

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 2006 Bonds is excluded from the gross income of the owners of the Series 2006 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 2006 Bonds is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax. Under existing law, interest on the Series 2006 Bonds and net gains from the sale of the Series 2006 Bonds are exempt from the tax imposed by the New Jersey Gross Income Tax. In the case of certain corporate holders of the Series 2006 Bonds, interest on the Series 2006 Bonds will be included in the calculation of the alternative minimum tax as a result of the inclusion of interest on the Series 2006 Bonds in "adjusted current earnings" of certain corporations. See "TAX MATTERS" herein.

\$40,000,000
COUNTY OF MONMOUTH
New Jersey
General Obligation Bonds, Series 2006

Dated: Date of Delivery**Due: January 15, as shown below**

The \$40,000,000 General Obligation Bonds, Series 2006 (the "Series 2006 Bonds") will be issued by the County of Monmouth, New Jersey (the "County") in fully registered form and, when issued, the Series 2006 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 2006 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 2006 Bonds, principal of, redemption premium, if any, and interest (payable semi-annually on January 15, 2007 and on each July 15 and January 15 thereafter until maturity), on the Series 2006 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 2006 Bonds. See "OTHER INFORMATION — The DTC Book-Entry-Only System."

The Series 2006 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 (the "Education Law") 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 2006 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 2006 Bonds. The Series 2006 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 2006 Bonds maturing on or after January 15, 2017 are subject to redemption prior to maturity as set forth herein.

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
2007	\$1,515,000	4.00%	3.57%	2015	\$2,845,000	5.00%	3.97%
2008	1,515,000	4.00	3.58	2016	2,845,000	5.00	4.02
2009	2,840,000	4.00	3.60	2017	2,845,000	4.00	4.13
2010	2,840,000	4.00	3.62	2018	2,845,000	4.00	4.20
2011	2,840,000	4.00	3.65	2019	2,845,000	5.00	4.16
2012	2,845,000	5.00	3.70	2020	2,845,000	4.20	4.31
2013	2,845,000	5.00	3.80	2021	2,845,000	4.25	4.35
2014	2,845,000	5.00	3.90				

The issuance of the Series 2006 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 2006 Bonds will be available for delivery to DTC on or about June 6, 2006, in New York, New York, or at such other place and time as may be agreed to by the County.

Dated: May 23, 2006

COUNTY OF MONMOUTH
STATE OF NEW JERSEY

BOARD OF CHOSEN FREEHOLDERS

William C. Barham	Director of the Board
Robert Clifton	Deputy Director
Theodore J. Narozanick	Freeholder
Lillian G. Burry	Freeholder
Anna C. Little	Freeholder

COUNTY OFFICIALS

Louis Paparozzi	County Administrator
James S. Gray	Clerk of the Board of Chosen Freeholders
Mark E. Acker	Director of Finance and County Treasurer

PROFESSIONALS

Gibbons, Del Deo, Dolan, Griffinger & Vecchione P.C.	Bond Counsel
Robert A. Hulsart and Company	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 2006 Bonds, other than those contained in this Official Statement, in connection with the offering of the Series 2006 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 2006 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 2006 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 2006 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

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

**Relating to its
General Obligation Bonds, Series 2006**

I. DESCRIPTION OF THE SERIES 2006 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 \$40,000,000 aggregate principal amount of the County’s General Obligation Bonds, Series 2006 (the “Series 2006 Bonds”) dated the date of delivery.

The Series 2006 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 2006 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”) on May 11, 2006. The Series 2006 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 2006 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 2006 Bonds will be dated the date of delivery, and will mature on January 15 in the years and in the amounts set forth on the cover page hereof. The Series 2006 Bonds will bear interest payable semi-annually on January 15, 2007 and on each July 15 and January 15 thereafter until maturity.

Denomination and Place of Payments

The Series 2006 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 2006 Bonds under its book-entry-only system (the “DTC Book-Entry-Only System”). An individual purchaser (the “Beneficial Owner”) may purchase a Series 2006 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 2006 Bonds, the principal, redemption premium, if any, and interest on, the Series 2006 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 January 1 and July 1 (the "Record Dates" for the payment of interest on the applicable series of the Series 2006 Bonds). See "OTHER INFORMATION - The DTC Book-Entry-Only System" herein.

