	<u>Utility</u>	<u>Other</u>			
Aberdeen Township	\$18,638,213.62	\$15,164,648.03	\$11,125,002.40	\$18,638,213.62	\$15,164,648.03	\$0.00	\$11,125,002.40	\$1,058,385,785.00	1.0511%
Allenhurst Borough	0.00	197,883.20	2,230,640.00	0.00	197,883.20	0.00	2,230,640.00	180,573,892.00	1.2353
Allentown Borough	3,996,111.38	22,108,260.59	616,911.97	3,996,111.38	2,108,260.59	0.00	616,911.97	111,815,858.00	0.5517
Asbury Park City	14,931,885.45	0.00	7,553,517.00	14,931,885.45	0.00	500,000.00	7,053,517.00	407,637,492.00	1.7303
Atlantic Highlands Borough	10,340,000.00	12,997,211.36	14,362,477.05	10,340,000.00	12,576,592.36	4,107,000.00	10,676,096.05	412,836,155.00	2.5860
Avon-By-The-Sea Borough	0.00	2,140,475.36	3,368,283.00	0.00	1,265,468.58	0.00	4,243,289.78	408,382,742.00	1.0390
Belmar Borough	1,120,780.84	4,205,050.00	9,085,701.25	1,120,780.84	4,205,050.00	242,493.88	8,843,207.37	600,468,533.00	1.4727
Bradley Beach Borough	0.00	2,220,000.00	5,632,541.67	0.00	2,220,000.00	595,860.07	5,036,681.60	382,350,326.00	1.3173
Brielle Borough	6,715,708.00	1,566,752.40	2,232,343.00	6,715,708.00	0.00	0.00	3,799,095.40	754,398,025.00	0.5036
Colts Neck Township	32,673,540.14	0.00	9,697,226.93	32,673,540.14	0.00	141,750.00	9,555,476.93	1,778,409,063.00	0.5373
Deal Borough	0.00	1,202,777.07	2,112,174.56	0.00	0.00	0.00	3,314,951.63	791,385,954.00	0.4189
Eatontown Borough	2,596,455.00	0.00	8,461,671.00	2,596,455.00	0.00	815,000.00	7,646,671.00	1,130,082,945.00	0.6766
Englishtown Borough	1,878,961.55	1,040,936.65	1,260,032.47	1,878,961.55	0.00	0.00	2,300,969.12	111,019,756.00	2.0726
Fair Haven Borough	4,029,000.00	0.00	3,334,000.00	4,029,000.00	0.00	18,889.08	3,315,110.92	796,625,827.00	0.4161
Farmingdale Borough	688,851.66	1,661,868.8	193,002.21	688,851.66	1,661,868.80	0.00	193,002.21	80,026,801.00	0.2412
Freehold Borough	12,818,888.65	3,111,687.23	9,459,250.00	12,818,888.65	3,111,687.23	3,082,669.71	6,376,580.29	557,118,852.00	1.1446
Freehold Township	72,787,054.87	26,698,978.05	42,801,398.24	72,787,054.87	26,698,978.05	0.00	42,801,398.24	3,212,626,547.00	1.3323

**COUNTY OF MONMOUTH
GROSS DEBT AND NET DEBT OF CONSTITUENT MUNICIPALITIES**

December 31, 2002

	<u>GROSS DEBT</u>			<u>DEDUCTIONS</u>			Net Statutory Debt	Average Equalized Valuations	Statutory % of Net Debt
	<u>School</u>	<u>Utility</u>	<u>Other</u>	<u>School</u>	<u>Utility</u>	<u>Other</u>			
Hazlet Township	\$ 8,370,000.00	\$ 337,081.20	\$ 7,407,482.40	\$ 8,370,000.00	\$ 0.00	\$ 446,594.30	\$ 7,297,969.30	\$1,337,109,837.00	0.5458%
Highlands Borough*	449,221.09	0.00	3,054,422.00	449,221.09	0.00	15,125.44	3,039,296.56	272,615,855.00	1.1149
Holmdel Township	37,365,000.00	3,269,352.20	20,495,084.36	37,365,000.00	3,269,352.20	6,574,127.56	13,920,956.80	2,637,728,092.00	0.5278
Howell Township	88,603,492.01	9,045,000.00	16,291,270.28	88,603,492.01	9,045,000.00	800.87	16,290,469.41	3,189,669,479.00	0.5107
Interlaken Borough	0.00	0.00	416,275.22	0.00	0.00	0.00	416,275.22	129,517,368.00	0.3214
Keansburg Borough*	10,075,000.00	12,800,000.00	9,344,595.22	10,075,000.00	12,800,000.00	79,735.00	9,264,860.22	305,139,982.00	3.0363
Keyport Borough	3,610,000.00	1,231,450.00	6,846,600.00	3,610,000.00	0.00	87,992.24	7,990,057.76	373,414,199.00	2.1397
Little Silver Borough	12,826,051.00	0.00	5,378,519.26	12,826,051.00	0.00	0.00	5,378,519.26	900,257,623.00	0.5974
Loch Arbour Village	736,263.53	0.00	452,700.00	736,263.53	0.00	0.00	452,700.00	58,749,258.00	0.7706
Long Branch City	0.00	0.00	31,524,936.41	0.00	0.00	0.00	31,524,936.41	1,697,355,873.00	1.8573
Manalapan Township	51,932,339.20	414,000.00	13,813,787.41	51,932,339.20	414,000.00	1,790,708.20	12,023,079.21	3,068,458,562.00	0.3918
Manasquan Borough	18,990,241.97	1,510,200.06	4,777,195.78	18,990,241.97	1,510,200.06	0.00	4,777,195.78	888,566,123.00	0.5376
Marlboro Township	73,059,094.32	70,000.00	24,393,946.06	73,059,094.32	70,000.00	2,879,750.00	21,514,196.06	3,831,455,636.00	0.5615
Matawan Borough	9,271,082.79	8,287,834.04	11,835,408.16	9,271,082.79	8,287,834.04	0.00	11,835,408.16	526,465,810.00	2.2481
Middletown Township	85,375,000.00	1,989,223.00	60,045,330.00	85,375,000.00	1,989,223.00	0.00	60,045,330.00	6,211,837,939.00	0.9666
Millstone Borough	14,492,000.00	0.00	7,295,523.00	14,492,000.00	0.00	4,535,773.00	2,759,750.00	1,037,963,735.00	0.2659
Monmouth Beach Borough	4,489,000.00	0.00	1,269,905.00	4,489,000.00	0.00	0.00	1,269,905.00	564,005,883.00	0.2252

* As of June 30, 2002.

**COUNTY OF MONMOUTH
GROSS DEBT AND NET DEBT OF CONSTITUENT MUNICIPALITIES**

December 31, 2002

	<u>GROSS DEBT</u>			<u>DEDUCTIONS</u>			<u>Net Statutory Debt</u>	<u>Average Equalized Valuations</u>	<u>Statutory % of Net Debt</u>
	<u>School</u>	<u>Utility</u>	<u>Other</u>	<u>School</u>	<u>Utility</u>	<u>Other</u>			
Neptune City Borough	0.00	279,500.00	3,111,504.99	0.00	139,043.60	0.00	3,251,961.39	271,688,102.00	1.1969%
Neptune Township	9,141,000.00	2,875,625.49	13,624,693.46	9,141,000.00	2,875,625.49	27,424.92	13,597,268.54	1,716,679,007.00	0.7921
Ocean Township	29,349,544.19	0.00	14,949,323.64	29,349,544.19	0.00	826,321.52	14,123,002.12	2,386,670,468.00	0.5917
Oceanport Borough	1,112,500.00	0.00	4,119,206.08	1,112,500.00	0.00	0.00	4,119,206.08	626,815,725.00	0.6572
Red Bank Borough	10,362,675.55	3,884,500.00	14,903,913.09	10,362,675.55	1,258,463.42	176,666.10	17,353,283.57	1,022,733,388.00	1.6968
Roosevelt Borough	668,000.00	2,636,428.10	0.00	668,000.00	2,636,428.10	0.00	0.00	41,373,716.00	0.0000
Rumson Borough	13,024,000.00	0.00	10,228,170.00	13,024,000.00	0.00	0.00	10,228,170.00	1,616,317,220.00	0.6328
Sea Bright Borough	0.00	448,452.00	3,839,123.45	0.00	448,452.00	188,637.65	3,650,485.80	279,784,384.00	1.3047
Sea Girt Borough	0.00	750,050.00	2,636,335.90	0.00	338,419.22	0.00	3,047,965.68	919,460,895.00	0.3315
Shrewsbury Borough	6,214,000.00	0.00	5,742,200.00	6,214,000.00	0.00	0.00	5,742,200.00	601,425,457.00	0.9548
Shrewsbury Township	590,731.66	0.00	391,200.74	590,731.66	0.00	0.00	391,200.74	33,309,982.00	1.1744
South Belmar Borough*	0.00	0.00	744,315.46	0.00	0.00	0.00	744,315.46	120,903,187.00	0.6156
Spring Lake Borough	2,340,000.00	5,714,647.00	5,576,378.40	2,340,000.00	4,731,948.00	0.00	6,559,077.40	1,552,321,364.00	0.4225
Spring Lake Heights Borough	6,693,000.00	526,250.00	1,041,371.10	6,693,000.00	526,250.00	0.00	1,041,371.10	605,040,254.00	0.1721
Tinton Falls Borough	22,017,821.85	340,002.04	21,693,260.86	22,017,821.85	340,002.04	3,647,500.00	18,045,760.86	1,332,713,084.00	1.3541

* As of June 30, 2002.

**COUNTY OF MONMOUTH
GROSS DEBT AND NET DEBT OF CONSTITUENT MUNICIPALITIES**

December 31, 2002

	<u>GROSS DEBT</u>			<u>DEDUCTIONS</u>			<u>Net Statutory Debt</u>	<u>Average Equalized Valuations</u>	<u>Statutory % of Net Debt</u>
	<u>School</u>	<u>Utility</u>	<u>Other</u>	<u>School</u>	<u>Utility</u>	<u>Other</u>			
Union Beach Borough*	0.00	0.00	8,693,108.68	0.00	0.00	0.00	8,693,108.68	311,361,076.00	2.7920%
Upper Freehold Township	16,331,888.62	0.00	8,481,815.50	16,331,888.62	0.00	0.00	8,481,815.50	456,985,295.00	1.8560
Wall Township	38,960,000.00	22,465,717.00	29,289,328.00	38,960,000.00	22,465,717.00	0.00	29,289,328.00	3,258,202,271.00	0.8989
West Long Branch Borough	0.00	0.00	5,058,588.30	0.00	0.00	0.00	5,058,588.30	747,670,654.00	0.6766
TOTAL	\$759,664,398.94	\$153,191,840.87	\$512,292,990.96	\$759,664,398.94	\$142,356,395.01	\$30,780,819.54	\$492,347,616.28	\$57,707,911,336.00	0.8532%

* As of June 30, 2002.

Other County Obligations

Monmouth County Improvement Authority Correctional Facilities Revenue Bonds

The \$45,215,000 Correctional Facilities Revenue Bonds, Series 1991 and the \$30,330,000 Correctional Facilities Refunding Revenue Bonds, Series 1997 are direct and special obligations of the Monmouth County Improvement Authority (“Authority”) secured by a pledge of certain property, which includes the Authority’s right to receive rental payments from the County pursuant to the terms and provisions under the Lease and Agreement dated as of August 1, 1991 between the County and the Authority. The County is obligated to pay to the Authority such sums of money constituting lease rentals in amounts necessary to provide for the cost of acquisition and construction of additions and improvements to the existing correctional facilities located in the County, including payment of debt service on bonds associated with the financing of such acquisition and any administrative expenses of the Authority. The lease rental payments representing debt service on said bonds are irrevocably pledged by the Authority for the payment of principal of, or the redemption price, if any, and interest on such bonds. As of April 30, 2003, \$28,745,000 of the bonds were outstanding.

Maturities of Bonds Outstanding April 30, 2003

<u>Date</u>	<u>Amount</u>
2003	\$2,660,000
2004	2,775,000
2005	2,890,000
2006	3,015,000
2007	3,150,000
2008	3,310,000
2009	3,470,000
2010	3,645,000
2011	3,830,000

**Monmouth County Improvement Authority
Recreational Facilities Revenue Bonds**

The \$36,000,000 Recreational Facilities Revenue Bonds, Series 1990 and the \$12,270,000 Recreational Facilities Refunding Revenue Bonds, Series 1997 are direct and special obligations of the Authority secured by a pledge of certain property, which includes the Authority's right to receive rental payments from the County pursuant to the terms and provisions under the Lease and Agreement dated as of January 1, 1990 between the County and the Authority. The County is obligated to pay to the Authority such sums of money constituting lease rentals in amounts necessary to provide for the cost of acquisition of certain parcels of real property located in the County, including payment of debt service on bonds associated with the financing of such acquisition and any administrative expenses of the Authority. The lease rental payments representing debt service on said bonds are irrevocably pledged by the Authority for the payment of principal of, or the redemption price, if any, and interest on such bonds. As of April 30, 2003, \$8,335,000 of the bonds were outstanding.

Maturities of Bonds
Outstanding April 30, 2003

<u>Date</u>	<u>Amount</u>
2003	\$3,290,000
2004	3,430,000
2005	1,615,000

**Monmouth County Improvement Authority
Capital Equipment Pooled Lease
Revenue Bonds**

The \$5,435,000 Capital Equipment Pooled Lease Revenue Bonds, Series 1991, the \$10,825,000 Capital Equipment Pooled Lease Revenue Bonds, Series 1993, the \$8,530,000 Capital Equipment Pooled Lease Revenue Bonds, Series 1995, the \$11,390,000 Capital Equipment Pooled Lease Revenue Bonds, Series 1997, the \$20,590,000 Capital Equipment Pooled Lease Revenue Bonds, Series 1999 and the \$16,885,000 Capital Equipment Pooled Lease Revenue Bonds, Series 2001 (the “Bonds”) are limited obligations of the Authority secured by a pledge of certain property, which includes the Authority’s right to receive payments of principal and interest on bonds issued by the Authority (“Local Unit Bond”) to finance the acquisition of equipment for lease to certain governmental units located within the County (the “Local Units”). The principal and interest on each Local Unit Bond is secured by a pledge of lease payments made by the applicable Local Unit pursuant to the terms and provisions of a lease agreement between the Authority and such Local Unit, with respect to the equipment leased by such Local Unit. Payment of principal and interest on each Local Unit Bond is unconditionally and irrevocably guaranteed by each of the Local Units. In addition, payment of principal and interest on each Local Unit Bond is unconditionally and irrevocably guaranteed by the County. As of April 30, 2003, \$30,090,000 of the bonds were outstanding.

Maturities of Bonds
Outstanding April 30, 2003

<u>Date</u>	<u>Amount</u>
2003	\$6,050,000
2004	6,110,000
2005	4,525,000
2006	4,275,000
2007	3,085,000
2008	2,325,000
2009	2,155,000
2010	765,000
2011	800,000

V. ECONOMIC AND DEMOGRAPHIC INFORMATION

Population

Since 1950, the strategic location of the County in the New York Metropolitan Area and the completion of the Garden State Parkway and State Routes 9, 35 and 36, and to the railroad lines serving the County, have resulted in high population growth. The County's population increased 48.4% from 1950 (225,327) to 1960 (334,401), 38.1% from 1960 to 1970 (461,849), 8.9% from 1970 to 1980 (503,173), 9.9% from 1980 to 1990 (553,093) and 11.2% from 1990 to 2000 (615,301).

Employment

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

MONMOUTH COUNTY PRIVATE EMPLOYMENT

<u>Year</u>	<u>Number of Jobs</u>	<u>Percentage Change</u>
1997	184,804	1.7%
1998	188,795	2.2
1999	191,804	1.6
2000	196,353	2.4
2001	199,428	1.6

Source: New Jersey Department of Labor.

The economy of Monmouth County, as reflected in the number of jobs/industrial sector, is well diversified. The service industry sector employs the greatest portion of people in the County at 49.4%, with retail trade next at 18.0% and construction at 7.1%. A breakdown of these data follows:

EMPLOYMENT BY INDUSTRIAL SECTOR

<u>Sector</u>	<u>Number Employed 2000</u>	<u>Percentage of Total</u>	<u>Number Employed 2001</u>	<u>Percentage of Total</u>
Services	77,735	39.59%	98,562	49.42%
Retail Trade	51,074	26.01	35,945	18.02
Manufacturing	12,710	6.47	10,814	5.42
Finance, Insurance and Real Estate	12,939	6.59	13,653	6.85
Construction	13,426	6.84	14,186	7.11
Wholesale Trade	10,416	5.30	8,164	4.09
Utilities (1)	8,921	4.54	1,389	0.70
Transportation and Warehousing	6,010	3.06	5,044	2.53
Information (2)	--	--	10,564	5.30
Agriculture	<u>3,122</u>	<u>1.59</u>	<u>1,107</u>	<u>0.56</u>
TOTAL	196,353	100.00%	199,428	100.00%

(1) Includes Communication category in 2000.

(2) Category added in 2001.

Source: New Jersey Department of Labor

MAJOR EMPLOYERS - MONMOUTH COUNTY

The leading industries in the County by number of employees as of May 2003 are as follows:

	<u>Employer</u>	<u>Municipality</u>	<u>Number of Employees</u>
1.	Meridian Health Care (Jersey Shore Medical Center, Riverview Medical Center and other facilities in Monmouth County)	Various Locations	7,400
2.	AT&T	Various Locations	5,900
3.	Fort Monmouth	Eatontown & Oceanport	5,569
4.	County of Monmouth	Various Locations	3,366
5.	Monmouth Medical Center	Long Branch	2,250
6.	Foodarama Supermarkets, Inc. (Shop Rite Supermarkets)	Various Locations	2,080
7.	CentraState Hospital	Freehold Township	2,029
8.	Lucent Technologies	Holmdel	1,920
9.	Bayshore Community Hospital	Holmdel	1,700
10.	Naval Weapons Station Earle	Colts Neck & Middletown	1,300
11.	Verizon	Various Locations	1,175
12.	New Jersey Press, Inc. (Asbury Park Press)	Neptune	1,120
13.	Monmouth University	West Long Branch	1,091

Source: Monmouth County Department of Economic Development and Tourism - May, 2003

**COUNTY OF MONMOUTH
LABOR FORCE DATA**

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	March <u>2003</u> *
Labor Force	305,543	309,030	309,400	313,950	330,000	329,100
Employment	293,295	296,747	299,300	302,585	312,700	311,000
Unemployment	12,248	12,283	10,000	11,365	17,400	18,100
Unemployment Rate	4.0%	4.0%	3.2%	3.6%	5.3%	5.4%
New Jersey						
Unemployment Rate	4.6%	4.6%	3.8%	4.2%	5.8%	6.0%
United States						
Unemployment Rate	4.5%	4.2%	4.0%	4.8%	5.8%	5.8%

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

* Not seasonally adjusted.

Median Family Income

According to the U.S. Census Bureau, the median family income in the County was \$53,590 in 1990 and \$76,823 in 2000, as opposed to \$47,589 in 1990 and \$65,370 for New Jersey and \$35,225 in 1990 and \$50,046 for 2000 for the nation.

Average Per Capita Personal Income

<u>Year</u>	<u>Monmouth County</u>	<u>Percentage of United States</u>	<u>New Jersey</u>	<u>Percentage of United States</u>	<u>U.S.A.</u>
1997	\$33,671	132.50%	\$31,720	124.82%	\$25,412
1998	36,026	133.96	33,640	125.09	26,893
1999	37,112	133.29	34,622	124.35	27,843
2000	40,123	136.15	37,118	125.96	29,469
2001	42,028	138.19	38,625	127.00	30,413

Source: U.S. Department of Commerce, Bureau of Economic Analysis

Effective Buying Income

Effective buying income (“EBI”) is a classification developed by Sales and Marketing Management Magazine. It consists primarily of disposable money income (i.e., personal income less personal tax and non-tax payments, which include fines, fees, penalties and personal contributions for social insurance).

The County’s median EBI is higher than that of New Jersey and the United States. The County has higher percentage of households with EBI of \$50,000 or more than New Jersey and the United States and lower percentage of households with EBI below \$35,000.

PERCENTAGE OF HOUSEHOLDS IN INCOME CATEGORIES (2001 EBI)

	Under <u>\$19,999</u>	\$20,000- <u>\$34,999</u>	\$35,000- <u>\$49,999</u>	\$50,000- <u>and Over</u>	Median <u>EBI</u>
Monmouth County	12.8%	14.6%	17.4%	55.2%	\$54,723
New Jersey	16.0	17.3	18.9	47.8	47,862
United States	21.9	23.5	19.3	35.3	38,365

Source: Sales and Marketing Management Magazine “2002 Survey of Buying Power and Media Markets” (September 2002)

Housing and Construction Values

The U.S. Census Bureau lists 2001 census housing units in the County at 240,884, compared to the 1990 census housing units of 218,408, an increase of 10.3%. 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>	<u>County of Monmouth</u>	<u>State of New Jersey</u>	<u>Monmouth’s Percentage of State Permits.</u>
1998	3,277	31,345	10.5%
1999	2,974	31,976	9.3
2000	2,912	34,585	8.4
2001	2,194	28,267	7.8
2002	2,338	30,045	7.8

RESIDENTIAL CONSTRUCTION VALUES
(Thousands)

<u>Year</u>	<u>County of Monmouth</u>	<u>State of New Jersey</u>	<u>Monmouth's Percentage of State Construction Value</u>
1998	350,432	2,936,016	11.9%
1999	355,806	3,162,436	11.3
2000	322,127	3,375,978	9.5
2001	312,761	3,013,190	10.4
2002	328,533	3,386,161	9.7

Source: U.S. Bureau of The Census

The following table sets forth the distribution of non-residential construction values in the County:

NON-RESIDENTIAL CONSTRUCTION VALUES

<u>Year</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Office</u>	<u>Public</u>	<u>Total</u>
1998	\$ 79,328,759	\$ 8,648,375	\$80,108,030	--	\$168,085,164
1999	80,274,605	11,399,923	70,967,608	--	162,642,136
2000	141,756,404	3,403,076	59,532,109	\$ 7,321,205	212,012,794
2001	154,931,654	10,383,160	51,469,660	71,948,878	288,733,352
2002	154,520,559	8,635,266	32,112,769	46,006,805	241,275,399

Source: Monmouth County Department of Economic Development and Tourism

VI. LEGAL MATTERS

Legality of the Bonds

The legality of the Series 2003 Bonds will be subject to the final approving opinion of Gibbons, Del Deo, Dolan, Griffinger and Vecchione, a Professional Corporation, Bond Counsel to the County. Such opinion will be to the effect that the Series 2003 Bonds are valid and legally binding obligations of the County, and the County is authorized and required by law to levy ad valorem taxes upon all taxable property by said County for the payment of Series 2003 Bonds and the interest thereon without limitation as to rate or amount.

Tax Matters

Exclusion of Interest on the Series 2003A Bonds from Gross Income for Federal Income Tax Purposes. The Internal Revenue Code of 1986, as amended (the “Code”), imposes certain requirements which must be met on a continuing basis subsequent to the issuance of the Series 2003A Bonds in order to assure that interest on the Series 2003A Bonds will be excluded from gross income for Federal income tax purposes under Section 103 of the Code. Failure of the County to comply with such requirements may cause interest on the Series 2003A Bonds to be included in gross income for Federal income tax purposes, retroactive to the date of the issuance of the Series 2003A Bonds. The County has covenanted to comply with the provisions of the Code applicable to the Series 2003A Bonds and has covenanted not to take any action or permit any action that would cause the interest on the Series 2003A Bonds to be included in gross income under Section 103 of the Code or cause interest on the Series 2003A Bonds to be treated as an item of tax preference under Section 57 of the Code.

Assuming the County observes its covenants with respect to compliance with the Code, Gibbons, Del Deo, Dolan, Griffinger & Vecchione, a Professional Corporation, Bond Counsel to the County, is of the opinion that, interest on the Series 2003A Bonds is excluded from the gross income of the owners of the Series 2003A Bonds for Federal income tax purposes pursuant to Section 103 of the Code and interest on the Series 2003A Bonds is not an item of tax preference under Section 57 of the Code for purposes of computing the alternative minimum tax.

Additional Federal Income Tax Consequences. In the case of certain corporate holders of the Series 2003A Bonds, interest on the Series 2003A Bonds will be included in the calculation of the alternative minimum tax as a result of the inclusion of interest on the Series 2003A Bonds in “adjusted current earnings” of certain corporations.

Prospective purchasers of the Series 2003A Bonds should be aware that ownership of, accrual of or receipt of interest on or disposition of tax-exempt obligations, such as the Series 2003A Bonds, may have additional Federal income tax consequences for certain taxpayers, including, without limitation, taxpayers eligible for the earned income credit, recipients of certain social security and certain railroad retirement benefits, taxpayers that may be deemed to have

incurred or continued indebtedness to purchase or carry tax-exempt obligations, financial institutions, property and casualty companies, foreign corporations and certain S corporations.

Bond Counsel expresses no opinion regarding any Federal tax consequences other than its opinion with regard to the exclusion of interest on the Series 2003A Bonds from gross income pursuant to Section 103 of the Code and interest on the Series 2003A Bonds not constituting an item of tax preference under Section 57 of the Code. Prospective purchasers of the Series 2003A Bonds should consult their tax advisors with respect to all other tax consequences (including, but not limited to, those listed above) of holding the Series 2003A Bonds.

State Taxation - Series 2003 Bonds. Bond Counsel is of the opinion that, under existing law, interest on the Series 2003A Bonds and the Series 2003B Bonds and net gains from the sale of the Series 2003A Bonds and the Series 2003B Bonds are exempt from the tax imposed by the New Jersey Gross Income Tax Act.

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 Series 2003 Bonds, and such Series 2003 Bonds are authorized security for any and all public deposits.

Litigation

In the opinion of the County Counsel, there is no litigation pending or threatened, restraining or enjoining the issuance or delivery of the Series 2003 Bonds offered for sale or the levy or collection of any taxes to pay interest or principal of the Series 2003 Bonds, or in any manner questioning the authority of proceedings for the issuance of the Series 2003 Bonds or for the levy or collection of said taxes or adversely affecting the financial position of the County.

VII. OTHER INFORMATION

Report of Independent Public Accountants

The financial statements of the County included in Appendix A have been audited by Armour S. Hulsart and Company, independent public accountants, as stated in its report appearing therein and are included in reliance upon the report of such firm and upon its authority as experts in accounting and auditing.

Ratings

Fitch, Moody's Investors Service, Inc., and Standard & Poor's Rating Service, a division of The McGraw-Hill Companies Inc., have assigned the Series 2003 Bonds the ratings of AAA, Aaa and AAA, respectively. The ratings assigned reflect only the view of the organizations assigning such ratings, and an explanation of the significance of the ratings may be obtained only from those organizations. There can be no assurance that such ratings will be retained for any given period of time or that a particular rating will not be revised downward or withdrawn by the respective rating agency if in its judgment circumstances so warrant. Any downward revision or withdrawal of any rating may have an adverse impact on the market price of the Series 2003 Bonds.

The DTC Book-Entry-Only System

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Series 2003 Bonds. The Series 2003 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2003 Bond certificate will be issued for each issue of the Series 2003 Bonds, each in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 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, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing

Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange, LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Series 2003 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2003 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2003 Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2003 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2003 Bonds, except in the event that use of the book-entry system for the Series 2003 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2003 Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Series 2003 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2003 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2003 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

Redemption notices shall be sent to Cede & Co. If less than all of the Series 2003 Bonds 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 Series 2003 Bonds unless authorized by a Direct Participant in accordance with DTC’s

Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s, consenting or voting rights to those Direct Participants to whose accounts the Series 2003 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Series 2003 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the County, 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, distributions, and dividend 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 the Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2003 Bonds at any time by giving reasonable notice to the County. Under such circumstances, in the event that a successor depository is not obtained, certificated bonds 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 such event, certificated bonds 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 principal of, Redemption Price, if any, and interest on the Series 2003 Bonds are payable to DTC by the County.

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 Series 2003 Bonds, unless the Participating Underwriter has reasonably determined that an issuer of municipal securities or an obligated person has undertaken in a written agreement or contract for the benefit of holders of

such securities to provide certain annual financial information and event notices to various information repositories (the “Continuing Disclosure Requirements”).

On the date of delivery of the Series 2003 Bonds, the County will enter into a Continuing Disclosure Certificate (“the Continuing Disclosure Certificate”) containing the Continuing Disclosure Requirements for the benefit of the beneficial holders of the Series 2003 Bonds 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 September 1 of each Fiscal Year of the County, commencing with the first Fiscal Year of the County ending after January 1, 2003 (which is currently scheduled to end on December 31, 2003) (the “Annual Report”), and to provide notices of the occurrence of certain enumerated events, if material. The Annual Report will be filed by the County with each Nationally Recognized Municipal Securities Information Repository (each, a “National Repository” and, collectively, the “National Repositories”) and with the State Information Depository (the “State Repository”). (As of the date of this Official Statement, the State of New Jersey has not designated a State Repository.) The notices of material events will be filed by the County with each of the National Repositories or the Municipal Securities Rulemaking Board and the State Repository. The specific nature of the information to be contained in the Annual Report or the notices of material events is set forth in “Appendix B - Form of Continuing Disclosure Certificate”. These covenants have been made in order to assist the Underwriter in complying with S.E.C. Rule 15c2-12(b)(5). The County has never failed to comply, in all material respects, with any previous undertakings to provide continuing disclosure compliance with the requirements of Rule 15c2-12.

Additional Information

Inquiries regarding this Official Statement, including information additional to that contained herein, may be directed to the Director of Finance, Mark E. Acker, County of Monmouth, Hall of Records, P.O. Box 1256, Freehold, New Jersey 07728-1256 (Telephone: (732) 431-7391).

Miscellaneous

So far as any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any of such statements will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the holders of the Series 2003 Bonds.

This Official Statement has been duly executed and delivered by the Director of Finance for and on behalf of the County.

THE COUNTY OF MONMOUTH

By: /s/ Mark E. Acker
Director of Finance

APPENDIX A

COUNTY OF MONMOUTH

REPORT ON AUDITS OF FINANCIAL STATEMENTS

Armour S. Hulsart and Company

CERTIFIED PUBLIC ACCOUNTANTS

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)
 ROBERT A. HULSART, C.P.A., R.M.A., P.S.A.
 WILLIAM E. ANTONIDES, C.P.A., R.M.A., P.S.A.

WILLIAM E. ANTONIDES, JR., C.P.A., R.M.A., P.S.A.
 ROBERT A. HULSART, JR., C.P.A., P.S.A.
 EDWARD J. SIMONE, C.P.A., R.M.A., P.S.A.
 BRIAN K. LOGAN, C.P.A., R.M.A., P.S.A.
 DONALD F. HILL, C.P.A., P.S.A.
 RICHARD J. HELLENBRECHT, JR., C.P.A., P.S.A.

Monmouth County Office:
 2807 Hurley Pond Road
 P.O. Box 1409
 Wall, New Jersey 07719
 (732) 681-4990

Telecopier:
 (732) 280-8888

Ocean County Office:
 506 Hooper Avenue, Suite B
 Toms River, New Jersey 08754
 (732) 914-0004
 (609) 693-1362

INDEPENDENT AUDITOR'S REPORT

Honorable Director and Members of the
 Board of Chosen Freeholders
 County of Monmouth
 Freehold, New Jersey

We have audited the accompanying balance sheets - statutory basis of the various funds and account groups of the County of Monmouth (the "County"), in the United States of America as of December 31, 2001 and 2000 and the related statements of operations and changes in fund balance - statutory basis for the years then ended and the related statement of revenues - statutory basis and statement of expenditures - statutory basis of the various funds for the year ended December 31, 2001. These financial statements are the responsibility of the management of the County of Monmouth. Our responsibility is to express an opinion on these financial statements based on our audit.

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

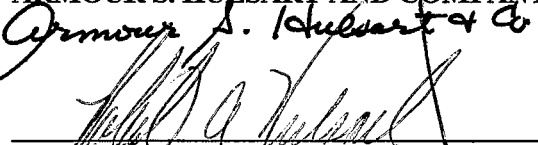
As discussed in Note 1, the County prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with the modified accrual basis, with certain exceptions, and the budget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

In our opinion, because of the County's statutory requirement to prepare its financial statements on the basis of accounting discussed in the preceding paragraph, the financial statements referred to above are not in conformity with generally accepted accounting principles.

However, in our opinion, the financial statements - statutory basis referred to above present fairly, in all material respects, the financial position - statutory basis of the various funds and account groups of the County as of December 31, 2001 and 2000, and the results of its operations and changes in fund balance - statutory basis of such funds for the years then ended and the statement of revenues - statutory basis and statement of expenditures - statutory basis of the various funds for the year ended December 31, 2001 on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 14, 2002 on our consideration of the County's internal control structure and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the financial statements of the County taken as a whole. The accompanying additional schedules, schedules of expenditures of federal and state financial assistance as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations and New Jersey OMB Circular 98-07, comments and recommendations sections listed in the foregoing table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

ARMOUR S. HULSART AND COMPANY


Robert A. Hulsart
Certified Public Accountant
Registered Municipal Accountant
R.M.A. Number 158

June 14, 2002

Armour S. Hulsart and Company
 CERTIFIED PUBLIC ACCOUNTANTS

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 ROBERT A. HULSART, C.P.A., R.M.A., P.S.A.
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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Director and Members of the
 Board of Chosen Freeholders
 County of Monmouth
 Freehold, New Jersey

We have audited the financial statements - statutory basis of the County of Monmouth (the "County"), in the United States of America as of and for the year ended December 31, 2001, and have issued our report thereon dated June 14, 2002. The County's financial statements were not prepared in accordance with generally accepted accounting principles but rather prepared on an other comprehensive basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, as described in Note 1.

We conducted our audit in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in accordance with audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Compliance

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect of the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weakness.

This report is intended for the information of the governing body, management, the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and federal and state awarding agencies and pass through entities. This Report is intended solely for the information and use of the County's management and council members, others within the organization, the Division of Local Government Services, and federal and state awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

ARMOUR S. HULSART AND COMPANY

June 14, 2002

COUNTY OF MONMOUTH**Exhibit A****CURRENT FUND****Sheet 1 of 2****BALANCE SHEETS****(STATUTORY BASIS)**

	Ref.	Balance Dec. 31, 2001	Balance Dec. 31, 2000
<u>Assets</u>			
Cash and Cash Equivalents	A-4,5	\$ 59,065,552.11	38,232,647.51
Investments	A-5a	50,000,000.00	61,150,000.00
Premium of Purchase of U.S. Treasury Bonds	A-9a	19,539.00	39,411.49
Change Funds	N/C	130.00	130.00
Total Cash and Investments		<u>109,085,221.11</u>	<u>99,422,189.00</u>
Receivables with Full Reserves:			
Added and Omitted Taxes Receivable	A-7	3,869,994.49	3,606,086.23
Revenue Accounts Receivable	A-8	1,456,943.97	182,970.35
Due from Capital - Accrued Interest	A-9	31,578.75	40,911.46
		<u>5,358,517.21</u>	<u>3,829,968.04</u>
Deferred Charges to Future Taxation	A-15		<u>470,000.00</u>
Sub-Total Current Operating		<u>114,443,738.32</u>	<u>103,722,157.04</u>
General Fixed Assets Group:			
General Fixed Assets		442,791,316.16	417,980,398.54
Fixed Assets Division of Social Services		915,622.19	865,578.20
		<u>443,706,938.35</u>	<u>418,845,976.74</u>
Total Assets		<u>\$ 558,150,676.67</u>	<u>522,568,133.78</u>

COUNTY OF MONMOUTH**Exhibit A****CURRENT FUND****Sheet 2 of 2****BALANCE SHEETS****(STATUTORY BASIS)**

	<u>Ref.</u>	<u>Balance Dec. 31, 2001</u>	<u>Balance Dec. 31, 2000</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Cash Liabilities:			
Appropriation Reserves	A-3	\$ 12,045,806.37	11,453,760.57
Appropriation Reserves Committed	A-3	26,014,383.29	24,723,589.72
Due State of N.J. - Realty Transfer Fees	A-11	752,237.75	912,390.79
Contractors' Retainage	A-12	19,653.00	19,653.00
Accounts Payable	A-13	3,962,290.89	3,953,883.64
Reserve for Arbitrage Rebates	A-14	686,250.00	547,474.24
		<u>43,480,621.30</u>	<u>41,610,751.96</u>
Reserve for Receivables		5,358,517.21	3,829,968.04
Fund Balance		65,604,599.81	58,281,437.04
		<u>70,963,117.02</u>	<u>62,111,405.08</u>
Reserve for Fixed Assets Group		<u>443,706,938.35</u>	<u>418,845,976.74</u>
Total Liabilities and Reserves		<u>\$ 558,150,676.67</u>	<u>522,568,133.78</u>

See accompanying Notes to Financial Statements.

COUNTY OF MONMOUTH**Exhibit A-1****CURRENT FUND****STATEMENT OF OPERATIONS AND****CHANGE IN FUND BALANCE****YEARS ENDED DECEMBER 31, 2001 AND 2000**

	<u>Ref.</u>	<u>Year 2001</u>	<u>Year 2000</u>
<u>Revenue and Other Income</u>			
Fund Balance Utilized	A-2	\$ 35,000,000.00	35,000,000.00
Miscellaneous Revenue Anticipated	A-2	144,425,066.90	128,571,126.75
Receipts from Current Taxes	A-2,6	218,585,192.00	201,529,528.00
Non-Budget Revenue	A-2	14,957,121.73	14,930,954.41
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-10	10,272,731.79	8,523,139.20
Current Appropriations Cancelled	A-3	3,595.39	28,668.68
Adjustments to Accounts Payable	A-13	88,866.82	-
Deferred Charges to Future Taxation	A-15		470,000.00
Total Revenue and Other Income		<u>423,332,574.63</u>	<u>389,053,417.04</u>
<u>Expenditures</u>			
Budget Appropriations	A-3	<u>381,009,411.86</u>	<u>349,888,842.09</u>
Excess in Revenue		42,323,162.77	39,164,574.95
Fund Balance, Beginning of Year	A	<u>58,281,437.04</u>	<u>54,116,862.09</u>
		100,604,599.81	93,281,437.04
Less: Utilized as Revenue	A-2	<u>35,000,000.00</u>	<u>35,000,000.00</u>
Fund Balance, End of Year	A	<u>\$ 65,604,599.81</u>	<u>58,281,437.04</u>

See Accompanying Notes to Financial Statements

COUNTY OF MONMOUTH

Exhibit A-2

CURRENT FUND

Sheet 1 of 13

STATEMENT OF REVENUES

YEAR ENDED DECEMBER 31, 2001

(STATUTORY BASIS)

	<u>Ref.</u>	<u>Anticipated Revenue</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Surplus Anticipated	A-1	\$ 35,000,000.00	35,000,000.00	
<u>Miscellaneous Revenues - Local Revenues</u>				
County Clerk		5,000,000.00	7,673,788.89	2,673,788.89
Surrogate		300,000.00	550,672.02	250,672.02
Sheriff		725,000.00	678,700.40	(46,299.60)
Interest on Investments and Deposits		3,700,000.00	9,202,998.80	5,502,998.80
Parks and Recreation		5,200,000.00	6,063,761.76	863,761.76
M.C. County Care Center - Geraldine L. Thompson Division		7,000,000.00	8,260,386.08	1,260,386.08
M.C. County Care Center - John L. Montgomery Division		9,500,000.00	10,554,248.83	1,054,248.83
Data Processing - Board of Social Services		100,000.00	115,233.00	15,233.00
Receipts, Rental of County Owned Properties		100,000.00	236,565.25	136,565.25
Indirect Cost Recovery		830,000.00	1,663,844.94	833,844.94
USDA Reimbursement, Youth Detention Center		30,000.00	55,839.74	25,839.74
Maintenance in Lieu of Rent, Division of Social Services		1,029,180.00	1,029,183.00	3.00
Recovery of Fringe Benefits		3,900,000.00	4,601,501.87	701,501.87
Lease, Workmen's Compensation Court		100,000.00	114,879.96	14,879.96
Intoxicated Driver Resource Center		125,000.00	201,301.00	76,301.00
Monmouth County Reclamation Center Utility - Equipment Leases		4,000,000.00	4,505,316.00	505,316.00
Division of Social Services		2,000,000.00	2,846,968.58	846,968.58
Total Local Revenues		<u>43,639,180.00</u>	<u>58,355,190.12</u>	<u>14,716,010.12</u>

COUNTY OF MONMOUTH

Exhibit A-2

CURRENT FUND

Sheet 2 of 13

STATEMENT OF REVENUES

YEAR ENDED DECEMBER 31, 2001

(STATUTORY BASIS)

	Ref.	Anticipated Revenue	Realized	Excess or (Deficit)
<u>Miscellaneous Revenues - State Aid</u>				
State Aid - County College Bonds (N.J.S.A. 18A:64A-22.6)	A-3,8	2,227,010.00	2,227,010.00	
State Aid - County Vocational School Bonds (N.J.S.A. 18A:58-33.22)	A-3,8	180,855.00	180,855.00	
Reimbursement, Mental Health Administrator's Salary		12,000.00	12,000.00	
Reimbursement, State Inmates at Correctional Institution		3,017,000.00	2,336,778.68	(680,221.32)
Division of Economic Assistance - Earned Income Grant		16,500,000.00	19,363,420.39	2,863,420.39
Total State Aid		<u>21,936,865.00</u>	<u>24,120,064.07</u>	<u>2,183,199.07</u>
<u>Miscellaneous Revenues - State Assumption of Costs of County Social and Welfare Services and Psychiatric Facilities</u>				
<u>Social and Welfare Services (C. 66, P.L. 1990)</u>				
Division of Youth and Family Services		3,717,467.00	3,717,467.00	
Supplemental Social Security Income		841,000.00	600,407.00	(240,593.00)
<u>Psychiatric Facilities (C.73, P.L. 1990)</u>				
Maintenance of Patients in State Institutions for:				
Mental Diseases		4,465,073.00	4,465,073.00	
Mentally Retarded		7,757,383.00	7,757,383.00	
Board of County Patients in State and Other Institutions		6,685.00	263,443.85	256,758.85
Total - State Assumption of Costs of County Social and Welfare Services and Psychiatric Facilities		<u>16,787,608.00</u>	<u>16,803,773.85</u>	<u>16,165.85</u>

COUNTY OF MONMOUTH

Exhibit A-2

CURRENT FUND

Sheet 3 of 13

STATEMENT OF REVENUES

YEAR ENDED DECEMBER 31, 2001

(STATUTORY BASIS)

	<u>Ref.</u>	<u>Anticipated Revenue</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
<u>Miscellaneous Revenues - Special Items of General Revenue</u>				
<u>Anticipated with Prior Written Consent of the Director of</u>				
<u>Local Government Services - Public and Private Revenues</u>				
<u>Offset with Appropriations</u>				
<u>State of New Jersey - Department of Health and Senior Services</u>		3,985,602.21	3,985,602.21	
Monmouth County Office on Aging Comprehensive Area Plan Grant		82,500.00	82,500.00	
CAP/NJEH Medicaid Case Management - CY 2001		77,000.00	77,000.00	
Intergenerational School Breakfast Program - 01-426-CHS-C-0		921,121.00	921,121.00	
Alcoholism Services Plan - CY '01, 01-541-ADA-C-0				
<u>State of New Jersey - Governor's Council on Alcohol</u>				
<u>and Drug Abuse</u>				
Alliance Prevention - CY '01		571,614.00	571,614.00	
<u>State of New Jersey - Department of Community Affairs</u>				
DCR - ROID (MCOOH) & (MOCCEANS), CY '01, 01-3704-00		12,000.00	12,000.00	
Homelessness Prevention Program, #00-1239-00		44,905.00	44,905.00	
REDI, FY 2002, County Challenge		40,000.00	40,000.00	
Life Skills Training, #01-5405-00		45,000.00	45,000.00	
M26 Bus Subsidy, #01-5311-00		20,000.00	20,000.00	

COUNTY OF MONMOUTH

Exhibit A-2

CURRENT FUND

Sheet 4 of 13

STATEMENT OF REVENUES

YEAR ENDED DECEMBER 31, 2001

(STATUTORY BASIS)

	<u>Ref.</u>	<u>Anticipated Revenue</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
<u>Miscellaneous Revenues - Special Items of General Revenue</u>				
<u>Anticipated with Prior Written Consent of the Director of</u>				
<u>Local Government Services - Public and Private Revenues</u>				
<u>Offset with Appropriations - (Continued)</u>				
<u>State of New Jersey - New Jersey Transit Corporation</u>				
FTA - Section 5311 - FY 2002		159,504.00	159,504.00	
Senior Citizen and Disabled Resident Transportation Program - CY `01		1,516,006.00	1,516,006.00	
Timetable Distribution - FY `02		10,000.00	10,000.00	
Work First New Jersey		495.85	495.85	
JARC, Broker Expansion, FY `00		95,182.00	95,182.00	
<u>New Jersey Institute of Technology - North Jersey</u>				
<u>Transportation Planning Authority</u>				
Sub-Regional transportation Planning Program - FY `02		126,405.00	126,405.00	
Bridge MA-14 Scoping Project		175,000.00	175,000.00	
Bridge S-17 Scoping Project		350,000.00	350,000.00	
<u>State of New Jersey - Department of Transportation</u>				
1999 Bridge Bond Program		15,000,000.00	15,000,000.00	
1983/1989 Bridge Bond Program		599,272.86	599,272.86	
TTF - 2001 Capital Transportation Program		4,584,000.00	4,584,000.00	
Matawan Road Improvement		769,182.50	769,182.50	

COUNTY OF MONMOUTH

CURRENT FUND

STATEMENT OF REVENUES

YEAR ENDED DECEMBER 31, 2001

(STATUTORY BASIS)

	<u>Ref.</u>	<u>Anticipated Revenue</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
<u>Miscellaneous Revenues - Special Items of General Revenue</u>				
<u>Anticipated with Prior Written Consent of the Director of</u>				
<u>Local Government Services - Public and Private Revenues</u>				
<u>Offset with Appropriations - (Continued)</u>				
<u>State of New Jersey - Department of Human Services</u>				
DYFS:				
Youth Detention Center - CY '01 - 01BFNC		34,807.00	34,807.00	
Human Services Advisory Council - CY '01 - 01AVNC		60,846.00	60,846.00	
Multidisciplinary Team (MDT) Coordinator - FY '01 - 01DJNC		27,500.00	27,500.00	
Multidisciplinary Team (MDT) Coordinator - FY '02 - 02DJNC		27,500.00	27,500.00	
Family Court, Grants-In-Aid - CY '01 - 01CNNC		7,273.00	7,273.00	
Work First New Jersey - CY '00 - FINZ0C		208,687.00	208,687.00	
Work First New Jersey - CY '01 - FINZ1C		2,878,509.00	2,878,509.00	
Title IV-D Reimbursement Agreement - FY '02		316,435.00	316,435.00	
DFD:				
Social Services for the Homeless - CY '01 - HINZ01C		695,167.00	695,167.00	
DMHS:				
Mental Health Board FY '02		6,000.00	6,000.00	
Project Transition/Path - CY '00 - S1202039		3,581.00	3,581.00	
Project Transition/Path - CY '01 - S1202039		262,881.00	262,881.00	
CIACC / CART - CY '01, 20213		39,657.00	39,657.00	
Mica Training - FY '01		4,948.00	4,948.00	
UMDNJ - Traumatic Loss Intervention - CY 2001		5,000.00	5,000.00	