Redemption Provisions

The Series 2006 Bonds maturing on or prior to January 15, 2016 shall not be subject to redemption prior to their respective maturity dates. The Series 2006 Bonds maturing on or after January 15, 2017 shall be subject to redemption prior to their respective maturity dates, on or after January 15, 2016 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 2006 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 2006 Bonds, Notices of Redemption shall be sent to such depository and shall not be sent to the beneficial owners of the Series 2006 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 2006 Bonds of a maturity, such Series 2006 Bonds shall be selected by the County by lot. If Notice of Redemption has been given as described herein, the Series 2006 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 2006 Bonds redeemed.

Authorization

The Series 2006 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 2006 Bonds were published in full or in summary form after their adoption along with the statement that the twenty-day period of limitation within which a suit, action or proceeding questioning the validity of the authorizing bond ordinances can be commenced began to run from the date of the first publication of such estoppel statement. The Local Bond Law provides that after issuance all obligations shall be conclusively presumed to be

fully authorized and issued by all laws of the State, and any person shall be estopped from questioning the sale, execution or delivery of the Series 2006 Bonds by the County.

Security for the Series 2006 Bonds

The Series 2006 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 2006 Bonds.

Purpose of the Issue

The proceeds of the Series 2006 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 2006 Bonds Authorized</u>	<u>Amount of Series 2006 Bonds Issued</u>	<u>Adoption Dates</u>
Various Improvements (Ord. No. 97-3)	\$ 325,000	\$ 325,000	May 8, 1997
Various Improvements (Ord. No. 98-1)	5,470,000	1,635,000	March 19, 1998
Various Improvements (Ord. No. 99-1)	5,982,000	1,000,000	February 25, 1999
Various Improvements (Ord. No. 00-1)	1,363,000	334,000	April 13, 2000
Various Improvements (Ord. No. 01-1)	2,084,000	650,000	March 22, 2001
Various Improvements (Ord. No. 02-2)	18,193,000	5,867,000	February 14, 2002
Various Improvements (Ord. No. 03-1)	15,188,000	4,016,000	March 27, 2003
Various Improvements -- Brookdale College and various other improvements in County of Monmouth (Ord. Nos. 04-1, 05-2 and 06-1).	43,669,000	6,528,000	February 26, 2004, March 10, 2005 and March 23, 2006
Various Improvements -- Brookdale College (Ord. No. 06-1)	7,000,000	7,000,000	March 23, 2006
Various Improvements (Ord. No. 05-3)	31,055,000	7,139,0000	March 10, 2005
Various Improvements (Ord. No. 06-2)	28,301,000	5,506,000	March 23, 2006
TOTAL	<u>\$158,530,000</u>	<u>\$40,000,000</u>	

II. COUNTY OF MONMOUTH, NEW JERSEY, GENERAL INFORMATION

Description of the County

The County of Monmouth (the “County”), 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 (53) 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>
William C. Barham	Director of the Board	January 2009
Robert D. Clifton	Deputy Director	January 2008
Theodore J. Narozanick	Freeholder	January 2007
Lillian G. Barry	Freeholder	January 2009
Anna C. Little	Freeholder	November 2006*

* Ms. Little was recently appointed to fulfill an unexpired term ending January 2008. An election for the unexpired term will be held in November 2006.

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
Mark E. Acker	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 “Reclamation Center Utility Fund - Statement of Operations and Change in Fund Balance (2001-2005)” 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 New Jersey “waste flow control” regulations, the MCRC still accepts most solid waste from local businesses and municipalities. The MCRC accepted 500,257 tons during 2005 and, at current monthly deliveries, is expected to accept a similar amount during 2006. 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 Commissioner of the New Jersey Department of Environmental Protection (the “NJDEP”). The Phase III Landfill and MPRF have received all necessary permits from the NJDEP. 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 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 Executive Airport. The Monmouth County Executive 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 are 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

N.J.S.A. 40A:4-45.4, commonly referred to as the “CAP Law”, places limits on county tax levies and expenditures. The increase in the County tax levy is either 2.5% or the cost-of-living adjustment, whichever is less, of the previous year’s tax levy subject to certain exceptions. However, N.J.S.A. 40A:4-45.2 limits increases in final appropriations to a maximum of 3.5% only when the governing body acts to increase capped final appropriations to that limit. The cost-of-living adjustment is defined as the annual percentage increase, rounded to the nearest half percent, in the Implicit Price Deflator for State and Local Government Purchases of Goods and Services for the year preceding the current year. The cost-of-living adjustment for 2006 is 4.50%.