COUNTY OF MONMOUTH

Exhibit A-2

CURRENT FUND

Sheet 6 of 13

STATEMENT OF REVENUES

YEAR ENDED DECEMBER 31, 2001

(STATUTORY BASIS)

	<u>Ref.</u>	<u>Anticipated Revenue</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
<u>Miscellaneous Revenues - Special Items of General Revenue</u>				
<u>Anticipated with Prior Written Consent of the Director of</u>				
<u>Local Government Services - Public and Private Revenues</u>				
<u>Offset with Appropriations - (Continued)</u>				
<u>State of New Jersey - Division of Law & Public Safety</u>				
Election Board Poll Workers, Chapter 245 Increase		180,000.00	180,000.00	
DCJ - Victim Witness Advocacy - FY '01		24,600.00	24,600.00	
DCJ - Victim Assistance Project - FY '00, Bridge Funding		16,134.00	16,134.00	
DCJ - Victim Assistance Project - FFY '00, V-13-99		134,134.00	134,134.00	
SANE - FY '00, V-36-99S		24,399.00	24,399.00	
Multi-Jurisdictional Narcotics Task Force - FY '01		209,688.00	209,688.00	
DCJ-LLEBG - Megan's - FFY 99, LLE-113-99		40,099.00	40,099.00	
DCJ-LLEBG - Megan's - FFY 00, LLE-13-00		38,251.00	38,251.00	
DCJ - Body Armor Replacement Fund - FY 2000		52,332.83	52,332.83	
DCJ - Insurance Fraud Program - FY '02		25,000.00	25,000.00	
DCJ - Child Advocacy Center, FY '02		150,000.00	150,000.00	
DCJ - Community Justice Program, CJ-10-01		32,000.00	32,000.00	
DSP - Hurricane Evacuation Resources		9,881.00	9,881.00	
DSP - OEM - Hazmat Team Database		1,000.00	1,000.00	
DSP - OEM - Evacuation Exercise Project		9,000.00	9,000.00	
DSP - FEMA - West Nile Virus Emergency		172,371.32	172,371.32	
DHTS - Safe Cargo, OP01-45-01-02		1,000.00	1,000.00	

COUNTY OF MONMOUTH

Exhibit A-2

CURRENT FUND

Sheet 7 of 13

STATEMENT OF REVENUES

YEAR ENDED DECEMBER 31, 2001

(STATUTORY BASIS)

	<u>Ref.</u>	<u>Anticipated Revenue</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
<u>Miscellaneous Revenues - Special Items of General Revenue</u>				
<u>Anticipated with Prior Written Consent of the Director of</u>				
<u>Local Government Services - Public and Private Revenues</u>				
<u>Offset with Appropriations - (Continued)</u>				
<u>State of New Jersey - Juvenile Justice Commission</u>				
A-14		377,307.00	377,307.00	
		200,000.00	200,000.00	
		92,821.00	92,821.00	
		210,663.00	210,663.00	
		168,000.00	168,000.00	
		178,500.00	178,500.00	
<u>State of New Jersey - Department of Environmental Protection</u>				
		88,407.00	88,407.00	
		7,789.00	7,789.00	
		127,123.94	127,123.94	
		50,000.00	50,000.00	
		5,000.00	5,000.00	
		4,095.45	4,095.45	
<u>State of New Jersey - Department of Labor</u>				
		55,257.53	55,257.53	
		150,343.00	150,343.00	
		2,431,238.00	2,431,238.00	

COUNTY OF MONMOUTH

Exhibit A-2

CURRENT FUND

Sheet 8 of 13

STATEMENT OF REVENUES

YEAR ENDED DECEMBER 31, 2001

(STATUTORY BASIS)

	<u>Ref.</u>	<u>Anticipated Revenue</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
<u>Miscellaneous Revenues - Special Items of General Revenue</u>				
<u>Anticipated with Prior Written Consent of the Director of</u>				
<u>Local Government Services - Public and Private Revenues</u>				
<u>Offset with Appropriations - (Continued)</u>				
<u>State of New Jersey - Office of Emergency Telecommunication</u>				
<u>Services</u>				
911 Coordinator, FY '01		25,000.00	25,000.00	
<u>State of New Jersey - Historical Commission</u>				
News Video Project, RPM01-049		20,000.00	20,000.00	
<u>State of New Jersey - Commerce and Economic Growth</u>				
<u>Commission</u>				
Cooperative Marketing Grant, FY '01		5,000.00	5,000.00	
<u>United States - Department of Housing and Urban Development</u>				
Housing Counseling, FY '00, HC00-0398-109		15,391.00	15,391.00	
Housing Counseling, FY '01, HC01-0398-123		14,578.00	14,578.00	
Dover Township / MCDSS - HOPWA - FY '00		410,795.00	410,795.00	
<u>United States - Department of Justice Assistance</u>				
Bullet Proof Vest Partnership Grant Program (BVPGP)		26,577.12	26,577.12	
<u>United States - Department of Agriculture</u>				
NRCE, RCE - Farm Stewardship, CY '01		7,600.00	7,600.00	
<u>Partnership For the Delaware Estuary, Inc.</u>				
Stream and Watershed Identification Project #01-27		5,000.00	5,000.00	
<u>Naval Weapons Station Earle</u>				
MCMC - Lyme Disease - FY '00/01		21,000.00	21,000.00	

COUNTY OF MONMOUTH

Exhibit A-2

CURRENT FUND

Sheet 9 of 13

STATEMENT OF REVENUES

YEAR ENDED DECEMBER 31, 2001

(STATUTORY BASIS)

	<u>Ref.</u>	<u>Anticipated Revenue</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
<u>Miscellaneous Revenues - Special Items of General Revenue</u> <u>Anticipated with Prior Written Consent of the Director of</u> <u>Local Government Services - Public and Private Revenues</u> <u>Offset with Appropriations - (Continued)</u>				
<u>State of New Jersey - Office of Emergency Telecommunication</u> <u>Monmouth County Community Against Tobacco Coalition</u>		500.00	500.00	
MCPO Task Force - Tobacco Control Program				
<u>Donations</u>				
Monmouth County Sheriff's K-9 Unit		75.00	75.00	
<u>Total - Special Items of General Revenue Anticipated with Prior Written</u> <u>Consent of Director of Local Government Services - Public and Private</u> <u>Revenues Offset with Appropriations</u>		<u>39,581,532.61</u>	<u>39,581,532.61</u>	<u>-</u>
<u>Miscellaneous Revenues - Special Items of General Revenue</u> <u>Anticipated with Prior Written Consent of Director of Local</u> <u>Government Services - Public and Private Revenues Offset</u> <u>with Appropriations - Other Special Items</u>				
Motor Vehicle Fines (N.J.S.A. 39:5-41)		3,638,122.79	3,638,122.79	
Accrued Interest on Bonds		40,911.46	40,911.46	
Supplemental Medicaid Assistance		1,800,000.00	1,885,472.00	85,472.00
<u>Total Special Items of General Revenue Anticipated with Prior Written</u> <u>Consent of Director of Local Government Services - Other</u> <u>Special Items</u>		<u>5,479,034.25</u>	<u>5,564,506.25</u>	<u>85,472.00</u>

COUNTY OF MONMOUTH

Exhibit A-2

CURRENT FUND

Sheet 10 of 13

STATEMENT OF REVENUES

YEAR ENDED DECEMBER 31, 2001

(STATUTORY BASIS)

	<u>Ref.</u>	<u>Anticipated Revenue</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Total Miscellaneous Revenues	A-1	127,424,219.86	144,425,066.90	17,000,847.04
Subtotal General Revenues		162,424,219.86	179,425,066.90	17,000,847.04
Amount to be Raised by Taxation - County Purpose Tax	A-1	218,585,192.00	218,585,192.00	
Total General Revenues		381,009,411.86	398,010,258.90	17,000,847.04
Non Budget Revenues	A-1		14,957,121.73	14,957,121.73
Total Revenues		\$ 381,009,411.86	412,967,380.63	31,957,968.77

COUNTY OF MONMOUTH**Exhibit A-2****CURRENT FUND****Sheet 11 of 13****STATEMENT OF REVENUES****YEAR ENDED DECEMBER 31, 2001****(STATUTORY BASIS)**

	<u>Ref.</u>
<u>Miscellaneous Revenue Not Anticipated</u>	
Garnishment Service Charge	\$ 7,189.27
Rent from Newspaper Reporters Booth	480.00
Voter Registration	9,554.22
Construction Board of Appeals	2,800.00
Pay Telephone Station Commissions	391,314.90
MCTB Clinic	525.74
Engineers Plans and Specifications	8,270.00
Vending Machine Commissions	52,908.64
Autopsy Fees	3,233.00
Planning Board Receipts	6,309.58
Miscellaneous Unanticipated Revenues	622,204.40
Sale of Election Maps	188.00
Judgments	4,393.55
MCHS - Annual Conference/Reception	6,605.00
Salary and Fringe Reimbursements	201,056.92
Interest - Sheriff's Account	68,829.13
Damages to County Property	24,967.72
Purchase of Lists, Records, etc.	2,352.25
Auction Sales	66,861.50
Inmate Transportation	960.00
Developers Agreement	5,400.00
Payment in Lieu of Taxes	2,003.00
Sale of County Merchandise, Property, etc.	29,807.33
Permit Fees	17,575.00
Appropriation Refunds	1,333,551.88
Appropriation Refunds - Agricultural Easements	85,073.71
Unanticipated Grant Receipts	310,145.85
Insurance Reimbursements	322,712.25
Telephone Refunds	804.32
MC Police Computer	193,892.42
Copier Receipts	45,854.75
Fire Academy - Course Requirements	610.00

COUNTY OF MONMOUTH

19.

Exhibit A-2

CURRENT FUND

Sheet 12 of 13

STATEMENT OF REVENUES

YEAR ENDED DECEMBER 31, 2001

(STATUTORY BASIS)

	<u>Ref.</u>
Planning Board:	
Site Plan Revision Fees	44,400.00
Site Plan Inspection Fees	18,225.54
Subdivision Initial Application Fees	221,055.10
Reimbursement for Motor Pool	275,674.34
Reimbursement for Single Audit Costs	40,032.00
Data Processing Costs - Mod IV Tax System	82,507.83
Consumer Affairs - Tax Force Fines	3,750.00
Consumer Affairs - US CPSC	500.00
Comm. Reg. Elections - Twp. Reimb. (Ch. 278/95)	87,646.45
County Clerk Election - Twp. Reimb. (Ch. 278/95)	17,767.47
Board of Elections- Twp. Reimb. (Ch. 278/95)	25,598.72
Probation Fines	40,899.57
Information Services - Print Shop Reimbursement	155,520.95
Bail Bond Forfeitures	658,448.17
Juror Compensation Fund	14,944.00
Interest on County Clerk's Account	15,002.76
Office of Emerg. Mgt - State Reimb.	30,000.00
Probation - Sheriff Labor Assistance Prog. (SLAP)	696.00
Voter Machine Rental	3,282.50
NJAOC - Service Agreements	518,150.99
Drunk Driving Enforcement Fund - NJDLPS (Div. MV)	463.24
Primary Election - Postage Reimbursement	34,951.36
MCDOT - Howell Township Agreement	32,000.00
MC DOT - Agency Receipts	294,921.88
Police Academy - Tuition	92,362.00
911 Program, Police Radio - Municipal Receipts	746,656.34
MCPO - Restitution Collections	6,874.86
Employee Fines / Fees	23,412.33
MCCI - Inmate Fees	162,691.95
MCCI - SSA Reimbursement	28,600.00
MCCI - Inmate Medical Co-Pay Program	34,423.68
MCCI - Donations	1,567.00

COUNTY OF MONMOUTH

20.

Exhibit A-2

CURRENT FUND

Sheet 13 of 13

STATEMENT OF REVENUES

YEAR ENDED DECEMBER 31, 2001

(STATUTORY BASIS)

	<u>Ref.</u>	
MCCI - Inmate Industry Production		9,812.50
One Easy E-Link Membership Fees		55,624.17
NJDHS/DYFS-Project Open House Reimbursement		12,232.60
GIS A/R Munic/Others - Excess		131,582.00
Licensing Agreements - Fiber Optics Cables		34,319.00
MCCI - Inmate Commissary Account		91,787.90
DJP Treas. - SCAAP		919,174.00
MC Care Center - JLMMH - Donations		1,230.00
MC Care Center - GLT - Donations		1,705.00
MCCI - Vermont Prisoner's Reimbursement		60,102.50
Reimbursements - Federal Inmates at Correction Center		2,228,055.00
MCCI - Marlboro/New Hope Meal Reimbursement		43,390.80
MCPO - US DOJ, DEA Reimbursement		6,073.55
MCMEC - Interlocal Services Agreements		10,077.52
FEMA - WTC Disaster Reimb.		140,861.83
MCPO - CERT		16,000.00
MCDSS:		
Miscellaneous Unanticipated Revenue		45,557.77
Salary & Fringe Reimbursements		1,848.00
Jury Duty/Employee S & W Reimbursement		140.00
Total Amount of Miscellaneous Revenues Not Anticipated	A-4	<u>11,351,035.50</u>
County Added and Omitted Taxes	A-7	<u>3,606,086.23</u>
	A-1	<u><u>\$14,957,121.73</u></u>

See Accompanying Notes to Financial Statements

COUNTY OF MONMOUTH

Exhibit A-3

CURRENT FUND

Sheet 1 of 18

STATEMENT OF EXPENDITURES

YEAR ENDED DECEMBER 31, 2001

(STATUTORY BASIS)

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
General Government					
Office of County Administrator					
Salaries and Wages	\$ 221,775.00	259,775.00	238,687.17	21,087.83	
Other Expenses	102,700.00	102,700.00	88,049.12	14,650.88	
Research, Technical and Consulting Services					
Other Expenses	800,000.00	800,000.00	718,461.00	81,539.00	
Purchasing Department					
Salaries and Wages	586,306.00	596,306.00	595,553.18	752.82	
Other Expenses	25,400.00	30,400.00	27,457.08	2,942.92	
Public Information					
Salaries and Wages	135,051.00	141,051.00	138,560.49	2,490.51	
Other Expenses	36,850.00	36,850.00	25,368.44	11,481.56	
Personnel Department					
Salaries and Wages	730,108.00	734,108.00	734,056.15	51.85	
Other Expenses	112,293.00	112,293.00	105,140.92	7,152.08	
Youth Employment Program					
Salaries and Wages	281,000.00	281,000.00	255,299.38	25,700.62	
Board of Chosen Freeholders					
Salaries and Wages	126,000.00	126,000.00	126,000.00		
Other Expenses	3,655.00	3,655.00	2,252.47	1,402.53	
Clerk of the Board					
Salaries and Wages	518,855.00	552,855.00	546,700.61	6,154.39	
Other Expenses	69,270.00	76,270.00	68,413.49	7,856.51	

COUNTY OF MONMOUTH

Exhibit A-3

CURRENT FUND

Sheet 2 of 18

STATEMENT OF EXPENDITURES

YEAR ENDED DECEMBER 31, 2001

(STATUTORY BASIS)

	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
Office of the County Clerk					
Salaries and Wages	1,981,029.00	2,066,029.00	2,045,364.10	20,664.90	
Other Expenses	291,691.00	291,691.00	222,171.37	69,519.63	
Finance Department					
Salaries and Wages	900,919.00	949,919.00	949,067.19	851.81	
Other Expenses	244,000.00	244,000.00	194,428.02	49,571.98	
Indirect Cost Allocation Plan					
Other Expenses	20,000.00	20,000.00	19,000.00	1,000.00	
Department of Information Services					
Salaries and Wages	1,766,352.00	1,876,352.00	1,875,428.19	923.81	
Other Expenses	1,921,672.00	2,051,672.00	1,997,906.36	53,765.64	
Office of the County Counsel					
Other Expenses	2,100,000.00	2,100,000.00	2,007,006.27	92,993.73	
Office of County Adjuster					
Salaries and Wages	80,860.00	86,860.00	86,798.88	61.12	
Other Expenses	1,000.00	1,000.00	847.46	152.54	
Economic Development & Tourism					
Salaries and Wages	327,245.00	342,245.00	341,185.11	1,059.89	
Other Expenses	66,426.00	66,426.00	62,291.24	4,134.76	
Contribution to Soil Conservation District (N.J.S. 4:24(1))					
Other Expenses	4,600.00	4,600.00	4,600.00		
Other Insurance Premiums					
Other Expenses	3,683,000.00	2,833,000.00	2,369,243.59	463,756.41	
Worker's Compensation					
Other Expenses	4,950,000.00	4,433,000.00	4,248,711.91	184,288.09	
Group Insurance Plan					
Other Expenses	22,500,000.00	22,000,000.00	21,866,365.03	133,634.97	

COUNTY OF MONMOUTH

Exhibit A-3

CURRENT FUND

Sheet 3 of 18

STATEMENT OF EXPENDITURES

YEAR ENDED DECEMBER 31, 2001

(STATUTORY BASIS)

	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
Office of the County Prosecutor					
Salaries and Wages	15,063,557.00	15,358,557.00	15,295,129.00	63,428.00	
Other Expenses	1,199,572.00	1,199,572.00	1,060,728.96	138,843.04	
Total - General Government Functions	60,851,186.00	59,778,186.00	58,316,272.18	1,461,913.82	-
Judiciary					
Office of County Surrogate					
Salaries and Wages	597,451.00	614,451.00	612,078.36	2,372.64	
Other Expenses	15,813.00	15,813.00	14,052.40	1,760.60	
Total Judiciary	613,264.00	630,264.00	626,130.76	4,133.24	-
Regulation					
Sheriff's Office					
Salaries and Wages	5,535,286.00	5,955,286.00	5,954,364.24	921.76	
Other Expenses	292,606.00	292,606.00	274,002.65	18,603.35	
Sheriff's Office - Police Radio					
Salaries and Wages	1,862,029.00	1,897,029.00	1,888,929.73	8,099.27	
Other Expenses	243,670.00	243,670.00	209,997.03	33,672.97	
Weights and Measures					
Salaries and Wages	348,356.00	338,356.00	321,213.85	17,142.15	
Other Expenses	3,175.00	3,175.00	2,810.81	364.19	
Board of Taxation					
Salaries and Wages	265,709.00	277,709.00	276,544.74	1,164.26	
Other Expenses	11,551.00	11,551.00	9,879.54	1,671.46	
Medical Examiner					
Salaries and Wages	616,376.00	676,376.00	661,926.38	14,449.62	
Other Expenses	220,050.00	220,050.00	176,295.39	43,754.61	

COUNTY OF MONMOUTH

Exhibit A-3

CURRENT FUND

Sheet 4 of 18

STATEMENT OF EXPENDITURES

YEAR ENDED DECEMBER 31, 2001

(STATUTORY BASIS)

	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
County Clerk (Elections)					
Salaries and Wages	120,807.00	115,807.00	114,323.22	1,483.78	
Other Expenses	31,800.00	31,800.00	18,920.63	12,879.37	
Superintendent of Elections					
Salaries and Wages	1,227,493.00	1,222,493.00	1,204,611.33	17,881.67	
Other Expenses	327,078.00	327,078.00	299,867.94	27,210.06	
Board of Elections					
Salaries and Wages	662,197.00	660,197.00	631,177.39	29,019.61	
Other Expenses	108,530.00	108,530.00	92,631.79	15,898.21	
Fire Marshall (N.J.S. 40A:14-1)					
Salaries and Wages	362,915.00	380,915.00	380,127.79	787.21	
Other Expenses	38,723.00	38,723.00	34,050.71	4,672.29	
Planning Board (N.J.S. 40A:27-3)					
Salaries and Wages	1,284,278.00	1,244,278.00	1,222,340.81	21,937.19	
Other Expenses	40,937.00	40,937.00	28,886.91	12,050.09	
Police Academy and Firing Range					
Salaries and Wages	260,512.00	250,512.00	245,955.82	4,556.18	
Other Expenses	76,664.00	76,664.00	64,102.89	12,561.11	
Department of Consumer Affairs					
Salaries and Wages	253,744.00	252,744.00	249,917.37	2,826.63	
Other Expenses	6,018.00	6,018.00	4,553.87	1,464.13	
Police Computer					
Salaries and Wages	211,343.00	215,343.00	211,197.45	4,145.55	
Other Expenses	555,122.00	555,122.00	336,527.37	218,594.63	
Total Regulation	14,966,969.00	15,442,969.00	14,915,157.65	527,811.35	-

COUNTY OF MONMOUTH

Exhibit A-3

CURRENT FUND

Sheet 5 of 18

STATEMENT OF EXPENDITURES

YEAR ENDED DECEMBER 31, 2001

(STATUTORY BASIS)

	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
Public Works Functions					
County Engineer					
Salaries and Wages	1,569,814.00	1,599,814.00	1,584,090.27	15,723.73	
Other Expenses	85,415.00	85,415.00	51,045.67	34,369.33	
Office of Emergency Management					
Salaries and Wages	181,592.00	182,592.00	180,688.32	1,903.68	
Other Expenses	7,593.00	7,593.00	7,420.02	172.98	
County Road Maintenance					
Salaries and Wages	4,512,906.00	5,012,906.00	4,889,214.50	123,691.50	
Other Expenses	983,466.00	983,466.00	892,009.56	91,456.44	
County Bridge Maintenance					
Salaries and Wages	1,464,477.00	1,654,477.00	1,636,857.92	17,619.08	
Other Expenses	223,382.00	223,382.00	189,328.34	34,053.66	
Director of Public Works and Engineering					
Salaries and Wages	238,579.00	245,579.00	243,676.19	1,902.81	
Other Expenses	2,529.00	2,529.00	645.59	1,883.41	
Traffic Safety Engineering					
Salaries and Wages	1,317,550.00	1,307,550.00	1,294,337.41	13,212.59	
Other Expenses	255,389.00	255,389.00	171,197.18	84,191.82	
Shade Tree Commission					
Salaries and Wages	1,149,174.00	1,159,174.00	1,141,351.52	17,822.48	
Other Expenses	132,535.00	132,535.00	102,628.02	29,906.98	
Central Mail Room					
Salaries and Wages	145,566.00	163,566.00	161,932.99	1,633.01	
Other Expenses	802,200.00	802,200.00	774,926.21	27,273.79	

COUNTY OF MONMOUTH

Exhibit A-3

CURRENT FUND

Sheet 6 of 18

STATEMENT OF EXPENDITURES

YEAR ENDED DECEMBER 31, 2001

(STATUTORY BASIS)

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
Buildings and Grounds					
Salaries and Wages	4,475,119.00	4,975,119.00	4,953,540.00	21,579.00	
Other Expenses	8,363,320.00	9,163,320.00	9,000,185.01	163,134.99	
Central Motor Pool					
Salaries and Wages	1,168,495.00	1,243,495.00	1,235,433.67	8,061.33	
Other Expenses	2,683,600.00	2,683,600.00	2,467,538.71	216,061.29	
Telephone Exchange					
Salaries and Wages	85,052.00	100,052.00	97,039.74	3,012.26	
Other Expenses	875,140.00	1,025,140.00	809,790.14	215,349.86	
Total Public Works Function	30,722,893.00	33,008,893.00	31,884,876.98	1,124,016.02	-
<u>Correctional and Youth Services</u>					
Office of the Director					
Salaries and Wages	448,522.00	489,522.00	488,726.74	795.26	
Correctional Institution					
Salaries and Wages	21,491,822.00	21,816,822.00	21,750,947.76	65,874.24	
Other Expenses	8,945,724.00	9,445,724.00	9,122,779.80	322,944.20	
Youth Detention Center					
Salaries and Wages	3,107,926.00	3,067,926.00	3,045,254.58	22,671.42	
Other Expenses	512,400.00	512,400.00	462,305.78	50,094.22	
Total Correctional and Youth Services	34,506,394.00	35,332,394.00	34,870,014.66	462,379.34	-
<u>Human Services and Health Functions</u>					
Aid to Volunteer Rescue and Ambulance Squads (N.J.S. 40:5-2)					
Other Expenses	17,400.00	17,400.00	14,700.00	2,700.00	
Mosquito Extermination Commission (N.J.S. 26:9-13 et seq.)					
Other Expenses	1,947,181.00	1,947,181.00	1,947,181.00		

COUNTY OF MONMOUTH

CURRENT FUND

STATEMENT OF EXPENDITURES

YEAR ENDED DECEMBER 31, 2001

(STATUTORY BASIS)

	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
Division of Social Services Administration					
Salaries and Wages	22,169,657.00	22,169,657.00	20,276,870.72	1,892,786.28	
Other Expenses	16,321,270.00	16,321,270.00	14,343,767.02	1,977,502.98	
Assistance for Dependent Children - County Share					
Other Expenses	316,937.00	316,937.00	95,000.00	221,937.00	
Assistance for Social Security Recipients					
Other Expenses	841,000.00	841,000.00	765,000.00	76,000.00	
Monmouth County Department of Health Care Facilities					
Salaries and Wages	514,966.00	414,966.00	388,580.88	26,385.12	
Other Expenses	5,500,650.00	5,500,650.00	4,939,427.91	561,222.09	
Monmouth County Care Centers - Geraldine L. Thompson Medical Home					
Salaries and Wages	5,275,240.00	5,350,240.00	5,327,589.33	22,650.67	
Monmouth County Care Centers - John L. Montgomery Medical Home					
Salaries and Wages	7,321,508.00	7,071,508.00	7,003,442.62	68,065.38	
Division of Mental Health (N.J.S. 40A:5-29)					
Salaries and Wages	183,512.00	185,512.00	181,556.29	3,955.71	
Other Expenses	1,674,197.00	1,674,197.00	1,220,716.17	453,480.83	
New Jersey Division of Youth and Family Services					
Other Expenses	3,717,467.00	3,717,467.00	3,717,467.00		
Department of Human Services					
Salaries and Wages	307,133.00	309,133.00	303,930.67	5,202.33	
Other Expenses	15,800.00	15,800.00	10,205.68	5,594.32	

COUNTY OF MONMOUTH

Exhibit A-3

CURRENT FUND

Sheet 8 of 18

STATEMENT OF EXPENDITURES

YEAR ENDED DECEMBER 31, 2001

(STATUTORY BASIS)

	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
Division on Planning and Resource Development					
Salaries and Wages	55,000.00	59,000.00	57,762.34	1,237.66	
Other Expenses	4,110.00	4,110.00	3,519.27	590.73	
Public Health Service (N.J.S. 40A:13-1)					
Other Expenses	1,071,192.00	1,071,192.00	987,086.24	84,105.76	
Office of Disabilities					
Salaries and Wages	111,393.00	112,393.00	108,055.28	4,337.72	
Other Expenses	4,925.00	4,925.00	3,792.04	1,132.96	
Aid to Disabilities (N.J.S. 40A:48-914A)					
Other Expenses	289,872.00	289,872.00	263,001.33	26,870.67	
Division of Alcohol and Drug Abuse Services (N.J.S. 40A:988-1)					
Salaries and Wages	155,072.00	162,072.00	160,959.98	1,112.02	
Other Expenses	624,388.00	624,388.00	538,108.67	86,279.33	
Intoxicated Driver Resource Center					
Salaries and Wages	119,409.00	122,409.00	120,206.48	2,202.52	
Other Expenses	78,831.00	78,831.00	67,404.81	11,426.19	
Maintenance of Patients in State Institutions for Mental Diseases (N.J.S. 30A:4 -79) County Share					
Other Expenses	1,125,115.00	1,125,115.00	1,125,115.00		
Maintenance of Patients in State Institutions for Mental Diseases (N.J.S. 30A:4 -79) State Share					
Other Expenses	4,500,462.00	4,500,462.00	4,500,462.00		
Maintenance of Patients in State Institutions for Developmental Disabilities (N.J.S. 30A:4-79)					
Other Expenses	8,087,613.00	7,961,613.00	7,961,598.00	15.00	

COUNTY OF MONMOUTH

Exhibit A-3

CURRENT FUND

Sheet 9 of 18

STATEMENT OF EXPENDITURES

YEAR ENDED DECEMBER 31, 2001

(STATUTORY BASIS)

	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
War Veterans Burial and Grave Decorations					
Salaries and Wages	10,095.00	7,095.00	6,049.43	1,045.57	
Other Expenses	25,684.00	25,684.00	19,254.35	6,429.65	
Office on Aging					
Salaries and Wages	132,891.00	144,891.00	143,307.30	1,583.70	
Other Expenses	13,989.00	13,989.00	11,535.53	2,453.47	
Office on Aging - SCAT (Special Citizens Area Transportation)					
Salaries and Wages	544,646.00	444,646.00	413,753.09	30,892.91	
Other Expenses	816,522.00	816,522.00	711,245.79	105,276.21	
Environmental Health Act - Contractual (N.J.S. 26:3A221)					
Monmouth County Department of Health					
Other Expenses	1,000,000.00	1,000,000.00	1,000,000.00		
Total Human Services and Health	84,895,127.00	84,422,127.00	78,737,652.22	5,684,474.78	-
Park and Recreation Function					
Department of Parks and Recreation					
Salaries and Wages	13,156,286.00	13,564,286.00	13,479,541.93	84,744.07	
Other Expenses	2,478,592.00	2,478,592.00	2,398,201.14	80,390.86	
Total Recreation	15,634,878.00	16,042,878.00	15,877,743.07	165,134.93	-
Education Function					
Historical Commission					
Salaries and Wages	13,500.00	13,500.00	13,375.00	125.00	
Other Expenses	274,650.00	300,650.00	287,164.85	13,485.15	
Youth, Education, Recreation and Welfare					
Other Expenses	131,391.00	131,391.00	121,124.74	10,266.26	
Aid to Monmouth County Audio Visual Aids Comm.					
Other Expenses	6,722.00	6,722.00	6,722.00		

COUNTY OF MONMOUTH

Exhibit A-3

Sheet 10 of 18

CURRENT FUND

STATEMENT OF EXPENDITURES

YEAR ENDED DECEMBER 31, 2001

(STATUTORY BASIS)

	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
M.C. Community College Brookdale (N.J.S. 18A:64A)	22,169,912.00	22,169,912.00	22,169,912.00		
Other Expenses				87,959.15	
Reimbursement for Residents Attending Out of County					
Two Year Colleges (N.J.S. 18A:64A)					
Other Expenses	400,000.00	185,000.00	97,040.85		
Cooperative Extension Service					
Salaries and Wages	334,683.00	374,683.00	358,029.64	16,653.36	
Other Expenses	15,059.00	15,059.00	12,090.55	2,968.45	
Vocational Schools					
Superintendent of Schools					
Salaries and Wages	311,261.00	323,261.00	322,670.40	590.60	
Other Expenses	20,528.00	20,528.00	13,531.74	6,996.26	
Total Education Functions	32,532,826.00	32,395,826.00	32,256,781.77	139,044.23	-
Other Common Operating Functions (Unclassified)					
Department of Transportation Subsidy - Interim					
Emergency Bus Subsidy Law (N.J.S. 27:1A)					
Other Expenses	40,000.00	40,000.00	38,016.67	1,983.33	
Aid to Legal Aid Society					
Other Expenses	15,000.00	15,000.00	15,000.00		
Provision for Salary Adjustments and New Employees					
Salaries and Wages	1,780,000.00				
Total-Other Common Operating Functions (Unclassified)	1,835,000.00	55,000.00	53,016.67	1,983.33	-
Subtotal Operations	276,558,537.00	277,108,537.00	267,537,645.96	9,570,891.04	-

COUNTY OF MONMOUTH

Exhibit A-3

Sheet 11 of 18

CURRENT FUND

STATEMENT OF EXPENDITURES

YEAR ENDED DECEMBER 31, 2001

(STATUTORY BASIS)

	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
Public and Private Programs Offset by Revenues					
State of New Jersey Department of Health and Senior Services					
Monmouth County Office on Aging Comprehensive Area Plan Grant	4,378,554.21	4,378,554.21	4,378,554.21		
CAP/NEH Medical Case Management	82,500.00	82,500.00	82,500.00		
Intergenerational School Breakfast Program - 01-426-CHS-C)-0	77,000.00	77,000.00	77,000.00		
Alcoholism Services Plan - CY '01, 01-541-ADA-C-0	921,121.00	921,121.00	921,121.00		
State of New Jersey Governor's Council on Alcohol and Drug Abuse					
Alliance Prevention - CY '01	571,614.00	571,614.00	571,614.00		
State of New Jersey Department of Community Affairs					
DCR - ROID (MCOOH) & (MOCEANS), CY '01, 01-3704 - 00	14,400.00	14,400.00	14,400.00		
Homelessness Prevention Program, #01-1239-01	44,905.00	44,905.00	44,905.00		
REDI, FY 2002, County Challenge	75,000.00	75,000.00	75,000.00		
Life Skills Training, #01-5405-00	45,000.00	45,000.00	45,000.00		
M26 Bus Subsidy, #01-5311-00	20,000.00	20,000.00	20,000.00		
Smart Growth Management Plan, Route 9, FY '00					
State of New Jersey - New Jersey Transit Corporation					
FTA - Section 5311 - FY 2002	212,072.00	212,072.00	212,072.00		
Senior Citizen and Disabled Resident Transportation Program - CY '01	1,516,006.00	1,516,006.00	1,516,006.00		
Timetable Distribution - FY '02	14,215.00	14,215.00	14,215.00		
Work First, New Jersey	495.85	495.85	495.85		
JARC, Broker Expansion, FY '00	100,182.00	100,182.00	100,182.00		

COUNTY OF MONMOUTH

CURRENT FUND

STATEMENT OF EXPENDITURES

YEAR ENDED DECEMBER 31, 2001

(STATUTORY BASIS)

	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
<u>New Jersey Institute of Technology - North Jersey Transportation Planning Authority</u>					
Sub-Regional Transportation Planning Program - FY '02	158,006.00	158,006.00	158,006.00		
Bridge MA-14 Scoping Project	175,000.00	175,000.00	175,000.00		
Bridge S-17 Scoping Project	350,000.00	350,000.00	350,000.00		
<u>State of New Jersey Department of Transportation</u>					
1999 Bridge Bond Program	15,000,000.00	15,000,000.00	15,000,000.00		
1983/1989 Bridge Bond Program	599,272.86	599,272.86	599,272.86		
TTF - 2001 Capital Transportation Program	4,584,000.00	4,584,000.00	4,584,000.00		
Matawan Road Improvement	769,182.50	769,182.50	769,182.50		
<u>State of New Jersey - Department of Human Services</u>					
DYFS - Youth Detention Center - CY '01 - 01BFNC	55,393.00	55,393.00	55,393.00		
DYFS - Human Services Advisory Council - CY '01 01AVNC	91,905.00	91,905.00	91,905.00		
DYFS - Multidisciplinary Team (MDT) Coord - FY '01 - 01DJNC	27,500.00	27,500.00	27,500.00		
DYFS - Multidisciplinary Team (MDT) Coord - FY '02 - 02DJNC	27,500.00	27,500.00	27,500.00		
DYFS - Family Court, Grants-In-Aid - CY '01 - 01CNCC	7,273.00	7,273.00	7,273.00		
DFD - Work First New Jersey, CY '00 - FINZ0C	208,687.00	208,687.00	208,687.00		
DFD - Work First New Jersey, CY '01 - FINZ1C	2,878,509.00	2,878,509.00	2,878,509.00		
DFD - Title IV-D Reimbursement Agreement - FY '02	367,313.50	367,313.50	367,313.50		
DFD - Social Services for the Homeless CY '01-HINZ01C	695,167.00	695,167.00	695,167.00		
DMHS - Mental Health Board - FY '02	6,000.00	6,000.00	6,000.00		
DMHS - Project Transition/Path CY '00 S1202039	3,581.00	3,581.00	3,581.00		
DMHS - Project Transition/Path CY '01 S1202039	382,824.00	382,824.00	382,824.00		
DMHS - CIACC/CART CY '01, 20213	39,657.00	39,657.00	39,657.00		
DMHS - Mica Training - FY '01	4,948.00	4,948.00	4,948.00		
DMHS - UMDNJ - Traumatic Loss Intervention - CY 2001	5,000.00	5,000.00	5,000.00		

COUNTY OF MONMOUTH

Exhibit A-3

Sheet 13 of 18

CURRENT FUND

STATEMENT OF EXPENDITURES

YEAR ENDED DECEMBER 31, 2001

(STATUTORY BASIS)

	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
State of New Jersey - Division of Law and Public Safety					
Election Board Poll Workers, Chapter 245 Increase	180,000.00	180,000.00	180,000.00		
DCJ-Victim Advocacy, FY '01	24,600.00	24,600.00	24,600.00		
DCJ - Victim Assistance Project - FY '00, Bridge Funding	16,134.00	16,134.00	16,134.00		
DCJ - Victim Assistance Project - FY '00, V-13-99	134,134.00	134,134.00	134,134.00		
DCJ - SANE - FY '00, V-36-99S	24,399.00	24,399.00	24,399.00		
Multi-Jurisdictional Narcotics Task Force- FY '01	279,584.00	279,584.00	279,584.00		
LLEBG - Megan's Law - FFY 99, LLE- 113-99	44,555.00	44,555.00	44,555.00		
LLEBG - Megan's Law - FFY 00, LLE- 13-00	42,501.00	42,501.00	42,501.00		
Body Armor Replacement Fund - FY 2000	52,332.83	52,332.83	52,332.83		
DCJ - Insurance Fraud Program, FY '02	25,000.00	25,000.00	25,000.00		
DCJ - Child Advocacy Center, FY '02	150,000.00	150,000.00	150,000.00		
DCJ - Community Justice Program, CJ-10-01	32,000.00	32,000.00	32,000.00		
DSP - Hurricane Evacuation Resources	9,881.00	9,881.00	9,881.00		
DSP - Hazmat Team Database	1,000.00	1,000.00	1,000.00		
DSP - Evacuation Exercise Project	9,000.00	9,000.00	9,000.00		
DSP - FEMA West Nile Virus Emergency	172,371.32	172,371.32	172,371.32		
DHTS - Safe Cargo, OP01-45-01-02	1,000.00	1,000.00	1,000.00		
State of New Jersey - Juvenile Justice Commission					
State/Community Partnership - CY '01 - 01-SCP-PM/PS-17	413,798.00	413,798.00	413,798.00		
Bullying Prevention	200,000.00	200,000.00	200,000.00		
Family Court - CY '01, 01-FC-17	92,821.00	92,821.00	92,821.00		
Juvenile Accountability Incentive Block Grant, 13-00	210,663.00	210,663.00	210,663.00		
MCDYC, SFEA, FY 2001	168,000.00	168,000.00	168,000.00		
MCDYC, SFEA, FY 2002	178,500.00	178,500.00	178,500.00		

COUNTY OF MONMOUTH

Exhibit A-3

Sheet 14 of 18

CURRENT FUND

STATEMENT OF EXPENDITURES

YEAR ENDED DECEMBER 31, 2001

(STATUTORY BASIS)

	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
State of New Jersey - Department of Environmental Protection					
Clean Communities Program CY '01	88,407.00	88,407.00	88,407.00		
Recycling Grant - REC-94-13 Project Income	7,789.00	7,789.00	7,789.00		
Scrap Tire Management Fund - CY 2001	127,123.94	127,123.94	127,123.94		
Wastewater Management Plan - FY 2001	50,000.00	50,000.00	50,000.00		
Pump-Out Facility - FG 00-055	5,000.00	5,000.00	5,000.00		
DFFP - Tree Planting Project #PF01- 098	4,095.45	4,095.45	4,095.45		
State of New Jersey Department of Labor					
Job Training Partnership Act - PY '99	55,257.53	55,257.53	55,257.53		
Workforce Investment Act - PY '00	150,343.00	150,343.00	150,343.00		
Workforce Investment Act - PY '01	2,431,238.00	2,431,238.00	2,431,238.00		
State of New Jersey - Office of Emergency Telecommunications Services					
911 Coordinator, FY '01	25,000.00	25,000.00	25,000.00		
State of New Jersey - Historical Commission					
News Video Project, RPM01-049	20,000.00	20,000.00	20,000.00		
State of New Jersey - Commerce and Economic Growth Commission					
Cooperative Marketing Grant, FY '01	10,000.00	10,000.00	10,000.00		
U.S. Department of Housing and Urban Development					
Housing Counseling, FY '00, HC00-0398-109	15,391.00	15,391.00	15,391.00		
Housing Counseling, FY '00, HC01-0398-123	14,578.00	14,578.00	14,578.00		
Dover Township/MCDSS - HOPWA - FY '00	410,795.00	410,795.00	410,795.00		
Home Investment Program - FY 2000	150,000.00	150,000.00	150,000.00		
United States Bureau of Justice Assistance					
Bullet Proof Vest Partnership Grant Program (BVPGP)	26,577.12	26,577.12	26,577.12		

COUNTY OF MONMOUTH

Exhibit A-3

Sheet 15 of 18

CURRENT FUND

STATEMENT OF EXPENDITURES

YEAR ENDED DECEMBER 31, 2001

(STATUTORY BASIS)

	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
United States Department of Agriculture					
NRCS, RCE - Farm Stewardship, CY '01	7,600.00	7,600.00	7,600.00		
Partnership for the Delaware Estuary, Inc.					
Stream and Watershed Identification Project #01-27	5,000.00	5,000.00	5,000.00		
Naval Weapons Station Earle					
MCMBC - Lyme Disease - FY '00/01	21,000.00	21,000.00	21,000.00		
Monmouth County Community Against Tobacco Coalition					
MCPD Task Force - Tobacco Control Program	500.00	500.00	500.00		
Donations					
Monmouth County Sheriff's K-9 Unit	75.00	75.00	75.00		
Monmouth County					
Matching Funds for Grants	83,704.50	83,704.50		83,704.50	
Total Public and Private Programs Offset by Revenues	40,681,532.61	40,681,532.61	40,597,828.11	83,704.50	-
Total Operations	317,240,069.61	317,790,069.61	308,135,474.07	9,654,595.54	-
Contingent	200,000.00	200,000.00	197,810.43	2,189.57	
Total Operations Including Contingent	317,440,069.61	317,990,069.61	308,333,284.50	9,656,785.11	-

Detail

Salaries and Wages	130,180,399.00	131,320,399.00	128,571,310.92	2,749,088.08	
Other Expenses	187,259,670.61	186,669,670.61	179,761,973.58	6,907,697.03	
	317,440,069.61	317,990,069.61	308,333,284.50	9,656,785.11	-

CAPITAL IMPROVEMENTS

Capital Improvement Fund	1,300,000.00	1,300,000.00	1,300,000.00		
Acquisition of Information Processing Equipment	2,000,000.00	2,000,000.00	1,812,809.72	187,190.28	

COUNTY OF MONMOUTH

Exhibit A-3

Sheet 16 of 18

CURRENT FUND

STATEMENT OF EXPENDITURES

YEAR ENDED DECEMBER 31, 2001

(STATUTORY BASIS)

	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
CAPITAL IMPROVEMENTS (Cont'd)					
Acquisition of Trucks, Heavy Trucks, and Machinery:					
Central Motor Pool	55,000.00	55,000.00	55,000.00		
Shade Tree Commission	25,000.00	25,000.00	20,740.00	4,260.00	
Road Maintenance (Highway)	1,640,000.00	1,640,202.00	1,600,202.00	39,798.00	
Acquisition of Passenger Buses - S.C.A.T.	188,000.00	188,000.00	188,000.00		
Buildings and Grounds	130,000.00	130,000.00	35,000.00	95,000.00	
Traffic Safety	135,000.00	135,000.00	36,014.00	98,986.00	
Capital Improvements:					
Road Overlay	2,300,000.00	2,300,000.00	1,354,343.49	945,656.51	
Parks and Recreation	1,725,000.00	1,725,000.00	1,555,287.33	169,712.67	
Buildings and Grounds	4,000,000.00	4,000,000.00	3,605,864.43	394,135.57	
Total Capital Improvements	13,498,000.00	13,498,000.00	11,563,260.97	1,934,739.03	-

COUNTY DEBT SERVICE

Payment of Bond Principal					
State Aid - County College Bonds (N.J.S. 18A:64A-22.6)	1,650,000.00	1,650,000.00	1,650,000.00		
Vocational School Bonds	370,809.64	370,809.64	370,809.64		
Other Bonds	21,355,000.00	21,355,000.00	21,355,000.00		
Payment of Bond Anticipation Notes					
Interest on Bonds					
State Aid - County College Bonds (N.J.S. 18A:64A-22.6)	577,010.00	577,010.00	577,010.00		
Vocational School Bonds	144,259.84	144,259.84	144,259.84		
Other Bonds	8,603,555.00	8,603,555.00	8,603,555.00		

COUNTY OF MONMOUTH

Exhibit A-3

CURRENT FUND

Sheet 17 of 18

STATEMENT OF EXPENDITURES

YEAR ENDED DECEMBER 31, 2001

(STATUTORY BASIS)

	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
COUNTY DEBT SERVICE (Cont'd)					
<u>Green Trust Loan</u>					
Loan Repayments for Principal and Interest	2,069,273.27	2,069,273.27	2,069,273.26		0.01
<u>Monmouth County Improvement Authority Lease Agreement - Correctional Facilities</u>					
Total County Debt Service	4,019,242.50	4,019,242.50	4,015,647.12		3,595.38
	38,789,150.25	38,789,150.25	38,785,554.86	-	3,595.39

DEFERRED CHARGES AND STATUTORY EXPENDITURES COUNTY

Statutory Expenditures

Contribution to:

Public Employees' Retirement System	400,000.00	100,000.00	99,489.92	510.08	
Social Security System (O.A.S.I.)	9,600,000.00	9,800,000.00	9,351,363.70	448,636.30	
Police and Firemen's Retirement System	1,007,192.00	757,192.00	752,056.15	5,135.85	
County Pension and Retirement Fund	75,000.00	75,000.00	75,000.00		
Unemployment Compensation Insurance (N.J.S.A. 43:21-3 et seq.)	200,000.00				
Total Deferred Charges and Statutory Expenditures - County	11,282,192.00	10,732,192.00	10,277,909.77	454,282.23	-

Total General Appropriations	\$381,009,411.86	381,009,411.86	368,960,010.10	12,045,806.37	3,595.39
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Ref.