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>
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
2003	51,152,695,353	75.99	67,317,052,656	0.372240909
2004	57,090,882,529	73.05	78,153,701,666	0.334019800
2005	65,515,271,859	72.68	90,137,099,466	0.299560815

Source: County of Monmouth

DISTRIBUTION OF ASSESSED VALUATION

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Vacant Land	\$ 1,005,920,615	\$ 1,083,767,615	\$ 1,131,874,619	\$ 1,135,053,539	\$ 1,299,927,319
Residential	34,692,550,760	37,649,570,005	41,186,092,630	46,483,834,979	53,934,369,834
Farm Regular	396,728,900	424,951,430	438,687,500	460,399,900	437,114,900
Farm Qualified	32,216,674	31,339,384	30,475,777	29,770,715	28,297,015
Commercial	5,557,630,487	5,932,925,687	6,395,575,381	6,885,783,580	7,588,884,440
Industrial	773,371,250	832,732,150	812,838,950	872,409,250	872,367,350
Apartments	<u>787,191,250</u>	<u>858,223,450</u>	<u>971,638,800</u>	<u>1,054,049,800</u>	<u>1,195,603,600</u>
	<u>\$43,245,609,936</u>	<u>\$46,813,509,721</u>	<u>\$50,967,183,657</u>	<u>\$56,921,301,763</u>	<u>\$65,356,564,458</u>

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, 2005

<u>Owner of Record</u>	<u>Property Location</u>	<u>2005 Total Assessed Value</u>	<u>2005 Tax Rate Per \$100</u>	<u>Total 2005 Taxes</u>
1. Freehold Mall				
Freemall Associates	Freehold Township	\$158,972,100	3.161	\$5,025,108.08
The May Department Stores Co (Lord & Taylor)	Freehold Township	12,204,600	3.161	385,787.41
JC Penney Properties, Inc.	Freehold Township	12,050,600	3.161	380,919.47
Trustees of SRC Facilities (Sears)	Freehold Township	10,524,500	3.161	332,679.45
Nordstrom, Inc.	Freehold Township	14,257,000	3.161	450,663.77
Tru-Freehold Realty Inc. #6342 (Kids R Us)	Freehold Township	4,025,000	3.161	127,230.25
Office Depot, Inc. % Kramer	Freehold Township	2,589,500	3.161	81,854.10
Home Depot USA, Inc.	Freehold Township	9,380,800	3.161	296,527.09
EF Partners LLC % Sady Greens Revoc	Freehold Township	7,181,000	3.161	226,991.41
State St. Bank & Trust Co of Conn (Sams Club)	Freehold Township	9,300,000	3.161	293,973.00
Macy's East, Inc.	Freehold Township	24,897,800	3.161	787,019.46
Galyans Sports & Outdoor	Freehold Township	6,810,500	3.161	215,279.91
Freemall Associates (Bob's & Comp USA)	Freehold Township	7,500,000	3.161	237,075.00
Lowe's Theater Lessee % Freemall	Freehold Township	12,557,600	3.161	396,945.74
				\$9,238,054.14
2. AT&T Corporate Offices				
200 Laurel % ATT Lease Adm/NJ8110E1	Middletown	\$192,529,300	3.429	\$6,601,829.70
199 Laurel Asso. % Steiner Equ. Group	Middletown	366,000	3.429	12,550.14
Four Ponds % CB R Ellis Inc.	Middletown	30,000,000	3.429	1,028,700.00
				\$7,643,079.84
3. Monmouth Mall				
Eatontown Monmouth Mall LLC	Eatontown	\$115,000,000	3.322	\$3,820,300.00
Lord & Taylor May Stores #57	Eatontown	9,728,500	3.322	323,180.77
Macy's East Federated Dept. Stores	Eatontown	13,026,000	3.322	432,723.72
J C Penney 1150-0 Property Tax Off.	Eatontown	11,672,000	3.322	387,743.84
				\$4,963,948.33
4. Lucent Technologies				
LTI NJ Finance LLC	Holmdel	\$98,500,000	3.238	\$3,189,430.00
NS-MPG INC.%LUCENT T	Holmdel	4,600,200	3.238	148,954.48
Weill, M. Trust Lucent Tech. Adm.	Middletown	20,637,500	3.429	707,659.88
				\$4,046,044.36
5. Assisted Living Facility				
Tinton Falls Campus, LLC % Seabrook	Tinton Falls Boro	\$85,236,800	3.416	\$2,911,689.09
6. Seaview Square Mall				
Starwood Heller Seaview, L.L.C.	Ocean Township	\$120,179,100	1.580	\$1,898,829.78
Sears, Roebuck & Co. D/768Tax.B2107A	Ocean Township	22,517,600	1.580	335,778.08
				\$2,254,607.86