A-1

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A-1

COUNTY OF MONMOUTH**Exhibit A-3****CURRENT FUND****Sheet 18 of 18****STATEMENT OF EXPENDITURES****YEAR ENDED DECEMBER 31, 2001****(STATUTORY BASIS)**

<u>Analysis of Paid or Charged</u>	<u>Ref.</u>	
Committed	A	\$ 26,014,383.29
State Aid Vocational School Bonds	A-2,8	180,855.00
State Aid County College Bonds	A-2,8	2,227,010.00
Accounts Payable (Salaries and Wages)	A-13	146,048.82
Arbitrage Rebate Payable	A-14	233,006.62
Disbursed	A-4	<u>340,158,706.37</u>
		<u><u>\$ 368,960,010.10</u></u>

See Accompanying Notes to Financial Statements

GRANT FUND

BALANCE SHEETS

(STATUTORY BASIS)

	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2001</u>	<u>Balance</u> <u>Dec. 31, 2000</u>
<u>Assets</u>			
Cash and Cash Equivalents	AA-1	\$ 22,618,034.11	2,136,743.01
Investments	AA-1	7,026,950.00	12,000,000.00
Grant Revenues Receivable	AA-4	16,471,269.88	16,766,584.73
		<u>\$ 46,116,253.99</u>	<u>30,903,327.74</u>
<u>Liabilities and Reserves</u>			
Appropriated Reserves for Federal and State Grants	AA-2	\$ 45,780,957.96	30,772,826.32
Unappropriated Reserves	AA-3	335,296.03	130,501.42
Total Liabilities and Reserves		<u>\$ 46,116,253.99</u>	<u>30,903,327.74</u>

See Accompanying Notes to Financial Statements

TRUST FUND

BALANCE SHEETS

(STATUTORY BASIS)

	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2001</u>	<u>Balance</u> <u>Dec. 31, 2000</u>
<u>Assets</u>			
Cash and Cash Equivalents	B-1	\$ 6,634,545.21	7,221,954.71
Investments	B-1	40,305,000.00	42,185,000.00
Investment NACO Deferred Compensation Fund	B-2	55,554,853.53	54,612,117.51
Total Cash and Investments		<u>102,494,398.74</u>	<u>104,019,072.22</u>
U.S. HUD Receivables:			
Relocation Assistance Program	B-3	11,901,635.20	7,902,487.20
Community Development Block Grants	B-4	5,456,065.48	5,456,987.71
Home Investment Grant	B-5	2,752,711.40	2,989,916.93
Shelter Plus Care Grant	B-6	16,826.00	113,915.00
Emergency Shelter Grants	B-7	127,325.68	193,932.80
Taxes Receivable for Library, Health and Open Space Funds	B-8	390,962.47	371,784.75
		<u>20,645,526.23</u>	<u>17,029,024.39</u>
Total Receivables and Other Assets		<u>\$ 123,139,924.97</u>	<u>121,048,096.61</u>
<u>Liabilities and Reserves</u>			
Reserve for Taxes Receivable for Library, Health and Open Space	B-8	\$ 390,962.47	371,784.75
Reserve for U.S. HUD Grants:			
Relocation Assistance Program	B-9	13,422,601.59	11,364,231.85
Community Development Block Grants	B-10	5,484,173.83	5,547,325.07
Home Investment Grants	B-11	3,779,363.37	3,215,495.96
Shelter Plus Care	B-11a	16,826.00	99,712.00
Reserve for:			
Contractors' 2% Retainage	N/C	18,616.72	18,616.72
Temporary Assistance to Needy Families	B-12	2,274.34	1,631,712.08
NACO Deferred Compensation		55,554,853.53	54,612,117.51
Other Trust Funds	B-13	44,466,808.60	43,558,115.89
Resource Recovery Funds	B-14	-	582,961.87
Retirees Health Benefits	B-15	3,444.52	46,022.91
Total Liabilities and Reserves		<u>\$ 123,139,924.97</u>	<u>121,048,096.61</u>

See Accompanying Notes to Financial Statements

COUNTY OF MONMOUTH

41.

GENERAL CAPITAL FUND

Exhibit C
Sheet 1 of 2

BALANCE SHEETS

(STATUTORY BASIS)

	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2001</u>	<u>Balance</u> <u>Dec. 31, 2000</u>
<u>Assets</u>			
Cash and Cash Equivalents	C-2	\$ 1,331,743.83	1,216,244.05
Cash - New Jersey Cash Management Fund	C-2	26,993,079.16	19,963,142.44
		<u>28,324,822.99</u>	<u>21,179,386.49</u>
Accounts Receivable:			
State of New Jersey - State Agencies	C-4	14,820,099.09	11,896,928.70
County of Ocean	C-5		100,000.00
State of New Jersey - County College - Capital Projects, Chapter 12, P.L. 1971	C-6	21,465,000.00	23,115,000.00
State of New Jersey - Vocational School for the Handicapped Chapter 74, P.L. 1978	C-7	299,000.00	449,000.00
		<u>36,584,099.09</u>	<u>35,560,928.70</u>
Accounts Receivable with Reserve:			
Reconstruction of Bulkhead - Middletown Township, State of New Jersey	N/C		10,618.06
Deferred Charges to Future Taxation:			
Funded	C-8	209,118,308.96	202,393,818.81
Unfunded	C-9	73,135,000.00	76,910,000.00
		<u>282,253,308.96</u>	<u>279,303,818.81</u>
Total Assets		<u>\$347,162,231.04</u>	<u>336,054,752.06</u>

GENERAL CAPITAL FUND

**Exhibit C
Sheet 2 of 2**

BALANCE SHEETS

(STATUTORY BASIS)

	<u>Ref.</u>	<u>Balance Dec. 31, 2001</u>	<u>Balance Dec. 31, 2000</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Due to Current Operating Fund	C-10	63,347.75	40,911.46
Serial Bonds	C-11	188,890,000.00	180,245,000.00
County College Serial Bonds - Chapter 12, P.L. 1971 State Share	C-12	16,950,000.00	12,590,000.00
County Vocational School Bonds, Chapter 74, P.L. 1978: State Share	C-13	299,000.00	449,000.00
New Jersey Economic Development Authority Public School Facilities Loan Program	C-14	3,026,544.97	3,247,354.61
Green Trust Loan Program: Other Program Agreements	C-15	17,201,763.99	18,901,464.20
Reserve for Budgeted Capital Improvements	C-17	1,375,000.00	930,000.00
Reserve for Scrip Redemption	N/C	1,509.63	1,509.63
Improvement Authorizations: Funded	C-16	41,452,664.81	39,096,908.80
Unfunded	C-16	73,135,000.00	74,622,828.64
Contractors' Retainage	C-18	73,191.61	73,191.61
Capital Improvement Fund	C-19	891,766.72	916,766.72
		<u>343,359,789.48</u>	<u>331,114,935.67</u>
Reserve for Reconstruction of Bulkhead - Middletown Township	N/C		10,618.06
Fund Balance	C-1	3,802,441.56	4,929,198.33
		<u><u>\$347,162,231.04</u></u>	<u><u>336,054,752.06</u></u>

See Accompanying Notes to Financial Statements

COUNTY OF MONMOUTH

43.

GENERAL CAPITAL FUND

Exhibit C-1

STATEMENT OF FUND BALANCE

(STATUTORY BASIS)

	<u>Ref.</u>	
Balance December 31, 2000	C	\$ 4,929,198.33
Increased by Receipts:		
NJDEP Reimbursement	C-2	830,243.23
		<u>5,759,441.56</u>
Decreased by:		
Appropriated to Finance Improvement Authorizations	C-16	<u>1,957,000.00</u>
Balance December 31, 2001	C	<u><u>\$ 3,802,441.56</u></u>

See accompanying Notes to Financial Statements

RECLAMATION CENTER UTILITY FUND

Exhibit D
Sheet 1 of 2

BALANCE SHEETS

(STATUTORY BASIS)

	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2001</u>	<u>Balance</u> <u>Dec. 31, 2000</u>
<u>Assets</u>			
<u>Operating Fund</u>			
Cash and Cash Equivalents	D-5	\$ 59,021,427.27	35,903,363.85
Change Funds		500.00	500.00
Investments	D-6		25,000,000.00
Accrued Interest on Purchase of FNMA Bonds	D-17		4,444.44
Premium on Purchase of FNMA Bonds	D-16		174,488.25
		<u>59,021,927.27</u>	<u>61,082,796.54</u>
Receivables with Full Reserves:			
Receivable from Haulers	D-7	1,019,986.46	833,135.06
Restitution by Court Order	D-13		
Total Receivables		<u>1,019,986.46</u>	<u>833,135.06</u>
Total Operating Fund		<u>60,041,913.73</u>	<u>61,915,931.60</u>
<u>Capital Fund</u>			
Cash and Cash Equivalents	D-18	4,048,086.68	3,900,732.46
Investments	D-19	-	1,243,008.82
		<u>4,048,086.68</u>	<u>5,143,741.28</u>
A/R - Township of Middletown	D-20		<u>1,000,000.00</u>
Fixed Capital	D-23	811,120.00	811,120.00
Fixed Capital Authorized but not Completed	D-21	18,920,000.00	21,140,000.00
		<u>19,731,120.00</u>	<u>21,951,120.00</u>
Total Capital Fund		<u>23,779,206.68</u>	<u>28,094,861.28</u>
<u>Utility Grant Fund</u>			
Cash	D-25	856,539.86	1,107,907.97
Receivable with Full Reserve - Grant Receivable	D-26	2,061.86	2,061.86
Total Utility Grant Fund		<u>858,601.72</u>	<u>1,109,969.83</u>
Total Assets		<u>\$ 84,679,722.13</u>	<u>91,120,762.71</u>

RECLAMATION CENTER UTILITY FUND

BALANCE SHEETS

(STATUTORY BASIS)

	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2001</u>	<u>Balance</u> <u>Dec. 31, 2000</u>
<u>Liabilities, Reserves and Fund Balance</u>			
<u>Operating Fund</u>			
Appropriation Reserves	D-4	\$ 2,326,331.85	3,705,485.82
Appropriation Reserves Committed	D-4	9,907,377.95	4,840,200.34
Landfill Closure Tax	D-9	16,063,243.54	14,666,858.02
Host Community Benefit Tax Payable	D-10	437,738.80	400,548.41
Accrued Interest on Bonds and Notes	D-11	399,877.48	461,874.73
Prepaid Utility Fees	D-13	1,016,772.77	664,552.85
Reserve for:			
Environmental Impairment Liability	D-12	7,000,000.00	7,000,000.00
Receivable - Haulers	D-7	1,019,986.46	833,135.06
Reserve for Accounts payable		217,014.11	265,876.32
Restitution by Court Order	D-13		
Fund Balance	D-1	<u>21,653,570.77</u>	<u>29,077,400.05</u>
Total Operating Fund		<u>60,041,913.73</u>	<u>61,915,931.60</u>
 <u>Capital Fund</u>			
Serial Bonds	D-24	18,920,000.00	21,140,000.00
Improvement Authorizations:			
Funded	D-22	3,264,638.26	5,360,292.86
Reserve for Amortization	D-23	811,120.00	811,120.00
Fund Balance	D-2	<u>783,448.42</u>	<u>783,448.42</u>
Total Capital Fund		<u>23,779,206.68</u>	<u>28,094,861.28</u>
 <u>Utility Grant Fund</u>			
Deferred Revenue	D-28		520,099.00
Accounts Payable	D-27	858,601.72	589,870.83
Total Utility Grant Fund		<u>858,601.72</u>	<u>1,109,969.83</u>
 Total Liabilities and Reserves		 <u>\$ 84,679,722.13</u>	 <u>91,120,762.71</u>

See Accompanying Notes to Financial Statements

RECLAMATION CENTER UTILITY FUND

STATEMENTS OF OPERATIONS AND

CHANGE IN FUND BALANCE - STATUTORY BASIS

YEARS ENDED DECEMBER 31, 2001 AND 2000

	<u>Ref.</u>	<u>Year 2001</u>	<u>Year 2000</u>
<u>Revenue and Other Income Realized</u>			
Operating Surplus Anticipated	D-3	\$ 22,979,901.00	20,000,000.00
Reclamation Center Utility Fees	D-3	27,791,732.70	25,834,224.52
Solid Waste Management Grants	D-3	520,099.00	-
Miscellaneous Revenue not Anticipated	D-3	3,751,055.73	3,983,064.64
Appropriations Cancelled	D-4	2,300,000.00	8,500,000.00
Unexpended Balance of Appropriation Reserves	D-15	4,535,335.06	3,516,443.28
Appropriations Cancelled		169,430.51	-
Reserve for Accrued Interest on Bonds	D-11		50,136.99
Due From Employee	D-13		8,000.00
Reserve for Receivables - Municipalities	D-7	187.91	
Reserve for Receivables - Prepaid Closure Taxes	D-8	8,329.81	(6,433.30)
Total Revenue and Other Income		<u>62,056,071.72</u>	<u>61,885,436.13</u>
<u>Expenditures and Other Charges</u>			
Appropriations	D-4	46,500,000.00	42,000,000.00
Refund Prior Year Revenue	D-10,14		28.86
		<u>46,500,000.00</u>	<u>42,000,028.86</u>
Excess in Revenue		15,556,071.72	19,885,407.27
Fund Balance, January 1	D-1	<u>29,077,400.05</u>	<u>29,191,992.78</u>
		44,633,471.77	49,077,400.05
Less: Utilized as Revenue	D-1	<u>22,979,901.00</u>	<u>20,000,000.00</u>
Fund Balance, December 31	D	<u>\$ 21,653,570.77</u>	<u>29,077,400.05</u>

STATEMENT OF CAPITAL FUND BALANCE - STATUTORY BASIS

Exhibit D-2

	<u>Ref.</u>	
Balance December 31, 2001 and 2000	D	<u>\$ 783,448.42</u>

See Accompanying Notes to Financial Statements

COUNTY OF MONMOUTH

RECLAMATION CENTER UTILITY FUND

STATEMENT OF REVENUES - STATUTORY BASIS

Exhibit D-3

YEAR ENDED DECEMBER 31, 2001

	<u>Ref.</u>	<u>Anticipated Revenue</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Operating Surplus Anticipated	D-1	\$ 22,979,901.00	22,979,901.00	-
 <u>Miscellaneous Revenues</u>				
Solid Waste Services Tax		520,099.00	520,099.00	
Utility Fees	D-1,5	23,000,000.00	27,791,732.70	4,791,732.70
Total Budget Revenues		46,500,000.00	51,291,732.70	4,791,732.70
 <u>Non-Budget Revenues</u>				
Unanticipated Revenues	D-5		3,751,055.73	3,751,055.73
Total General Revenues		\$ 46,500,000.00	55,042,788.43	8,542,788.43
 <u>Analysis of Non-Budget Revenue</u>				
Interest on Investments and Deposits			\$ 3,329,126.97	
Gas Utility Fees			402,410.10	
Grass Clippings			19,518.66	
Total Non-Budget Revenues			\$ 3,751,055.73	

See Accompanying Notes to Financial Statements

COUNTY OF MONMOUTH

RECLAMATION CENTER UTILITY FUND

Exhibit D-4

STATEMENT OF EXPENDITURES - STATUTORY BASIS

YEAR ENDED DECEMBER 31, 2001

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
Operating:					
Salaries and Wages	\$ 6,000,000.00	6,000,000.00	5,109,018.97	390,981.03	500,000.00
Other Expenses	34,797,788.25	34,797,788.25	32,448,566.87	1,849,221.38	500,000.00
NJDEP Solid Waste Services Tax, FY 1999/2000	520,099.00	520,099.00	520,099.00		
Capital Improvements:					
Capital Outlay	2,000,000.00	2,000,000.00	613,870.56	86,129.44	1,300,000.00
Debt Service:					
Payment of Bond Principal	2,220,000.00	2,220,000.00	2,220,000.00		
Interest on Bonds	962,112.75	962,112.75	962,112.75		-
	<u>\$ 46,500,000.00</u>	<u>46,500,000.00</u>	<u>41,873,668.15</u>	<u>2,326,331.85</u>	<u>2,300,000.00</u>
Ref.					
Analysis of Paid or Charged					
Committed			\$ 9,907,377.95		
Paid			31,446,191.20		
NJDEP Solid Waste Services Tax					
FY 1999/2000			<u>520,099.00</u>		
			<u>\$41,873,668.15</u>		

See Accompanying Notes to Financial Statements

COUNTY OF MONMOUTH
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2001

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The codification of the Government Accounting Standards Board ("GASB") defines those statements of a governmental unit that are to be presented in its general purpose financial statements, and stipulates that the statements are to conform to generally accepted accounting principles ("GAAP"). The financial statements of the County of Monmouth (the "County"), listed in the accompanying table of contents, are those required by the Division of Local Government Services (the "Division") and they differ from the financial statements required by GAAP. In addition, the Division requires the basic financial statements to be referenced to the supplementary schedules accompanying the basic financial statements, and this practice also differs from GAAP.

GASB Statement 14 establishes criteria to be used in determining the component units, which should be included in the financial statements of an oversight entity. The criteria differ from the Division's requirements whereby certain boards, commissions, and agencies of the County, by statute or other directive, report separately on their financial statements.

The basic financial statements of the County include all governmental activities, organizations and functions for which the County exercises significant oversight responsibility and for which it has appropriated funds in accordance with statutory requirements (N.J.S. 40A:5-5) except for the following entities:

County College
County Mosquito Commission
County Vocational School
County Improvement Authority

B. Description of Funds

GASB is the recognized standard-setting body for establishing governmental generally accepted accounting and financial reporting principles. GASB Codification establishes seven major fund types and two account groups to be used by general-purpose governmental units when reporting financial position and results of operations in accordance with GAAP.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Description of Funds (Continued)

The accounting policies of the County conform to the accounting principles applicable to counties which have been prescribed by the Division. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the County accounts for its financial transactions through the following separate funds which differ from the fund structure required by GAAP:

Current Fund – The Current Fund is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund.

Trust Fund – The Trust Fund is used to account for assets held by the County in a trustee capacity or as an agent for other government organizations or entities and for the receipt of special reserves that have been approved through the budget process to be expendable for the purpose for which they were created.

General Capital Fund – The Capital Fund is used to account for financial resources for the acquisition of major capital facilities and property, which are primarily financed through the issuance of general obligation debt.

Grant Fund – Resources and expenditures for Federal and State Grant Funds.

Reclamation Utility Operating Fund – This fund is used to record revenues and expenditures related to the operation of a waste disposal and reclamation utility center, in general supported by user fees.

Reclamation Utility Capital Fund – This fund is used to account for financial resources for the acquisition of major capital reclamation facilities and property primarily financed through the issue of utility debt obligations.

Reclamation Utility Grant Fund – Resources and expenditures for Grant Funds.

General Fixed Assets Account Group – This account group is established to account for fixed assets with the exception of certain assets of a type considered to be public domain assets such as roads, bridges, streets, sidewalks and drainage systems.

C. Basis of Accounting

The County follows a modified accrual basis of accounting prescribed by the State of New Jersey that differs from GAAP. The more significant differences are as follows:

Property Taxes and Other Revenues – Property taxes and other revenues are recognized on a cash basis. Receivables for property taxes and other revenues, which are susceptible to accrual, are recorded with offsetting reserves on the Current Fund balance sheet. GAAP requires such revenue to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**C. Basis of Accounting (Continued)**

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

Expenditures – unexpended or uncommitted appropriations, at December 31, are reported as expenditures through the establishment of appropriation reserves unless cancelled by the governing body. 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 – contractual orders at December 31, are reported as expenditures through the establishment of a reserve for encumbrances. Encumbrances do not constitute expenditures under GAAP.

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.

Deferred Charges – the regulatory basis of accounting utilized by the County requires that certain expenditures, when they occur, be deferred, and raised as items of appropriation in budgets of succeeding years. These deferred charges include the two general categories, overexpenditures and emergency appropriations. Overexpenditures occur when expenditures recorded as "paid or charged" exceed available appropriation balances. Emergency appropriations occur when, subsequent to the adoption of a balanced budget, the governing body authorizes the establishment of additional appropriations based on unforeseen circumstances or for other special purposes as defined by statute. Overexpenditures and emergency appropriations are deducted from total expenditures in the calculation of operating results and are established as assets for Deferred Charges on the Current Fund balance sheet. GAAP does not recognize expenditure based on the authorization of an appropriation.

Interfunds – advances from the Current Fund are reported as interfund receivables with offsetting reserves created by charges to operations. Revenue is recognized in the year the receivables are liquidated. GAAP does not require the establishment of a compensating reserve for an interfund receivable.

Inventories of Supplies – the costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets. GAAP requires that the cost of inventories be reflected on the balance sheet until utilized and expended.

Compensated Absences – expenditures relating to obligations for unused vested accumulated sick 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. (See Note 8).

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Capital Leases – The County is obligated under leases with the Monmouth County Improvement Authority (See Note 12). GAAP requires that the leased assets and related obligations be accounted for at their present value in the General Fixed Assets Group, and the General Long-Term Debt Group respectively. GAAP also requires that the effective interest method be utilized to determine interest expense. Capital leases have been accounted for in the County's Fixed Asset Account Group at their incremental cost.

General Fixed Assets Group – in accordance with 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, the County of Monmouth has developed a fixed assets and reporting system based on an original inspection and appraisal of its assets by an independent consulting firm. The fixed assets used in governmental operations are reported on in the fixed assets account group in the Current Fund with the exception of infrastructure assets which consist of roads, bridges, streets, sidewalks and drainage systems. These fixed assets are recorded at cost, or at appraised values approximating cost, and are adjusted in the accounts for sale, abandonment or other disposition, when such events occur. Expenditures for construction in progress for assets that will eventually be recorded in General Fixed Assets Group are accounted for in the General Capital Fund until construction is completed.

Property and equipment purchased by the Reclamation Utility Fund are not reported in the Fixed Assets Group, but are recorded in the Utility Capital Fund at cost, where they are adjusted for sale, abandonment, or other disposition. The balances in the Reserve for Amortization and Deferred Reserve for Amortization in the Reclamation Utility Capital Fund represent charges to operations for the cost of acquiring property, equipment and improvements.

D. Financial Statements

The GASB Codification defines the financial statements of a governmental unit to be presented in the general-purpose financial statements to be in accordance with GAAP. The County presents the financial statements listed in the table of contents which are required by the Division and which differ from the financial statements required by GAAP. In addition, the Division requires the financial statements to be referenced to the supplementary schedules. This practice differs from GAAP.

E. Budgets and Budgetary Accounting

An annual budget is required to be adopted and used in the accounting system to provide budgetary control over revenues and expenditures. Budget amounts presented in the accompanying financial statements represent amounts adopted by the County and approved by the Division in accordance with applicable statutes.

NOTE 2: DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS

A. Deposits and Cash Equivalents

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

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed insurance limits. The collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000. The statutory requirements for the collateral dictate that:

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.

The County considers certain investments permitted by statute to be cash equivalents if they mature within three months or may be withdrawn in cash upon notice from a pool of eligible investments in a participation arrangement with a bank that meets the insurance and collateral requirements of the statute.

The carrying amount of the County's cash and cash equivalents at December 31, 2001 was \$346,782,343, exclusive of change funds of \$500.00. Of this amount \$164,510,079 represented funds deposited with the New Jersey Cash Management Fund and \$50,000,000 in a FNMA Note, which are considered cash equivalents. The remaining balance \$132,272,264, cash deposits in banks, was covered by federal deposit insurance and a collateral pool maintained by the depositories as required by New Jersey Statute.

B. Investments

a. When authorized by a cash management plan approved pursuant to N.J.S. 40A:5-14, the County may use available funds for the purchase of the following types of securities which, is suitable for registry, may be registered in the name of the County:

- 1) Bonds or other obligations of the United States or obligations guaranteed by the United States.
- 2) Government money market mutual funds.
- 3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bears a fixed rate of interest not dependent on any index or other external factor.
- 4) Bonds or other obligations of the County.
- 5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investments, New Jersey Department of the Treasury.

NOTE 2: DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)**B. Investments (Continued)**

- 6) County investment pools.
- 7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281; or
- 8) Agreements for the repurchase of fully collateralized securities, if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs 1) and 3) of this section;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C. 17:9-41);
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.
- b. Any investment instruments in which the security is not physically held by the County shall be covered by a third party custodial agreement, which shall provide for the designation of such investments in the name of the County and prevent unauthorized use of such investments.
- c. Investments are further regulated and restricted in accordance with N.J.S. 40A:5-15.1.

Other than cash equivalents that would otherwise qualify as investments except for their maturity or the withdrawal provision of their deposit, the County had investments in qualified securities at December 31, 2001, as listed below in the Current Fund.

<u>Investments in Government Services</u>	<u>Fund</u>	<u>Amount</u>	<u>Date of Rate Maturity</u>
FNMA Note	Current	<u>\$ 50,000,000.00</u>	2.400% 12/28/02
		<u>\$ 50,000,000.00</u>	

The County also had investments in other funds as follows:

Grants	\$7,000,000	(Hudson to Bonds)
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Cash Management Plan

In accordance with N.J.S. 40A:4-14, every county shall adopt a cash management plan and shall deposit and invest its funds pursuant to that plan. The plan shall be approved annually by majority vote of the governing body and may be modified from time to time in order to reflect changes in federal or state law or regulations. The Chief Financial Officer shall be charged with administering the plan.

NOTE 2: DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

When an investment in bonds maturing in more than one year is authorized, the maturity of those bonds shall approximate the prospective use of the funds invested.

The plan also requires a monthly report to the governing body summarizing all investments made or redeemed since the previous report and shall include, at a minimum, the specific detailed information as set forth in the statute.