	<u>Owner of Record</u>	<u>Property Location</u>	<u>2005 Total Assessed Value</u>	<u>2005 Tax Rate Per \$100</u>	<u>Total 2005 Taxes</u>
7.	Shopping Center				
	Caydenzar Assoc. c/o Denholtz Associate	Holmdel	\$4,754,700	3.238	\$153,957.19
	Holmdel Commons, LLC C/O Kimco Rlty	Holmdel	25,871,435	3.238	837,717.07
	Kimco Realty Corporation	Holmdel	28,531,100	3.238	923,837.02
					<u>\$1,915,511.28</u>
8.	New Jersey Sports & Exposition Auth	38 Oceanport Boro	\$48,179,500	3.291	\$1,585,587.35
	New Jersey Sports & Exposition Auth				
9.	Bellcore Research Facility	32 Middletown Twp	\$34,140,100	3.429	\$1,170,664.03
	One Rvr. Assoc. 8Bellcore, RM.IJOO*G				
10.	International Flavors & Fragrances	50 Union Beach Boro	\$43,364,500	2.502	\$1,084,979.79
	International Flavors & Fragrances				
11.	Hotel	27 Long Branch City	\$41,495,300	2.354	\$976,799.36
	Tiburon Ocean Place LLC				
12.	Shopping Plaza	28 Manalapan	\$26,921,600	3.528	\$949,794.05
	Manalapan Rlty C/O Steiner Equities				

Source: Monmouth County Board of Taxation (February 13, 2006).

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, New Jersey Department of Community Affairs (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: “[n]o miscellaneous revenues from any source shall be included as an anticipated revenue in the budget in an amount in excess of the amount actually realized in cash from the same source during the next preceding fiscal year, unless the Director shall determine upon application by the governing body that the facts clearly warrant the expectation that such excess amount will actually be realized in cash during the fiscal year and shall certify such determination, in writing, to the local unit”.

No budget or amendment thereof shall be adopted unless the Director shall have previously certified his approval 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, repair 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 within six months after the close of its fiscal year. A synopsis of the audit report, together with all recommendations made, must be published in a local newspaper within 30 days of its completion.

The report of Robert A. Hulsart and Company, the County’s independent auditor, for the calendar year ending December 31, 2004 appears in Appendix B to this Official Statement.

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

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>Unaudited 2005</u>
Revenues and Other Additions:					
Fund Balance Utilized	\$ 35,000,000	\$ 37,500,000	\$ 37,500,000	\$ 41,000,000	\$ 42,000,000
Miscellaneous Revenue					
Anticipated	144,425,067	138,852,377	135,250,540	145,700,910	162,262,787
Miscellaneous Revenue Not					
Anticipated	14,957,122	19,744,145	19,047,509	19,729,814	19,473,201
Receipts from Current Taxes	218,585,192	236,020,000	250,251,000	260,752,374	269,650,000
Other Credits to Revenue	92,462	35,827	244,395	373,149	168,665
Unexpended Balance of					
Appropriations Lapsed	<u>10,272,732</u>	<u>11,514,061</u>	<u>11,537,049</u>	<u>11,209,366</u>	<u>11,872,567</u>
Total Revenues and Other					
 Additions	\$423,332,575	\$443,666,410	\$453,830,493	\$478,765,613	\$505,427,220
Expenditures:					
Budget Appropriations*	\$381,009,412	\$403,491,421	\$408,947,489	\$434,735,137	\$457,217,441
Other Charges	<u>--</u>	<u>--</u>	<u>1,006</u>	<u>--</u>	<u>--</u>
Total Expenditures	\$381,009,412	\$403,491,421	\$408,948,495	\$434,735,137	\$457,217,441
Excess in Revenue	42,323,163	40,174,989	44,881,998	44,030,476	48,209,779
Adjustment to Income Before					
Surplus: Emergency	--	--	--	--	300,000
Authorization					
Fund Balance, January 1	<u>58,281,437</u>	<u>65,604,600</u>	<u>68,279,589</u>	<u>75,661,587</u>	<u>78,692,063</u>
	100,604,600	105,779,589	113,161,587	119,692,063	127,201,842
Decreased by:					
Utilized as Anticipated Revenue	<u>35,000,000</u>	<u>37,500,000</u>	<u>37,500,000</u>	<u>41,000,000</u>	<u>42,000,000</u>
Fund Balance, December 31	<u>\$65,604,600</u>	<u>\$68,279,589</u>	<u>\$75,661,587</u>	<u>\$78,692,063</u>	<u>\$85,201,842</u>
Fund Balance, as a percentage					
of Total Expenditures	17.22%	16.92%	18.50%	18.10%	18.63%
* Paid or Charged	\$368,960,010	\$390,299,294	\$396,819,988	\$419,662,587	\$438,519,331
Appropriation Reserves	12,045,806	13,190,671	12,094,240	14,874,204	18,697,692
Current Appropriations Cancelled	<u>3,596</u>	<u>1,456</u>	<u>33,261</u>	<u>198,346</u>	<u>418</u>
	\$381,009,412	\$403,491,421	\$408,947,489	\$434,735,137	\$457,217,441

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 18.63% in 2005. 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 3.39%, consistent with corresponding rates of inflation. Revenue growth is expected to continue through 2006, albeit at a slower pace, as a result of the strong local economy.