NOTE 3: DEBT

The Local Bond Law governs the issuance of bonds and notes to finance County expenditures. 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. Bond anticipation notes are issued to temporarily finance capital projects, prior to the issuance of serial bonds. The term of the notes cannot exceed one year but the notes may be renewed for a period not exceeding one year. All such notes must be paid no later than the tenth anniversary of the date of the original note.

The State of New Jersey also requires that on or before the third anniversary date of the original note a payment must be made on the note that equals the first installment of the bonds in anticipation of which the note was issued. A second installment must be paid if the note is renewed on its fourth anniversary.

The County may issue tax anticipation notes if its available cash is insufficient to carry on normal operations at any time during the year. Such notes are authorized by a resolution adopted by the governing body.

A. Long-Term Debt**General Capital Fund**

<u>Description</u>	<u>Type</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Rate</u>	<u>Balance Dec. 31, 2001</u>
General Improvements	Serial Bonds	07-15-01	07-15-02	Var.	\$ 28,925,000
General Improvements	Serial Bonds	10-15-94	10-15-02	5.30	1,350,000
General Improvements	Serial Bonds	07-01-92	07-01-04	Var.	6,600,000
General Improvements	Serial Bonds	07-01-93	07-01-03	4.35	2,100,000
General Improvements	Serial Bonds	09-01-95	09-01-05	Var.	12,600,000
General Improvements	Serial Bonds	10-01-96	10-01-11	Var.	22,450,000
General Improvements	Serial Bonds	08-01-97	08-01-12	Var.	26,400,000
General Improvements	Serial Bonds	08-01-98	08-01-13	Var.	27,060,000
Refunding Bonds	Serial Bonds	08-01-98	08-01-06	Var.	6,565,000
General Improvements	Serial Bonds	07-15-99	07-15-14	Var.	24,840,000
General Improvements	Serial Bonds	07-15-01	07-15-02	Var.	<u>30,000,000</u>
					<u>188,890,000</u>
County College:					
General Improvements	Serial Bonds	09-01-95	09-01-05	Var.	800,000
General Improvements	Serial Bonds	08-01-97	08-01-07	Var.	4,380,000
General Improvements	Serial Bonds	07-15-99	07-15-09	Var.	5,760,000
General Improvements	Serial Bonds	07-15-01	07-15-11	Var.	<u>6,010,000</u>
					<u>16,950,000</u>

NOTE 3: DEBT (CONTINUED)**A. Long-Term Debt (Continued)**

<u>Description</u>	<u>Type</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Rate</u>	<u>Balance Dec. 31, 2001</u>
County Vocational School Bonds:					
State Share	Serial Bonds	03-01-83	03-01-03	8.25	<u>299,000</u>
Green Acres Trust Loan Program:					
Fishermans Cove	Installments	12-20-96	06-20-06	2.0	1,864,771
Monmouth Scout Camp	Installments	09-06-97	09-06-07	2.0	1,044,493
Clayton Park		01-21-00	01-21-13		1,953,581
Bayshore Park		11-13-99	05-13-13		4,123,792
Valley Stream		09-13-99	06-17-14		8,062,152
7 Presidents Park		11-03-99	11-03-04		<u>152,975</u>
					<u>17,201,764</u>
Economic Development:					
Authority Facilities Loan					
Assistance Program Installments					<u>3,026,545</u>
Total General Capital Fund Long-Term Debt Issued and Outstanding					
					<u>\$ 226,367,309</u>

Reclamation Utility Capital Fund

<u>Description</u>	<u>Type</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Rate</u>	<u>Balance Dec. 31, 2001</u>
Reclamation Utility Bonds	Serial Bonds	07-01-93	07-01-10	4.78	\$ 8,630,000
Refunding Utility Bonds	Serial Bonds	08-01-98	08-01-06	Var.	<u>10,290,000</u>
Total Reclamation Utility Debt Issued and Outstanding					
					<u>\$ 18,920,000</u>

The aggregate debt service requirements for the general capital and reclamation capital funds for the next five years, and for the balance of years of such debt to maturity, is as follows:

<u>Year</u>	<u>General Capital Fund</u>			<u>Reclamation Capital Fund</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2002	\$ 27,999,593	10,072,463	38,072,056	2,230,000	882,310	3,112,310
New Issues	<u>1,655,000</u>	<u>1,506,570</u>	<u>3,161,570</u>			
	<u>29,654,593</u>	<u>11,579,033</u>	<u>41,233,626</u>			
2003	26,347,850	9,043,676	35,391,526	2,190,000	876,102	3,066,102
	<u>2,430,000</u>	<u>1,440,370</u>	<u>3,870,370</u>			
	<u>28,777,850</u>	<u>10,484,046</u>	<u>39,261,896</u>			
2004	18,832,411	6,105,487	24,937,898	2,150,000	676,685	2,826,685
	<u>2,455,000</u>	<u>1,343,170</u>	<u>3,798,170</u>			
	<u>21,287,411</u>	<u>7,448,657</u>	<u>28,736,068</u>			
2005	18,215,222	5,527,842	23,743,064	2,110,000	582,811	2,692,811
	<u>2,705,000</u>	<u>1,244,970</u>	<u>3,949,970</u>			
	<u>20,920,222</u>	<u>6,772,812</u>	<u>27,693,034</u>			
2006	14,588,431	3,773,350	18,361,781			
	<u>2,705,000</u>	<u>1,136,770</u>	<u>3,841,770</u>	2,065,000	484,523	2,549,523
	<u>17,293,431</u>	<u>4,910,120</u>	<u>22,203,551</u>			

NOTE 3: DEBT (CONTINUED)

<u>Year</u>	<u>General Capital Fund</u>			<u>Reclamation Capital Fund</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Other	84,873,802	9,668,165	94,541,967	8,175,000	966,886	9,141,886
	<u>24,060,000</u>	<u>14,781,210</u>	<u>38,841,210</u>			
	<u>108,933,802</u>	<u>24,449,375</u>	<u>133,383,177</u>			
	<u>\$ 226,367,309</u>	<u>65,644,043</u>	<u>292,011,352</u>	<u>18,920,000</u>	<u>4,469,317</u>	<u>23,389,317</u>

The Green Acres Trust Loan Program of funds represents disbursements to the County under terms of an agreement in which repayments of the loan begin nine months from the date of the final disbursement of funds or two years from the first disbursement of funds, whichever comes first. The loan bears a rate of 2% and must be repaid in semi-annual installments over a period not to exceed 20 years from the date of the first disbursement of funds to the date of the final payment.

B. Bonds and Notes Authorized But Not Issued

At December 31, 2001, the County had authorized but not issued bonds and notes as follows:

General Capital Fund	\$ 77,650,000
Monmouth County Improvement Authority – Guarantee	<u>38,155,000</u>
Net Bonds and Notes Authorized but Not Issued	<u>\$ 115,805,000</u>

C. Borrowing Power

New Jersey statutes limit the debt of a County to 2% of the last three preceding years equalized valuations of the taxable real estate and improvements of its constituent communities plus the assessed valuation of Class II Railroad Property. The County's statutory debt at December 31, 2001 was 0.5435% and its remaining borrowing power in dollars was \$744,332,832.

D. Statutory Debt Conditions – Annual Debt Statement

The following summary of debt condition of the County conforms to the method of used in preparing its Annual Debt Statement, which is required to be filed with the State of New Jersey. The summary reflects a statutory net debt of \$282,253,308.96 at December 31, 2001.

	<u>Gross Debt</u>	<u>Statutory Deductions</u>	<u>Net Debt</u>
General Debt	\$ 342,172,308.96	59,919,000.00	282,253,308.96
Reclamation Center Utility	<u>18,920,000.00</u>	<u>18,920,000.00</u>	
	<u>\$ 361,092,308.96</u>	<u>78,839,000.00</u>	<u>282,253,308.96</u>

NOTE 7: PENSION PLANS

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

These plans provide retirement, disability, annual cost-of-living adjustments and death benefits to plan members and their beneficiaries. Each plan has a Board of Trustees that implement benefit provisions which are established and amended by State statute. The State issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to:

State of New Jersey
Division of Pensions and Benefits
P.O. Box 295
Trenton, New Jersey 08625-0295

The County's share of pension costs, which is based upon the annual billings received from the State, amounted to \$926,546.07 for 2001.

NOTE 8: ACCUMULATED SICK LEAVE AND VACATION PAY

Any employee of the County who retires under either of the contributory pension systems (Note 7) may be eligible to receive payment for unused sick leave. Payment is limited to one half of the earned but unused sick leave days with a maximum payment of \$15,000. The payment is provided as a lump sum subject to federal and state taxes and is computed at ½ of the employee's average annual daily rate of pay for each day of earned and unused accumulated sick leave at the effective date of retirement. Overtime pay, longevity, and any other supplemental compensation are excluded from the computation. (See Note 1, Compensated Absences).

GAAP accounting would require accumulated sick leave to be recognized as a liability in the accounting period the leave is earned. The County, however, does not accrue the accumulated liability. Instead it provides for and charges in its accounts the actual cost of sick leave in the year in which lump sum payments or installments fall due.

The County has also earned unspent vacation pay in the amount of \$325,986.00, which is also part of the unfunded liability.

While the County does not accrue this liability, the unfunded liability at December 31, 2001 is \$3,631,726.00 based on the eligible employees.

NOTE 9: DEFERRED COMPENSATION PLAN

The County offers its employees a deferred compensation plan (the "Plan") whose assets are managed by independent administrators. The Plan was created in accordance with Section 457 of the Internal Revenue Code, and allows all full-time employees of the County to defer a portion of their salaries until future benefit years, upon retirement or termination of employment or in the event of certain emergencies. The County makes no contributions to the Plan and has no liability for Plan losses.

NOTE 10: COUNTY HEALTH CARE PROGRAM

By a resolution adopted in 2001, the County accepted proposals offered by Corporate Health Administrators, Inc., (C.H.A.) to serve as the network manager of the County's Self Funded Point-of-Service Health Care Program for the period July 1, 2001 through June 30, 2002. A contract for July 1, 2002 through June 30, 2003 was entered into with Aetna Life Insurance Company.

NOTE 11: DEFERRED CHARGES TO FUTURE TAXATION FUNDED AND UNFUNDED

Upon authorization of capital projects, the County establishes deferred charges for the cost of the capital projects to be raised by future taxation. Funded deferred charges relate to permanent debt issued, whereas unfunded deferred charges relate to temporary or non-funding of the authorized cost of capital projects. According to the New Jersey Statutes Annotated 40A:2-4, the County may levy taxes on all taxable property within its jurisdiction to repay the debt. The County raises the debt requirements for its debt in its current budget. As funds are raised, the deferred charges are reduced.

NOTE 12: CAPITAL LEASES

The County is obligated under agreements with the Monmouth County Improvement Authority, dated January 1, 1990, and August 1, 1991, to pay rentals pursuant to the agreements for the cost of acquisition of certain parcels of real estate for recreational purposes, and for the cost of acquisition and construction of additions and improvements to existing correctional facilities. The agreements are treated as capital leases as described in Note 1 on the statutory basis of accounting. The future rental payments are as follows:

<u>Year</u>	<u>Minimum Rental Payments</u>	
	<u>Correctional Facility</u>	<u>Recreational Facility</u>
2002	\$ 4,020,238	3,669,896
2003/2011	36,181,823	9,028,149
	<u>\$ 40,202,061</u>	<u>12,698,045</u>

NOTE 13: CAPITAL EQUIPMENT POOLED LEASE GUARANTEE

The Monmouth County Improvement Authority has issued capital equipment pooled lease revenue bonds for the purpose of financing the acquisition of equipment for lease to certain governmental units located within the County. Payment of interest and principal on the bonds is unconditionally and irrevocably guaranteed by the lessees of the equipment and the County. The bonds mature serially through the year 2007. At December 31, 2001, the bonds included the following issues:

<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Balance Dec. 31, 2001</u>
8-01-91	\$ 5,435,000	375,000
7-01-93	10,825,000	425,000
9-01-95	8,530,000	1,655,000
8-15-97	11,390,000	3,455,000
8-30-99	20,590,000	15,360,000
10-31-01	16,885,000	16,885,000

NOTE 14: ARBITRAGE

In general, when a rebate occurs as a result of investment activity in bond proceeds the liability is payable to the Internal Revenue Service on a computation date in the fifth year subsequent to the date of issue of the bonds. Thus, depending upon continued investment activity in the proceeds, together with expenditures for the purpose of the bonds and interest rates, the ultimate rebate liability on the fifth year computation date may be more or less than the liability computed in any interim.

For its \$23,000,000 bond issue of September 1, 1995, the County has determined that there is an arbitrage rebate liability at December 31, 2001 of \$14,052.88. The County has provided for the liability out of interest income resources associated with the issue.

For its October 15, 1996 bond issue of \$30,000,000 the County has determined that there is an arbitrage liability of \$711.94.

For its August 1, 1997 bond issue of \$33,000,000 the County has determined that there is an arbitrage liability of \$304,320.54.

For its August 1, 1998 bond issue of \$30,160,000 the County has determined that there is arbitrage liability of \$192,837.67.

For its July 15, 1999 bond issue of \$30,000,000 the County has determined that there is an arbitrage liability of \$174,326.92. A reserve has been set-up for the total of \$686,249.95.

NOTE 15: RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees. For the foregoing purposes, it has established various trust funds to finance its self-insured retention program. The following is a schedule of the County's present insurance coverage which reflects the amounts of its self-insured retention and excess coverage:

<u>Coverage</u>	<u>Self-Insured Retention</u>	<u>Excess Insurance</u>
General Liability	\$ 200,000	10,000,000
Automobile	200,000	10,000,000
Law Enforcement	200,000	10,000,000
Public Employee Dishonesty	5,000	1,000,000
Public Officials	50,000	2,000,000
Prosecutor's Liability	1,250	3,000,000
Helicopter/Aviation		5,000,000
Environmental Impairment	15,000	3,000,000
Property	Various	377,959,000
Workers Compensation	250,000	Statutory

In respect to the excess insurance, the County's settled claims have not exceeded the commercial coverage in any of the past three years. At December 31, 2001, deposits in the trust fund amounted to \$31,855.

NOTE 16: RESERVE FOR ENVIRONMENTAL IMPAIRMENT LIABILITY

In conjunction with its petition to increase its reclamation utility landfill rates, which was approved by the State of New Jersey in January 1989, the County established a reserve for self insurance for potential losses that might occur as a result of accidents having an environmental impact. At December 31, 2001 the reserve, which management considered to be adequate in terms of its risk, amounted to \$7,000,000.

NOTE 17: FIXED ASSETS

In 1997, the County contracted the services of a company to count, record and report on its fixed assets. For purposes of the report, the County established a threshold of \$1,000 as the minimum value for an item to be included in its fixed assets accounts. The company completed its report for assets acquired through December 31, 1996, and adjustments have been made in the accounts to reflect the results up to December 31, 2001.

	Balance			Balance
	<u>January 1, 2000</u>	<u>Additions</u>	<u>Deletions</u>	<u>Dec. 31, 2001</u>
Total Fixed Assets	<u>\$417,980,398.54</u>	<u>25,281,164.05</u>	<u>470,246.43</u>	<u>442,791,316.16</u>

NOTE 18: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2001, there were no deferred charges in the Current Fund.

NOTE 19: DIVISION OF SOCIAL SERVICES

The County Board of Social Services was dissolved by an action of the Board of Chosen Freeholders in 1991, and became a Division (the "Division") within the framework of other County departments and divisions in that year. The State of New Jersey is responsible for the imposition of federal eligibility requirements for assistance, and certain other support subsidies that are tested on an ongoing basis by its quality assurance units. Programs governing client files in the States database are used to categorize and measure terms of client benefits and validate eligibility based upon historical information.

For the purpose of the financial statements the Division accounts are reported in the following funds:

Current Fund Accounts:

Administration
Rental Assistance

Trust Fund Accounts:

Reach Omega
Assistance
Child Support
Clearing

NOTE 19: DIVISION OF SOCIAL SERVICES (Continued)

In addition, a record of the Division's fixed assets is maintained by the County and reported in the County's General Fixed Assets Account Group for all items in excess of a \$1,000 minimum threshold. Based upon this threshold, the Division's fixed assets, comprised solely of moveable equipment, were reported at the following values:

December 31, 2001	\$ 915,622.19
December 31, 2000	865,578.78
December 31, 1999	808,873.20
December 31, 1998	752,863.70
December 31, 1997	627,488.78

NOTE 20: CONTINGENT LIABILITIES**State and Federal Financial Assistance**

The County receives financial assistance from the State of New Jersey and the U.S. government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the financial assistance agreements and applicable regulations, including the expenditure of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by grantors. As a result of these audits, costs previously reimbursed could be disallowed and require repayment to the grantor agency. As of December 31, 2001, the County estimates that no material liabilities will result from such audits.

Litigation

The County has been informed through its counsel that there is no litigation, impending litigation, claims, contingent liabilities, unasserted claims or assessments or statutory violations which involve the County, and which might materially affect the County's financial position or results of operation for the year 2001, and post balance sheet period through June 14, 2002.

NOTE 21: SUBSEQUENT EVENTS

The County adopted the following ordinances in 2002 authorizing the issuance of additional debt:

<u>Ordinance Number</u>	<u>Project</u>	<u>Amount of Debt Authorized</u>
02-01	Landfill Improvements	\$ 9,750,000
02-02	Various Improvements	43,910,000

NOTE 22: CHANGE ORDERS

Monmouth County approved the following change orders during 2001:

1. Reso. #01-077 for A. Montone Construction Inc. – Change Order #1 and final for intersection improvements at C.R. 516, Middle Road and Poole Avenue in the Township of Hazlet.
2. Reso. #01-099 for Kelso Construction Co. – Resolution ratifying fourth amended purchase order issued for removal of defective kitchen floor work at the M.C. Correctional Institution.
3. Reso. #01-131 for Walter R. Earle Corporation – Authorizing additional expenditures for the furnishing of hot mix bituminous concrete for the Highway Department for calendar 2000.
4. Reso. #01-196 for Mickey Benoit, Inc. – Amending resolution 00-990 for the furnishing of recycling of stumps, broken concrete, and wood for the Highway Department for 2001 & 2002.
5. Reso. #01-201 for Nextel Communications – Authorizing additional expenditure for the furnishing of portable digital cellular telephones for the Prosecutor's Office.
6. Reso. #01-283 for Kelso Construction Co. -- Change Order #1 for the general contractor for the replacement of the kitchen floor and waterproofing at the M.C. Correctional Institution.
7. Reso. #01-306 for Peters Chemical Company – Authorizing additional expenditure for liquid calcium chloride for the period 01/01/00 through 12/31/01.
8. Reso. #01-525 for C. Caruso Excavating, Inc. – Change Order #4 and final for the realignment of Oak Glen Road at CR 547 and the reconstruction of County Bridge No. HL-53A, Howell.
9. Reso. #01-645 for Data Microimage, Inc. – Authorizing additional expenditure for furnishing the conversion of Wang optical cartridges to microfilm images for the M.C. Surrogate.
10. Reso. #01-686 for PSEG Energy Technologies, Inc. in care of Amerada Hess Corporation – Authorizing additional expenditures for natural gas for the period 12/1/99 through 11/30/01.
11. Reso. #01-1003 for Bird Construction – Change Order #1 and final for emergency repairs to bridge MT-21, on CR 8A, Locust Avenue, over Claypit Creek, in the Township of Middletown.

As per N.J.A.C. 5:30-11, the County must approve change orders which cause the originally awarded contract price to be exceeded by more than 20%.

APPENDIX B

FORM OF CONTINUING DISCLOSURE CERTIFICATE

CONTINUING DISCLOSURE CERTIFICATE

THIS CONTINUING DISCLOSURE CERTIFICATE is made as of May 29, 2003 by the County of Monmouth, New Jersey, a political subdivision duly organized under the laws of the State of New Jersey (the “Issuer”).

WITNESSETH:

WHEREAS, the Issuer is issuing its General Obligation Bonds dated May 29, 2003 in the aggregate principal amount of \$57,210,000 consisting of \$40,000,000 General Improvement Bonds, Series 2003A (the “Series 2003A Bonds”) and \$17,210,000 Pension Refunding Bonds, Series 2003B (Taxable) (the “Series 2003B Bonds” and together with the Series 2003A Bonds, 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 May 22, 2003; and

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

WHEREAS, the Issuer represented in its Notices of Sale dated May 13, 2003 (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 to various information repositories required to be disclosed on a continual basis pursuant to Rule 15c2-12; and

WHEREAS, on May 22, 2003, the Issuer accepted the bid of Citigroup Global Markets, Inc., with respect to the Series 2003A Bonds, and Citigroup Global Markets, Inc., with respect to the Series 2003B Bonds, on behalf of themselves 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 West Paterson, 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 Repositories and the MSRB as provided in subsection 2.4(a).

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

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

“Final Official Statement” means the final Official Statement of the Issuer dated May 22, 2003 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. The address of the MSRB as of the date of this Certificate is:

1818 N. Street, NW, Suite 800
Washington, DC 20036-2491

“National Repository” means a “nationally recognized municipal securities information repository” within the meaning of Rule 15c2-12. As of the date of this Certificate, the National Repositories recognized by the SEC in accordance with Rule 15c2-12 are:

- (a) Standard & Poor’s J. J. Kenny Repository
55 Water Street, 45th Floor
New York, New York 10014
Phone: (212) 438-4595
Telecopier: (212) 438-3975
- (b) Bloomberg Municipal Repositories
100 Business Park Drive
Skillman, New Jersey 08558
Phone: (609) 279-3225
Telecopier: (609) 279-5962
- (c) DPC Data, Inc.
One Executive Drive
Fort Lee, New Jersey 07024
Phone: (201) 346-0701
Telecopier: (201) 947-0107
- (d) FT Interactive Data
Attn: NRMSIR
100 Williams Street
New York, New York 10038

Phone: (212) 771-6999
Telecopier: (212) 771-7390 (Secondary Market Information)
(212) 771-7391 (Primary Market Information)

“Operating Data” means the financial and statistical information of the Issuer of the type included in the Final Official Statement under the headings “List of Twelve Largest Taxpayers”, “Assessed Valuation of Real Property and Equalized Valuations Taxable and Tax Rates”, “Distribution of Assessed Valuation, “ “Statement of Statutory Net Debt,” “Schedule of Debt Service,” “Debt Analyses, “Other County Obligations” and “Comparative County Budgets”.

“Repository” means each National Repository and each State Repository.

“State” means the State of New Jersey.

“State Depository” means any public or private repository or entity designated by the State as a state information depository for purposes of Rule 15c2-12. As of the date of this Certificate, there is no State Repository.

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 September 1 of each year, commencing with the first Fiscal Year of the Issuer ending after January 1, 2003, an Annual Report to each Repository;

(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 each Repository;

(d) In a timely manner, to each National Repository or to the MSRB, and to the appropriate State Depository, if any, notice of any of the following events with respect to the Bonds, if material (each, a “Disclosure Event”);

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults;
- (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 or events affecting the tax-exempt status of the Bonds;
- (vii) Modifications to rights of holders of the Bonds;
- (viii) Bond calls;
- (ix) Defeasances;
- (x) Release, substitution, or sale of property securing repayment of the Bonds; and
- (xi) Rating changes.

(e) In a timely manner, to each National Repository or to the MSRB and to the appropriate State Depository, if any, 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 each of the Repositories 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 each National Repository or with the MSRB and the State Repository (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:

- (i) determine each year prior to the date for providing the Annual Report the name and address of each National Repository and each State Repository, if any; and
- (ii) 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 and listing all the Repositories to which it was provided.

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, Hall of Records, Finance Department, Freehold, New Jersey 07728, Attention: Mark E. Acker.

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

Section 4.5 Amendments, Changes and Modifications.