FIVE YEAR SUMMARY OF CURRENT FUND BUDGET AND ACTUAL RESULTS

	2001		2002		2003		2004		2005	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Revenues:										
County Clerk	\$ 5,000,000	\$ 7,673,789	\$ 6,300,000	\$ 13,745,747	\$ 10,975,000	\$ 17,919,482	\$ 15,325,000	\$ 21,712,982	\$ 19,825,000	\$ 19,262,801
Interest on Investments	3,700,000	9,202,999	3,700,000	3,922,853	3,700,000	3,858,302	3,700,000	4,600,829	3,700,000	10,472,163
Parks & Recreation	5,200,000	6,063,762	5,600,000	6,177,238	5,800,000	5,847,732	5,800,000	6,436,515	6,300,000	6,306,851
Medical Homes	16,500,000	18,814,635	16,900,000	19,938,336	17,400,000	22,613,568	21,650,000	23,864,837	22,800,000	23,305,117
Division of Social Services	19,341,000	22,810,796	17,841,000	22,350,248	16,416,000	24,175,100	19,525,000	22,796,087	19,550,000	27,757,804
State of N.J. Social Service Reimbursement	15,939,923	15,939,923	18,780,272	18,780,272	16,814,502	16,696,316	16,235,451	16,235,451	17,249,056	17,249,056
State of N.J. - Inmate Reimbursement	3,017,000	2,336,778	2,000,000	1,558,227	1,500,000	1,126,883	1,000,000	1,809,535	1,800,000	2,006,605
State of N.J. - Remaining Aid	2,426,550	2,683,309	3,184,685	3,452,946	3,682,945	3,950,021	3,415,014	3,716,014	3,299,921	3,644,530
State & Federal Grants	39,581,533	39,581,533	39,337,651	39,337,651	29,015,300	29,015,300	29,465,317	29,465,317	30,914,506	30,914,506
Miscellaneous Revenue	16,718,214	34,274,664	16,327,813	29,333,005	16,010,928	28,977,159	16,866,981	34,793,157	19,828,958	40,816,555
Fund Balance Utilized	35,000,000	35,000,000	37,500,000	37,500,000	37,500,000	37,500,000	41,000,000	41,000,000	42,000,000	42,000,000
County Tax Levy	218,585,192	218,585,192	236,020,000	236,020,000	250,251,000	250,251,000	260,752,374	260,752,374	269,650,000	269,650,000
TOTAL REVENUES	\$381,009,412	\$412,967,380	\$403,491,421	\$432,116,523	\$408,947,489	\$442,049,049	\$434,735,137	\$467,183,098	\$456,917,441	\$493,385,988
Appropriations:										
General Government	\$ 19,334,265	\$ 18,681,257	\$ 22,121,875	\$ 21,242,543	\$ 23,593,079	\$ 22,480,660	\$ 24,624,574	\$ 23,278,391	\$ 26,446,021	\$ 25,516,861
Public Works & Engineering	31,955,468	31,101,984	27,665,510	26,667,281	29,932,194	28,612,521	30,342,779	29,180,304	30,369,986	28,897,265
Health & Human Services	82,643,937	76,949,912	85,512,081	80,387,826	85,076,643	80,941,015	88,278,190	84,641,414	92,742,015	88,215,166
Education	31,950,285	31,835,117	32,974,227	32,611,406	34,430,352	34,062,301	38,412,359	38,042,360	39,482,971	39,101,736
Parks & Recreation	16,042,878	15,877,743	16,966,669	16,797,075	17,399,505	17,258,800	18,291,867	18,166,548	19,238,294	19,074,508
State & Federal Grants	40,681,533	40,597,828	40,537,651	40,454,436	30,215,300	30,057,187	30,915,317	32,214,506	32,214,506	31,968,505
Capital Improvements	13,498,000	11,563,261	15,962,000	14,722,892	14,565,000	13,185,222	12,721,000	11,478,553	15,492,000	13,021,489
Debt Service	38,789,150	38,785,555	39,801,145	39,799,689	41,653,627	41,620,366	45,254,276	45,055,930	45,882,310	45,881,893
Statutory Expenditures	10,732,192	10,277,910	10,697,000	10,188,969	11,275,000	10,930,701	15,600,000	15,132,226	14,300,000	12,298,643
Unclassified/Contingent	200,000	197,810	450,000	372,623	1,210,300	1,137,056	500,000	420,962	800,000	780,398
Public Safety	63,159,166	62,120,630	67,859,352	66,803,561	73,348,134	72,729,210	78,484,244	77,379,002	83,809,947	82,335,061
Land Use Administration	1,289,815	1,255,828	1,532,509	1,488,979	1,522,433	1,469,371	1,570,008	1,517,516	1,618,115	1,565,742
Code Enforcement	341,531	324,025	321,460	316,815	350,888	347,139	368,878	367,532	381,276	377,667
Insurance	29,266,000	28,484,320	33,114,000	31,467,178	36,451,300	34,626,970	40,690,000	37,072,310	45,365,000	41,458,750
Utility Expenses	1,125,192	906,830	7,975,942	6,978,021	7,923,734	7,361,469	8,681,645	7,482,966	9,075,000	8,025,647
TOTAL APPROPRIATIONS	\$381,009,412	\$368,960,010	\$403,491,421	\$390,299,294	\$408,947,489	\$396,819,988	\$434,735,137	\$419,662,587	\$457,217,441	\$438,519,331
Excess in Revenues		\$44,007,370		\$41,817,229		\$45,229,061		\$47,520,511		\$54,866,657
Appropriation Reserve		<u>12,045,806</u>		<u>13,190,671</u>		<u>12,094,240</u>		<u>14,874,204</u>		<u>18,697,692</u>
Excess in Revenues, Net		\$31,961,564		\$28,626,558		\$33,134,821		\$32,646,307		\$36,168,965
Other Credits to Income:										
Refund of Prior Year Loan to Grant Fund										-0-
Unexpended Balance of Previous Year		10,272,732		11,514,061		11,537,049		11,209,366		11,872,567
Appropriation Reserve										18,697,692
Emergency Authorization										300,000
Other		<u>88,867</u>		<u>34,370</u>		<u>210,128</u>		<u>174,803</u>		<u>168,247</u>
Fund Balance, Beginning of Year		\$42,323,163		\$40,174,989		\$44,881,998		\$44,030,476		\$48,509,779
Fund Balance, End of Year		<u>23,281,437</u>		<u>28,104,600</u>		<u>30,779,589</u>		<u>34,661,587</u>		<u>36,692,063</u>
		\$65,604,600		\$68,279,589		\$75,661,587		\$78,692,063		\$85,201,842