(a) Without the consent of any Bondholders, the Issuer at any time and from time to time may enter into any amendments or modifications to this Certificate for any of the following purposes:

- (i) to add to covenants and agreements of the Issuer hereunder for the benefit of the Bondholders, or to surrender any right or power conferred upon the Issuer by this Certificate;
- (ii) to modify the contents, presentation and format of the Annual Report from time to time to conform to changes in accounting or disclosure principles or practices and legal requirements followed by or applicable to the Issuer or to reflect changes in the identity, nature or status of the Issuer or in the

business, structure or operations of the Issuer or any mergers, consolidations, acquisitions or dispositions made by or affecting the Issuer; provided that any such modification shall comply with the requirements of Rule 15c2-12 as then in effect at the time of such modification; or

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

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

(b) Upon entering into any amendment or modification required or permitted by this Certificate, the Issuer shall deliver, or cause the dissemination Agent to deliver, to each of the Repositories 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 each

of the Repositories 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 MONMOUTH, 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 MONMOUTH, NEW JERSEY

By: _____
Mark E. Acker, Director of Finance

APPENDIX C

NOTICE OF SALE WITH RESPECT TO SERIES 2003A BONDS

NOTICE OF SALE

\$40,000,000

**COUNTY OF MONMOUTH
NEW JERSEY**

**GENERAL OBLIGATION
GENERAL IMPROVEMENT BONDS, SERIES 2003A**

ELECTRONIC BIDS, via BiDCOMP/PARITY Competitive Bidding System (BiDCOMP/Parity) (the "Proposals") only, will be received by the Director of Finance of the Board of Chosen Freeholders of the County of Monmouth, New Jersey (the "County"), on May 22, 2003 until 11:00 a.m., New York City time, at which time they will be announced, for the purchase of all, but not less than all, of the County's \$40,000,000 General Obligation General Improvement Bonds, Series 2003A (the "Bonds"). Bidders are required to submit their Proposal for the purchase of the Bonds in accordance with the terms of the Notice of Sale.

Interest Payment Dates

The Bonds will be dated the date of delivery (which is expected to be May 29, 2003) and will bear interest at the rate per annum specified by the successful bidder therefor in accordance herewith, payable on March 1, 2004 and semi-annually thereafter on the first day of September and March in each year until maturity.

Principal Amortization

Principal of the Bonds will be paid annually (at maturity, unless designated as mandatory sinking fund payments in the manner prescribed herein), subject to prior optional redemption, on the first day of March in the following years and in the following aggregate amounts:

<u>Maturing March 1</u>	<u>Annual Amount Maturing</u>	<u>Maturing March 1</u>	<u>Annual Amount Maturing</u>
2004	\$1,400,000	2011	\$2,790,000
2005	2,315,000	2012	2,790,000
2006	2,790,000	2013	2,790,000
2007	2,790,000	2014	2,790,000
2008	2,790,000	2015	2,790,000
2009	2,790,000	2016	2,795,000
2010	2,790,000	2017	2,795,000
		2018	2,795,000

Term Bond Option

Bidders may designate in their proposal two or more consecutive annual principal payments as a term bond, which matures on the maturity date of the last annual principal payment of the sequence. Any term bond so designated shall be subject to mandatory sinking fund redemption in each year on the principal payment date and in the entire principal amount for each annual principal payment designated for inclusion in such term bond. There is no limitation on the number of term bonds.

Optional Redemption Provisions

The Bonds maturing on or prior to March 1, 2013 shall not be subject to redemption prior to their respective maturity dates. The Bonds maturing on or after March 1, 2014 shall be subject to redemption prior to their respective maturity dates, on or after March 1, 2013 at the option of the County, either in whole or in part at any time in any order of maturity at par (the "Redemption Price") and accrued interest thereon to the date of redemption.

Notice of Redemption shall be given by publishing such notice once a week for two (2) successive weeks in a newspaper of general circulation that carries financial news, is printed in the English language and is customarily published on each business day in the State of New York, the first of such publications to be at least thirty (30) but not more than sixty (60) days before the date fixed for redemption. A Notice of Redemption shall also be mailed by first class mail in a sealed envelope with postage prepaid to the registered owners of such Bonds at their respective addresses as they last appear on the registration books kept for that purpose by the County. However, so long as DTC (or any successor thereto) acts as Securities Depository for the Bonds, Notices of Redemption shall be sent to such depository and shall not be sent to the beneficial owners of the Bonds, nor shall the notice be published as provided herein. Any failure of such depository to advise any of its participants or any failure of any participant to

notify any beneficial owner of any Notice of Redemption shall not affect the validity of the redemption proceedings. If the County determines to redeem a portion of the Bonds of a maturity, such Bonds shall be selected by the County by lot. If Notice of Redemption has been given as described herein, the Bonds, or the portion thereof called for redemption, shall be due and payable on the date fixed for redemption at the Redemption Price, together with accrued interest to the date fixed for redemption. Payment shall be made upon surrender of the Bonds redeemed.

Book-Entry-Only System

As long as DTC or its nominee, Cede & Co., is the registered owner of the Bonds, payments of the principal of and interest on the Bonds will be made directly to Cede & Co., as nominee of DTC, which will credit payments of principal of and interest on the Bonds to the DTC participants as listed in the records of DTC as of each next preceding February 15 and August 15, respectively (the "Record Dates" for payment of interest on the Bonds), which participants will in turn credit such payments to the beneficial owners of the Bonds.

All bidders of the Bonds must be participants of The Depository Trust Company, New York, New York ("DTC") or affiliated with its participants. The Bonds will be issued in fully registered form, and when issued will be registered in the name of and held by Cede & Co., as the registered owner thereof and nominee for DTC, an automated depository for securities and clearinghouse for securities transactions.

Individual purchases of beneficial ownership interests in the Bonds will be made in book-entry form (without certificates) in the denomination of \$5,000 each or any integral multiple thereof. It shall be the obligation of the successful bidder to furnish to DTC an underwriter's questionnaire and the denomination of the Bonds not less than seventy-two (72) hours prior to the delivery of the Bonds.

In the event that either DTC determines not to continue to act as securities depository for the Bonds or the County determines that the beneficial owners of the Bonds be able to obtain bond certificates, the County will appoint a paying agent and will issue and deliver replacement Bonds in the form of fully registered certificates.

Electronic Bidding and Bidding Procedures

Registration to Bid

All prospective bidders must be contracted customers of BiDCOMP/Parity Competitive Bidding System. If you do not have a contract with BiDCOMP, call (212) 806-8304 to become a customer. By submitting a bid for the Bonds, a prospective bidder represents and warrants to the County that such bidder's bid for the purchase of the Bonds (if a bid is submitted in connection with the sale) is submitted for and on behalf of such prospective bidder by an officer or agent who is duly authorized to bind the prospective bidder to a legal, valid and enforceable contract for the purchase of the Bonds.

If any provisions of this Notice of Sale shall conflict with information provided by BiDCOMP/Parity as approved provider of electronic bidding services, this Notice of Sale shall control. Further information about BiDCOMP/Parity, including any fee charged, may be obtained from BiDCOMP/Parity at (212) 806-8304.

Disclaimer

Each prospective bidder shall be solely responsible to register to bid via BiDCOMP/Parity. Each qualified prospective bidder shall be solely responsible to make necessary arrangements to access BiDCOMP/Parity for purposes of submitting its bid in a timely manner and in compliance with the requirements of this Notice of Sale. Neither the County nor BiDCOMP/Parity shall have any duty or obligation to undertake such registration to bid for any prospective bidder or to provide or assure such access to any qualified prospective bidder, and neither the County nor BiDCOMP/Parity shall be responsible for a bidder's failure to register to bid or for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by BiDCOMP/Parity. The County is using BiDCOMP/Parity as a communication mechanism, and not as the County's agent, to conduct the electronic bidding for the Bonds. The County is not bound by any advice and determination of BiDCOMP/Parity to the effect that any particular bid complies with the terms of this Notice of Sale and in particular the "Bid Specifications" hereinafter set forth. All costs and expenses incurred by prospective bidders in connection with their registration and submission of bids via BiDCOMP/Parity are the sole responsibility of the bidders; and the County is not responsible, directly or indirectly, for any such costs or expenses. If a prospective bidder encounters any difficulty in registering to bid or submitting, modifying or withdrawing a bid for the Bonds, it should telephone BiDCOMP/Parity and notify the Director of Finance of the County by facsimile at (732) 409-4824.

Bidding Procedures

Bids must be submitted electronically for the purchase of the Bonds (all or none) by means of the Monmouth County AON Bid Forms (the "Bid Forms") via BiDCOMP/Parity by 11:00 a.m., New York City time, on Thursday, May 22, 2003 unless postponed as described herein (see "Change of Bid Date and Closing Date"). Prior to that time, a prospective bidder may input and save proposed terms of its bid in BiDCOMP. Once the final bid has been saved in BiDCOMP, the bidder may select the final bid button in BiDCOMP to submit the bid to BiDCOMP/Parity. Once the bids are communicated electronically via BiDCOMP/Parity to the County Director of Finance, each bid will constitute an irrevocable offer to purchase the Bonds on the terms therein provided. For purposes of the electronic bidding process, the time as maintained on BiDCOMP shall constitute the official time. For information purposes only, bidders are requested to state in their bids the true interest cost to the County, as described under "Award, Delivery and Payment" below, represented by the rate or rates of interest and the bid price specified in their respective bids.

No bids will be accepted in written form, by facsimile transmission or in any other medium or on any system other than by means of the Bid Form via BiDCOMP. No bid will be received after the time for receiving such bids specified above.

Bid Specifications

Each Proposal submitted must name the rate or rates of interest per annum to be borne by the Bonds bid for and the rate or rates named must be multiples of one-eighth or one-twentieth of one per centum. Not more than one rate may be named for Bonds of the same maturity. There is no limitation on the rates that may be named. No interest rate bid may exceed five and one quarter percent (5.25%). No bond of any maturity may be reoffered at a price less than ninety-five percent (95%) of the principal amount of such bond. Each Proposal submitted must be for all of the Bonds and the purchase price specified in the proposal must be not less than one hundred percent (100%) of the aggregate par value of the Bonds.

Award, Delivery And Payment

The Bonds will be awarded to the bidder on whose bid the total loan may be made at the lowest true interest cost. Such true interest cost shall be computed, as to each bid, by doubling the semiannual interest rate (compounded semiannually) necessary to discount the debt service payments from the payment dates to the date of the Bonds and the price bid, excluding accrued interest to the delivery date. No Proposal shall be considered that offers to pay an amount less than the principal amount of Bonds offered for sale or under which the total loan is made at an interest cost higher than the lowest true interest cost to the County under any legally acceptable proposal. If two or more such bidders offer to pay the lowest true interest cost, then the Bonds will be sold to one of such bidders selected by lot from among all such bidders. The bidder to which the Bonds are awarded (in the manner specified above) is herein referred to as the "Successful Bidder."

It is expected that delivery of the Bonds to DTC and payment for the Bonds will take place on or about, May 29, 2003 at the offices of Gibbons, Del Deo, Dolan, Griffinger & Vecchione, bond counsel to the County ("Bond Counsel"), in Newark, New Jersey or at such other place as may be agreed upon with the Successful Bidder. The Bonds will be delivered to DTC in single denominations for each maturity of each type of bond. PAYMENT FOR THE BONDS AT THE TIME OF ORIGINAL ISSUANCE AND DELIVERY SHALL BE IN IMMEDIATELY AVAILABLE FUNDS.

Change of Bid Date and Closing Date

The County reserves the right to postpone, from time to time, the date established for the receipt of bids and will undertake to notify registered prospective bidders via notification published on Thomson Municipal Market Monitor ("TM3") (www.tm3.com). Prospective bidders may request notification by facsimile transmission of any such changes in the date or time for the receipt of bids by so advising, and furnishing their telecopier numbers to Public Resources Advisory Group at (212) 566-7800 by 12 Noon, New York City time, on the day prior

to the announced date for receipt of bids. In addition, the County reserves the right to make changes to this Notice of Sale. Such changes will be announced on the TM3.

A postponement of the bid date will be announced via TM3 not later than 11:00 a.m., New York City time, on the last business day prior to any announced date for receipt of bids, and an alternative sale date and time will be announced via TM3 by Noon, New York City time, not less than forty-eight (48) hours prior to such alternative date for receipt of bids.

On any such alternative date and time for receipt of bids, the County will accept electronic bids for the purchase of the Bonds, such bids to conform in all respects to the provisions of this Notice of Sale, except for the changes in the date and time for receipt of bids and any other changes announced via TM3 at the time the date and time for receipt of bids are announced.

Right To Reject Bids; Waive Irregularities

The right is reserved to reject all bids, and any bid not complying with the terms of this Notice of Sale will be rejected. The County reserves the right to reject any or all Proposals and so far as permitted by law, to waive any irregularity or informality in any or all Proposals.

Good Faith Check

Each bidder is required to deposit a certified, treasurer's or cashier's check payable to the order of the COUNTY OF MONMOUTH, for \$800,000 drawn upon a bank or trust company, and such check must be received by the Director of Finance on May 22, 2003 until 11:00 a.m., New York City time, at the office of Public Resources Advisory Group, 40 Rector Street, Suite 1600, New York, New York 10006, attention: Monika Conley, telephone (212) 566-7800. When the Successful Bidder has been ascertained, all such deposits will be promptly returned to the persons making them, except the check of the Successful Bidder (the "Deposit"), which will be applied in part payment for the Bonds or to secure the County from any loss resulting from the failure of the Successful Bidder to comply with the terms of its bid. No interest will be allowed on the Deposit of the Successful Bidder. Award of the Bonds to the Successful Bidder or rejection of all bids is expected to be made within five hours after opening of the bids, but such Successful Bidder may not withdraw its Proposal for Bonds until after 5:00 p.m. of the day of such bid-opening and then only if such award has not been made prior to the withdrawal.

Bond Insurance

If the Bonds qualify for issuance of any policy of municipal bond insurance, any purchase of such policy shall be at the sole option and expense of the Successful Bidder. If the Bonds are to be insured, the Successful Bidder shall pay the premium therefor prior to the delivery of the Bonds. Any failure of the Bonds to be so insured or of any such policy of insurance to be issued shall not in any way relieve the Successful Bidder of its contractual obligations arising from the acceptance of its Proposal for Bonds for the purchase of the Bonds.

CUSIP Numbers

It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such number on any Bond nor any error with respect thereto shall constitute cause for the failure or refusal of the Successful Bidder to accept delivery of and pay for the Bonds. The CUSIP Service Bureau charges for the assignment of CUSIP numbers on the Bonds shall be the responsibility of and shall be paid for by the Successful Bidder.

Undertakings of the Successful Bidder

THE SUCCESSFUL BIDDER SHALL MAKE A BONA FIDE PUBLIC OFFERING OF THE BONDS AT THEIR RESPECTIVE INITIAL REOFFERING PRICES AND SHALL PROVIDE THE RELATED CERTIFICATION DESCRIBED BELOW. THE SUCCESSFUL BIDDER MUST SELL TO THE PUBLIC 10% OR MORE IN PAR AMOUNT OF THE RESPECTIVE SERIES OF THE BONDS FROM EACH MATURITY THEREOF AT THE INITIAL REOFFERING PRICES.

The successful bidder shall within 30 minutes after being notified of the award of the Bonds, advise the County in writing (via facsimile transmission) of the initial reoffering prices to the public of each maturity of the Bonds (the "Initial Reoffering Prices"). The successful bidder must, by facsimile transmission or delivery received by the County within 24 hours after notification of the award, furnish the following information to the County to complete the Official Statement in final form, as described below:

- A. Selling compensation (aggregate total anticipated compensation to the underwriters expressed in dollars, based on the expectation that all the Bonds are sold at the prices or yields at which the successful bidder advised the County that the Bonds were initially offered to the public).
- B. The identity of the underwriters if the successful bidder is part of a group or syndicate.
- C. Any other material information that the County determines is necessary to complete the Official Statement in final form.

After the award of the bonds, the County will prepare copies of the final Official Statement and will include therein such additional information concerning the reoffering of the bonds as the successful bidder may reasonably request. The successful bidder will be responsible to the County in all aspects for the accuracy and completeness of information provided by such successful bidder with respect to such reoffering.

SIMULTANEOUSLY WITH OR BEFORE DELIVERY OF THE BONDS, THE SUCCESSFUL BIDDER SHALL FURNISH TO THE COUNTY A CERTIFICATE ACCEPTABLE TO BOND COUNSEL TO THE EFFECT THAT (I) THE SUCCESSFUL BIDDER HAS MADE A BONA FIDE PUBLIC OFFERING OF THE BONDS AT THE INITIAL REOFFERING PRICES AND (II) SUBSTANTIAL AMOUNTS OF THE BONDS

WERE SOLD TO THE PUBLIC (EXCLUDING BOND HOUSES, BROKERS AND OTHER INTERMEDIARIES) AT THEIR RESPECTIVE INITIAL REOFFERING PRICES. Bond counsel advises that (i) such certificate must be made on the best knowledge, information and belief of the successful bidder, (ii) the sale to the public of 10% or more in par amount of the bonds of each maturity at the initial reoffering prices would be sufficient to certify as to the sale of a substantial amount of the bonds, and (iii) reliance on other facts as a basis for such certification would require evaluation by bond counsel to assure compliance with the statutory requirement to avoid the establishment of an artificial price for the Bonds.

Legal Opinions

The obligations hereunder to pay for and to accept delivery of the Bonds shall be conditioned on the availability and the delivery at the time of delivery of the Bonds of the approving opinion of the law firm of Gibbons, Del Deo, Dolan, Griffinger & Vecchione, Newark, New Jersey, bond counsel to the County, which will be furnished without cost to the Successful Bidder, substantially in the form set forth in the Official Statement distributed in preliminary form in connection with the sale of the Bonds. Such opinion shall state to the effect that the Bonds are valid and legally binding obligations of the County, and that all the taxable property therein will be subject to the levy of ad valorem taxes, without limitation as to rate or amount, to pay the principal of the Bonds and the interest thereon; and will also state that under existing law, interest on the Bonds is excluded from gross income for purposes of Federal income taxation. The obligations hereunder to pay for and to accept delivery of the Bonds shall be further conditioned on the availability and delivery to the Successful Bidder, at the time of delivery of the Bonds, of (i) certificates from the County Finance Director in form satisfactory to Bond Counsel evidencing the proper execution and delivery of the Bonds, the receipt of payment therefor and the fact the Bonds will not be arbitrage obligations within the meaning of the Code; (ii) a certificate from the County Attorney, in form and tenor satisfactory to Bond Counsel and dated as of the date of such delivery, to the effect that there is no litigation pending or (to the knowledge of the signer or signers thereof) threatened affecting the validity of the Bonds; and (iii) a certificate from the County Finance Director, in form and tenor satisfactory to Bond Counsel and dated as of the date of such delivery, to the effect that to the best of his knowledge of such and belief, and after reasonable investigation: (1) neither the Official Statement relating to the Bonds nor any amendment, or supplement thereto contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances in which they were made, not misleading; (2) since the date of the Official Statement (or the date of the most recent amendment or supplement thereto) no event has occurred which would make the statements therein untrue or, in the light of the circumstances in which they were made, misleading, and (3) there has not been any material adverse change in the operation or financial affairs of the County since the date of such Official Statement.

Concerning The Preliminary Official Statement

The County has issued an Official Statement with respect to the sale of the Bonds in preliminary form (the "Preliminary Official Statement") which the County has deemed final as of its date for purposes of paragraph (b)(1) of Rule 15c2-12 under the Securities Exchange Act

of 1934 (“Rule 15c2-12”), except for certain omissions permitted thereunder and except for changes permitted by other applicable law.

The Preliminary Official Statement may be accessed via the Internet at www.i-dealprospectus.com. A printed version is also available upon request made to the Director of Finance of the County at the Hall of Records, Finance Department, Third Floor, Freehold, New Jersey 07728-1256 (telephone (732) 431-7391), or from the County’s financial advisor, Public Resources Advisory Group, 40 Rector Street, New York, New York 10006 (telephone (212) 566-7800).

Official Statement

The County agrees to provide the successful bidder with up to two hundred (200) copies of the final Official Statement adopted by the County in relation to the sale by the County of the Bonds within the period of time allowed under Rule 15c2-12, at the sole cost and expense of the County, with any additional copies which the successful bidder shall reasonably request to be provided at the sole cost and expense of the successful bidder.

Continuing Disclosure

In order to assist the successful bidder in complying with Rule 15c2-12, the County agrees to deliver on the Closing Date a Continuing Disclosure Certificate to be dated as of the Closing Date pursuant to which the County shall agree to provide at the times and to the information repositories and other persons described in Rule 15c2-12 the financial or operating data required to be disclosed on a continuing basis pursuant to Rule 15c2-12.

Mark E. Acker
Director of Finance

Dated: May 13, 2003

APPENDIX D

NOTICE OF SALE WITH RESPECT TO SERIES 2003B BONDS

NOTICE OF SALE

\$17,295,000*

**COUNTY OF MONMOUTH
NEW JERSEY**

**GENERAL OBLIGATION
PENSION REFUNDING BONDS, SERIES 2003B (TAXABLE)**

ELECTRONIC BIDS, via BiDCOMP/PARITY Competitive Bidding System (BiDCOMP/Parity) (the “Proposals”) only, will be received by the Director of Finance of the Board of Chosen Freeholders of the County of Monmouth, New Jersey (the “County”), on May 22, 2003 until 11:00 a.m., New York City time, at which time they will be announced for the purchase of all, but not less than all, of the County’s \$17,295,000* General Obligation Pension Refunding Bonds, Series 2003B (Taxable) (the “Bonds”). Bidders are required to submit their Proposal for the purchase of the Bonds in accordance with the terms of the Notice of Sale.

Interest Payment Dates

The Bonds will be dated the date of delivery (expected to be May 29, 2003) and will bear interest at the rate per annum specified by the successful bidder therefor in accordance herewith, payable on January 15, 2004 and semi-annually thereafter on the fifteenth day of July and January in each year until maturity.

Principal Amortization

Principal of the Bonds will be paid annually (at maturity, unless designated as mandatory sinking fund payments in the manner prescribed herein), on the fifteenth day of July in the following years and in the following aggregate amounts:

<u>Maturing</u> <u>July 15</u>	<u>Annual Amount</u> <u>Maturing*</u>
2004	\$3,335,000
2005	3,385,000
2006	3,450,000
2007	3,515,000
2008	3,610,000

* Preliminary, subject to change.

Term Bond Option

Bidders may designate in their proposal two or more consecutive annual principal payments as a term bond, which matures on the maturity date of the last annual principal payment of the sequence. Any term bond so designated shall be subject to mandatory sinking fund redemption in each year on the principal payment date and in the entire principal amount for each annual principal payment designated for inclusion in such term bond. There is no limitation on the number of term bonds.

Optional Redemption Provisions

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

Book-Entry-Only System

As long as DTC or its nominee, Cede & Co., is the registered owner of the Bonds, payments of the principal of and interest on the Bonds will be made directly to Cede & Co., as nominee of DTC, which will credit payments of principal of and interest on the Bonds to the DTC participants as listed in the records of DTC as of each next preceding July 1 and January 1, respectively (the "Record Dates" for payment of interest on the Bonds), which participants will in turn credit such payments to the beneficial owners of the Bonds.

All bidders of the Bonds must be participants of The Depository Trust Company, New York, New York ("DTC") or affiliated with its participants. The Bonds will be issued in fully registered form, and when issued will be registered in the name of and held by Cede & Co., as the registered owner thereof and nominee for DTC, an automated depository for securities and clearinghouse for securities transactions.

Individual purchases of beneficial ownership interests in the Bonds will be made in book-entry form (without certificates) in the denomination of \$5,000 each or any integral multiple thereof. It shall be the obligation of the successful bidder to furnish to DTC an underwriter's questionnaire and the denomination of the Bonds not less than seventy-two (72) hours prior to the delivery of the Bonds.

In the event that either DTC determines not to continue to act as securities depository for the Bonds or the County determines that the beneficial owners of the Bonds be able to obtain bond certificates, the County will appoint a paying agent and will issue and deliver replacement Bonds in the form of fully registered certificates.

Adjustment to Principal Amounts

The preliminary aggregate principal amount of the Bonds and the preliminary principal amount of each annual payment on the Bonds as set forth in this Notice of Sale (the "Preliminary Aggregate Principal Amount" and the "Preliminary Principal Amount" of each annual payment, respectively; collectively, the "Preliminary Amounts") may be revised before the receipt of electronic bids for their purchase. ANY SUCH REVISIONS made prior to the receipt of

electronic bids (the “Revised Aggregate Principal Amount” and the “Revised Principal Amount” of each annual payment, respectively; collectively, the “Revised Amounts”) WILL BE PUBLISHED ON THOMSON MUNICIPAL MARKET MONITOR (“TM3”) (www.TM3.com) NOT LATER THAN 11:00 a.m. (NEW YORK CITY TIME) ON THE LAST BUSINESS DAY PRIOR TO THE DATE OF SALE. In the event that no such revisions are made, the Preliminary Amounts will constitute the Revised Amounts. Bidders shall submit bids based on the Revised Amounts and the Revised Amounts will be used to compare bids and select a winning bidder.

As promptly as reasonably possible after the bids are received, the County will notify the bidder to whom the Bonds will be awarded, if and when such award is made, and such bidder, upon such notice, shall advise the County of the initial reoffering prices to the public of each maturity of the Bonds (the “Initial Reoffering Prices”). Such Initial Reoffering Prices, among other things, will be used by the County to calculate the final principal amount of each annual payment on the Bonds (the “Final Aggregate Principal Amount” and the “Final Principal Amount” of each annual payment, respectively; collectively, the “Final Amounts”) to accommodate the refunding objectives of the County. The Final Aggregate Principal Amount of the Bonds will not be reduced or increased by more than 10% from the Revised Aggregate Principal Amount and the Final Principal Amount of any annual payment will not be reduced or increased by more than 10% from the Revised Principal Amount. THE SUCCESSFUL BIDDER MAY NOT WITHDRAW ITS BID OR CHANGE THE INTEREST RATES BID OR THE INITIAL REOFFERING PRICES AS A RESULT OF ANY CHANGES MADE TO THE REVISED AMOUNTS. The dollar amount bid by the successful bidder will be adjusted to reflect changes in the dollar amount of the underwriter’s discount and the original issue discount/premium, if any, but will not change the selling compensation per \$1,000 of par amount of bonds from the selling compensation that would have been received based on the purchase price in the winning bid and the Initial Reoffering Prices. The Final Amounts will be communicated to the successful bidder as soon as possible, but not later than 11:00 a.m. the day after awarding the Bonds.

Electronic Bidding and Bidding Procedures

Registration to Bid

All prospective bidders must be contracted customers of BiDCOMP/Parity Competitive Bidding System. If you do not have a contract with BiDCOMP, call (212) 806-8304 to become a customer. By submitting a bid for the Bonds, a prospective bidder represents and warrants to the County that such bidder’s bid for the purchase of the Bonds (if a bid is submitted in connection with the sale) is submitted for and on behalf of such prospective bidder by an officer or agent who is duly authorized to bind the prospective bidder to a legal, valid and enforceable contract for the purchase of the Bonds.

If any provisions of this Notice of Sale shall conflict with information provided by BiDCOMP/Parity as approved provider of electronic bidding services, this Notice of Sale shall control. Further information about BiDCOMP/Parity, including any fee charged, may be obtained from BiDCOMP/Parity at (212) 806-8304.

Disclaimer

Each prospective bidder shall be solely responsible to register to bid via BiDCOMP/Parity. Each qualified prospective bidder shall be solely responsible to make necessary arrangements to access BiDCOMP/Parity for purposes of submitting its bid in a timely manner and in compliance with the requirements of this Notice of Sale. Neither the County nor BiDCOMP/Parity shall have any duty or obligation to undertake such registration to bid for any prospective bidder or to provide or assure such access to any qualified prospective bidder, and neither the County nor BiDCOMP/Parity shall be responsible for a bidder's failure to register to bid or for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by BiDCOMP/Parity. The County is using BiDCOMP/Parity as a communication mechanism, and not as the County's agent, to conduct the electronic bidding for the Bonds. The County is not bound by any advice and determination of BiDCOMP/Parity to the effect that any particular bid complies with the terms of this Notice of Sale and in particular the "Bid Specifications" hereinafter set forth. All costs and expenses incurred by prospective bidders in connection with their registration and submission of bids via BiDCOMP/Parity are the sole responsibility of the bidders; and the County is not responsible, directly or indirectly, for any such costs or expenses. If a prospective bidder encounters any difficulty in registering to bid or submitting, modifying or withdrawing a bid for the Bonds, it should telephone BiDCOMP/Parity and notify the Director of Finance of the County by facsimile at (732) 409-4824.

Bidding Procedures

Bids must be submitted electronically for the purchase of the Bonds (all or none) by means of the Monmouth County AON Bid Forms (the "Bid Forms") via BiDCOMP/Parity by 11:00 a.m., New York City time, on Thursday, May 22, 2003 unless postponed as described herein (see "Change of Bid Date and Closing Date"). Prior to that time, a prospective bidder may input and save proposed terms of its bid in BiDCOMP. Once the final bid has been saved in BiDCOMP, the bidder may select the final bid button in BiDCOMP to submit the bid to BiDCOMP/Parity. Once the bids are communicated electronically via BiDCOMP/Parity to the County Director of Finance, each bid will constitute an irrevocable offer to purchase the Bonds on the terms therein provided. For purposes of the electronic bidding process, the time as maintained on BiDCOMP shall constitute the official time. For information purposes only, bidders are requested to state in their bids the true interest cost to the County, as described under "Award, Delivery and Payment" below, represented by the rate or rates of interest and the bid price specified in their respective bids.

No bids will be accepted in written form, by facsimile transmission or in any other medium or on any system other than by means of the Bid Form via BiDCOMP. No bid will be received after the time for receiving such bids specified above.

Bid Specifications

Each Proposal submitted must name the rate or rates of interest per annum to be borne by the Bonds bid for and the rate or rates named must be multiples of one-eighth or one-twentieth of one per centum. Not more than one rate may be named for Bonds of the same maturity. There is no limitation on the rates that may be named. No interest rate bid may exceed five and a quarter percent (5.25%). No bond of any maturity may be reoffered at a price less than ninety-five percent (95%) of the principal amount of such bond. Each Proposal submitted must be for all of the Bonds and the purchase price specified in the proposal must be not less than ninety-nine percent (99%) of the aggregate par value of the Bonds.

Award, Delivery And Payment

The Bonds will be awarded to the bidder on whose bid the total loan may be made at the lowest true interest cost. Such true interest cost shall be computed, as to each bid, by doubling the semi-annual interest rate (compounded semi-annually) necessary to discount the debt service payments from the payment dates to the date of the Bonds and to the price bid, excluding accrued interest to the delivery date. No Proposal shall be considered that offers to pay an amount less than 99% of the principal amount of Bonds offered for sale or under which the total loan is made at an interest cost higher than the lowest true interest cost to the County under any legally acceptable proposal. If two or more such bidders offer to pay the lowest true interest cost, then the Bonds will be sold to one of such bidders selected by lot from among all such bidders. The bidder to which the Bonds are awarded (in the manner specified above) is herein referred to as the "Successful Bidder."

It is expected that delivery of the Bonds to DTC and payment for the Bonds will take place on or about, May 29, 2003 at the offices of Gibbons, Del Deo, Dolan, Griffinger & Vecchione, bond counsel to the County ("Bond Counsel"), in Newark, New Jersey or at such other place as may be agreed upon with the Successful Bidder. The Bonds will be delivered to DTC in single denominations for each maturity of each type of bond. PAYMENT FOR THE BONDS AT THE TIME OF ORIGINAL ISSUANCE AND DELIVERY SHALL BE IN IMMEDIATELY AVAILABLE FUNDS.

Change of Bid Date and Closing Date

The County reserves the right to postpone, from time to time, the date established for the receipt of bids and will undertake to notify registered prospective bidders via notification published on Thomson Municipal Market Monitor ("TM3") (www.tm3.com). Prospective bidders may request notification by facsimile transmission of any such changes in the date or time for the receipt of bids by so advising, and furnishing their telecopier numbers to Public Resources Advisory Group at (212) 566-7800 by 12 Noon, New York City time, on the day prior to the announced date for receipt of bids. In addition, the County reserves the right to make changes to this Notice of Sale. Such changes will be announced on the TM3.

A postponement of the bid date will be announced via TM3 not later than 11:00 a.m., New York City time, on the last business day prior to any announced date for receipt of bids, and

an alternative sale date and time will be announced via TM3 by Noon, New York City time, not less than forty-eight (48) hours prior to such alternative date for receipt of bids.

On any such alternative date and time for receipt of bids, the County will accept electronic bids for the purchase of the Bonds, such bids to conform in all respects to the provisions of this Notice of Sale, except for the changes in the date and time for receipt of bids and any other changes announced via TM3 at the time the date and time for receipt of bids are announced.

Right To Reject Bids; Waive Irregularities

The right is reserved to reject all bids, and any bid not complying with the terms of this Notice of Sale will be rejected. The County reserves the right to reject any or all Proposals and so far as permitted by law, to waive any irregularity or informality in any or all Proposals.

Good Faith Check

Each bidder is required to deposit a certified, treasurer's or cashier's check payable to the order of the COUNTY OF MONMOUTH, for \$370,000 drawn upon a bank or trust company, and such check must be received by the Director of Finance on May 22, 2003 until 11:00 a.m., New York City time, at the office of Public Resources Advisory Group, 40 Rector Street, Suite 1600, New York, New York 10006, Attention: Monika Conley, telephone (212) 566-7800. When the Successful Bidder has been ascertained, all such deposits will be promptly returned to the persons making them, except the check of the Successful Bidder (the "Deposit"), which will be applied in part payment for the Bonds or to secure the County from any loss resulting from the failure of the Successful Bidder to comply with the terms of its bid. No interest will be allowed on the Deposit of the Successful Bidder. Award of the Bonds to the Successful Bidder or rejection of all bids is expected to be made within five hours after opening of the bids, but such Successful Bidder may not withdraw its Proposal for Bonds until after 5:00 p.m. of the day of such bid-opening and then only if such award has not been made prior to the withdrawal.

Bond Insurance

If the Bonds qualify for issuance of any policy of municipal bond insurance, any purchase of such policy shall be at the sole option and expense of the Successful Bidder. If the Bonds are to be insured, the Successful Bidder shall pay the premium therefor prior to the delivery of the Bonds. Any failure of the Bonds to be so insured or of any such policy of insurance to be issued shall not in any way relieve the Successful Bidder of its contractual obligations arising from the acceptance of its Proposal for Bonds for the purchase of the Bonds.

CUSIP Numbers

It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such number on any Bond nor any error with respect thereto shall constitute cause for the failure or refusal of the Successful Bidder to accept delivery of and pay

for the Bonds. The CUSIP Service Bureau charges for the assignment of CUSIP numbers on the Bonds shall be the responsibility of and shall be paid for by the Successful Bidder.

Undertakings of the Successful Bidder

THE SUCCESSFUL BIDDER SHALL MAKE A BONA FIDE PUBLIC OFFERING OF THE BONDS AT THEIR RESPECTIVE INITIAL REOFFERING PRICES AND SHALL PROVIDE THE RELATED CERTIFICATION DESCRIBED BELOW. THE SUCCESSFUL BIDDER MUST SELL TO THE PUBLIC 10% OR MORE IN PAR AMOUNT OF THE RESPECTIVE SERIES OF THE BONDS FROM EACH MATURITY THEREOF AT THE INITIAL REOFFERING PRICES.

The successful bidder shall within 30 minutes after being notified of the award of the Bonds, advise the County in writing (via facsimile transmission) of the initial reoffering prices to the public of each maturity of the Bonds (the “Initial Reoffering Prices”). The successful bidder must, by facsimile transmission or delivery received by the County within 24 hours after notification of the award, furnish the following information to the County to complete the Official Statement in final form, as described below:

- A. Selling compensation (aggregate total anticipated compensation to the underwriters expressed in dollars, based on the expectation that all the Bonds are sold at the prices or yields at which the successful bidder advised the County that the Bonds were initially offered to the public).
- B. The identity of the underwriters if the successful bidder is part of a group or syndicate.
- C. Any other material information that the County determines is necessary to complete the Official Statement in final form.

After the award of the bonds, the County will prepare copies of the final Official Statement and will include therein such additional information concerning the reoffering of the bonds as the successful bidder may reasonably request. The successful bidder will be responsible to the County in all aspects for the accuracy and completeness of information provided by such successful bidder with respect to such reoffering.

SIMULTANEOUSLY WITH OR BEFORE DELIVERY OF THE BONDS, THE SUCCESSFUL BIDDER SHALL FURNISH TO THE COUNTY A CERTIFICATE ACCEPTABLE TO BOND COUNSEL TO THE EFFECT THAT (I) THE SUCCESSFUL BIDDER HAS MADE A BONA FIDE PUBLIC OFFERING OF THE BONDS AT THE INITIAL REOFFERING PRICES AND (II) SUBSTANTIAL AMOUNTS OF THE BONDS WERE SOLD TO THE PUBLIC (EXCLUDING BOND HOUSES, BROKERS AND OTHER INTERMEDIARIES) AT THEIR RESPECTIVE INITIAL REOFFERING PRICES. Bond counsel advises that (i) such certificate must be made on the best knowledge, information and belief of the successful bidder, (ii) the sale to the public of 10% or more in par amount of the bonds of each maturity at the initial reoffering prices would be sufficient to certify as to the sale

of a substantial amount of the bonds, and (iii) reliance on other facts as a basis for such certification would require evaluation by bond counsel to assure compliance with the statutory requirement to avoid the establishment of an artificial price for the Bonds.

Legal Opinions

The obligations hereunder to pay for and to accept delivery of the Bonds shall be conditioned on the availability and the delivery at the time of delivery of the Bonds of the approving opinion of the law firm of Gibbons, Del Deo, Dolan, Griffinger & Vecchione, Newark, New Jersey, bond counsel to the County, which will be furnished without cost to the Successful Bidder, substantially in the form set forth in the Official Statement distributed in preliminary form in connection with the sale of the Bonds. Such opinion shall state to the effect that the Bonds are valid and legally binding obligations of the County, and that all the taxable property therein will be subject to the levy of ad valorem taxes, without limitation as to rate or amount, to pay the principal of the Bonds and the interest thereon. The obligations hereunder to pay for and to accept delivery of the Bonds shall be further conditioned on the availability and delivery to the Successful Bidder, at the time of delivery of the Bonds, of (i) certificates from the County Finance Director in form satisfactory to Bond Counsel evidencing the proper execution and delivery of the Bonds, the receipt of payment therefor and the fact the Bonds will not be arbitrage obligations within the meaning of the Code; (ii) a certificate from the County Attorney, in form and tenor satisfactory to Bond Counsel and dated as of the date of such delivery, to the effect that there is no litigation pending or (to the knowledge of the signer or signers thereof) threatened affecting the validity of the Bonds; and (iii) a certificate from the County Finance Director, in form and tenor satisfactory to Bond Counsel and dated as of the date of such delivery, to the effect that to the best of his knowledge of such and belief, and after reasonable investigation: (1) neither the Official Statement relating to the Bonds nor any amendment, or supplement thereto contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances in which they were made, not misleading; (2) since the date of the Official Statement (or the date of the most recent amendment or supplement thereto) no event has occurred which would make the statements therein untrue or, in the light of the circumstances in which they were made, misleading, and (3) there has not been any material adverse change in the operation or financial affairs of the County since the date of such Official Statement.

Concerning The Preliminary Official Statement

The County has issued an Official Statement with respect to the sale of the Bonds in preliminary form (the "Preliminary Official Statement") which the County has deemed final as of its date for purposes of paragraph (b)(1) of Rule 15c2-12 under the Securities Exchange Act of 1934 ("Rule 15c2-12"), except for certain omissions permitted thereunder and except for changes permitted by other applicable law.

The Preliminary Official Statement may be accessed via the Internet at www.i-dealprospectus.com. A printed version is also available upon request made to the Director of Finance of the County at the Hall of Records, Finance Department, Third Floor, Freehold, New Jersey 07728-1256 (telephone (732) 431-7391), or from the County's financial advisor, Public

Resources Advisory Group, 40 Rector Street, New York, New York 10006 (telephone (212) 566-7800).

Official Statement

The County agrees to provide the successful bidder with up to two hundred (200) copies of the final Official Statement adopted by the County in relation to the sale by the County of the Bonds within the period of time allowed under Rule 15c2-12, at the sole cost and expense of the County, with any additional copies which the successful bidder shall reasonably request to be provided at the sole cost and expense of the successful bidder.

Continuing Disclosure

In order to assist the successful bidder in complying with Rule 15c2-12, the County agrees to deliver on the Closing Date a Continuing Disclosure Certificate to be dated as of the Closing Date pursuant to which the County shall agree to provide at the times and to the information repositories and other persons described in Rule 15c2-12 the financial or operating data required to be disclosed on a continuing basis pursuant to Rule 15c2-12.

Mark E. Acker
Director of Finance

Dated: May 13, 2003

APPENDIX E

**FORM OF OPINIONS OF GIBBONS, DEL DEO, DOLAN,
GRIFFINGER & VECCHIONE, BOND COUNSEL
TO THE COUNTY OF MONMOUTH, NEW JERSEY**

**FORM OF OPINION OF
GIBBONS, DEL DEO, DOLAN, GRIFFINGER & VECCHIONE, P.C.**

May __, 2003

Board of Chosen Freeholders
County of Monmouth
Hall of Records
Freehold, New Jersey 07728-1256

Dear Board Members:

We have examined certified copies of the proceedings of the Board of Chosen Freeholders of the County of Monmouth, 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 by the County of its \$40,000,000 General Improvement Bonds, Series 2003A (the "Series 2003A") Bonds.

The Series 2003A Bonds are issued pursuant to the Local Bond Law, constituting Chapter 2 of Title 40A of the New Jersey Statutes (the "Local Bond Law"), Title 18A, Education, of the New Jersey Statutes (the "Education Law"), a resolution of the Board of Chosen Freeholders adopted on May 8, 2003 (the "Resolution") and by virtue of various bond ordinances of the County (the "Bond Ordinance").

The Series 2003A Bonds are dated the date of delivery, bear interest at the interest rates set forth on the cover of the Official Statement relating to the Series 2003A Bonds and matures on the dates and in the principal amounts as set forth below:

<u>Date</u>	<u>Amount</u>
March 1, 2004	\$1,400,000
March 1, 2005	2,315,000
March 1, 2006	2,790,000
March 1, 2007	2,790,000
March 1, 2008	2,790,000
March 1, 2009	2,790,000
March 1, 2010	2,790,000
March 1, 2011	2,790,000
March 1, 2012	2,790,000
March 1, 2013	2,790,000
March 1, 2014	2,790,000
March 1, 2015	2,790,000
March 1, 2016	2,795,000
March 1, 2017	2,795,000
March 1, 2018	2,795,000

The Series 2003A 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 Series 2003A Bonds pursuant to the Local Bond Law, the Education Law and other applicable provisions of law, and that the Series 2003A 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 Series 2003A Bonds, without limitation as to rate or amount.

3. Under existing law, interest on the Series 2003A Bonds is excluded from the gross income of the owners of the Series 2003A 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 Series 2003A Bonds is not an item of tax preference under Section 57 of the Code for purposes of computing the alternative minimum tax. We express no opinion regarding any other Federal income tax consequences arising with respect to the Series 2003A Bonds.

4. Under existing law, interest on the Series 2003A Bonds and net gains on the sale of the Series 2003A Bonds are exempt from the tax imposed by the New Jersey Gross Income Tax Act.

With respect to our federal income tax opinion, we note that the Code imposes certain requirements that must be met on a continuing basis subsequent to the issuance of the Series 2003A Bonds in order for interest on the Series 2003A Bonds to be excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code. The County has covenanted to comply with the provisions of the Code applicable to the Series 2003A Bonds and has covenanted not to take any action or permit any action to be taken which would cause the interest on the Series 2003A Bonds to lose the exclusion from gross income for Federal income tax purposes under Section 103 of the Code or cause interest on the Series 2003A Bonds to be treated as an item of tax preference under Section 57 of the Code. We have assumed continuing compliance by the County with the above covenants in rendering our opinion with respect to the exclusion of interest on the Series 2003A Bonds from gross income for Federal income tax purposes and with respect to interest on the Series 2003A Bonds not constituting an item of tax preference.

Attention is called to the fact that we have not been requested to examine and have not examined any documents or information relating to the County other than the certified copies of the proceedings and proofs 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 Series 2003A Bonds.

Our opinion concerning the enforceability of the Series 2003A Bonds is subject to federal and state laws regarding bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights and remedies generally (including, without limitation, laws relating to fraudulent conveyance, and by general principles of law and equity (regardless of whether enforcement is considered or sought in proceedings at law or in equity) and by limitation on remedial rights under applicable law). Their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

The opinions stated herein are based upon current authorities, and there can be no assurance that future legislative or administrative changes or court decisions will not affect said opinions. We undertake no obligation to inform you of any matter occurring after the date of this letter which affects in any way the opinion given herein.

Except as stated above, we express no opinion as to any Federal or state tax consequences with respect to the Series 2003A Bonds.

Very truly yours,

**FORM OF OPINION OF
GIBBONS, DEL DEO, DOLAN, GRIFFINGER & VECCHIONE, P.C.**

May __, 2003

Board of Chosen Freeholders
County of Monmouth
Hall of Records
Freehold, New Jersey 07728-1256

Dear Board Members:

We have examined certified copies of the proceedings of the Board of Chosen Freeholders of the County of Monmouth, 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 by the County of its \$17,210,000 Pension Refunding Bonds, Series 2003B (Taxable) (the "Series 2003B Bonds").

The Series 2003B Bonds are issued pursuant to the Local Bond Law, constituting Chapter 2 of Title 40A of the New Jersey Statutes (the "Local Bond Law"), a resolution of the Board of Chosen Freeholders adopted on May 8, 2003 (the "Resolution") and by virtue of a refunding bond ordinance adopted by the Board of Chosen Freeholders of the County (the "Bond Ordinance").

The Series 2003B Bonds are dated the date of delivery, bear interest at the interest rates set forth on the cover of the Official Statement relating to the Series 2003B Bonds and matures on the dates and in the principal amounts as set forth below:

<u>Date</u>	<u>Amount</u>
July 15, 2004	\$3,325,000
July 15, 2005	3,375,000
July 15, 2006	3,430,000
July 15, 2007	3,500,000
July 15, 2008	3,580,000

The Series 2003B Bonds are not subject to redemption prior to maturity.

We have examined the Local Bond 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 Series 2003B Bonds pursuant to the Local Bond Law and other applicable provisions of law, and that the Series 2003B 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 Series 2003B Bonds, without limitation as to rate or amount.
3. Under existing law, interest on the Series 2003B Bonds and net gains on the sale thereof are exempt from the tax imposed by the New Jersey Gross Income Tax Act.

Attention is called to the fact that we have not been requested to examine and have not examined any documents or information relating to the County other than the certified copies of the proceedings and proofs 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 Series 2003B Bonds.

Our opinion concerning the enforceability of the Series 2003B Bonds is subject to federal and state laws regarding bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights and remedies generally (including, without limitation, laws relating to fraudulent conveyance, and by general principles of law and equity (regardless of whether enforcement is considered or sought in proceedings at law or in equity) and by limitation

on remedial rights under applicable law). Their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

The opinions stated herein are based upon current authorities, and there can be no assurance that future legislative or administrative changes or court decisions will not affect said opinions. We undertake no obligation to inform you of any matter occurring after the date of this letter which affects in any way the opinion given herein.

Except as stated above, we express no opinion as to any Federal or state tax consequences with respect to the Series 2003B Bonds.

Very truly yours,