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

	<u>2005</u> ⁽¹⁾	<u>2006</u> ⁽²⁾
Anticipated Revenues:		
Fund Balance Utilized	\$ 42,000,000	\$ 48,000,000
State Aid	39,735,016	44,034,995
State and Federal Grants	9,545,974	9,751,099
Miscellaneous Revenue	74,617,919	76,706,230
County Tax Levy	<u>269,650,000</u>	<u>278,540,000</u>
Total Anticipated Revenues	<u>\$435,548,909</u>	<u>\$457,032,324</u>
Appropriations:		
Operations	\$358,674,599	\$378,994,635
Capital Improvements	15,492,000	12,866,000
Debt Service	45,882,310	46,396,689
Pension Contributions and Social Security Taxes	<u>15,500,000</u>	<u>18,775,000</u>
Total Appropriations	<u>\$435,548,909</u>	<u>\$457,032,324</u>

(1) The 2005 County Budget was adopted by the Board of Freeholders on March 3, 2005.

(2) The 2006 County Budget was adopted by the Board of Freeholders on February 23, 2006.

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

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>Unaudited 2005</u>
REVENUES					
Fund Balance	\$22,979,901	\$19,500,000	\$19,092,352	\$18,100,000	\$17,100,000
Grant	520,099	--	690,632	--	650,948
Utility Fees	27,791,733	27,954,966	28,369,667	28,940,504	30,363,009
Miscellaneous Revenue Not Anticipated	3,751,056	1,722,334	1,413,041	1,240,803	2,851,985
Other Income	177,948	63,605	440,169	9,826	11,694,678
Unexpended Appropriations	4,535,335	3,693,236	5,154,978	4,836,835	4,741,091
Total Revenue	<u>\$59,756,072</u>	<u>\$52,934,141</u>	<u>\$55,160,839</u>	<u>\$53,127,968</u>	<u>\$67,401,711</u>
EXPENDITURES					
Operations with Reserves	\$41,017,887	\$30,436,211	\$32,028,500	\$30,488,906	\$35,876,128
Other Expenditures and Commitments	--	159,358	--	--	4,232
Total Expenditures	<u>\$41,017,887</u>	<u>\$30,595,569</u>	<u>\$32,058,500</u>	<u>\$30,488,906</u>	<u>\$35,880,360</u>
Net Revenues	<u>\$18,738,185</u>	<u>\$22,338,572</u>	<u>\$23,132,339</u>	<u>\$22,639,062</u>	<u>\$31,521,351</u>
Debt Service	<u>3,182,113</u>	<u>3,063,789</u>	<u>3,662,132</u>	<u>3,384,591</u>	<u>3,274,820</u>
Change in Fund Balance	\$15,556,072	\$19,274,783	\$19,470,207	\$19,254,471	\$28,246,531
Fund Balance, January 1	<u>\$29,077,400</u>	<u>\$21,653,571</u>	<u>\$21,428,354</u>	<u>\$21,806,209</u>	<u>\$22,960,680</u>
	\$44,633,472	\$40,928,354	\$40,898,561	\$41,060,680	\$51,207,211
Utilized as Revenue	<u>22,979,901</u>	<u>19,500,000</u>	<u>19,092,352</u>	<u>18,100,000</u>	<u>17,100,000</u>
Fund Balance, December 31	<u>\$21,653,571</u>	<u>\$21,428,354</u>	<u>\$21,806,209</u>	<u>\$22,960,680</u>	<u>\$34,107,211</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 April 11, 2006 calls for expenditures of \$418,905,000 through the year 2011. Of this \$418,905,000 total, \$26,735,000 is anticipated to be paid from cash and Federal and State grants; the remaining \$392,170,000 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, as of April 30, 2006, is presented in the table below:

<u>Type of Security</u>	<u>Amount</u>	<u>Percent</u>
Bank Money Market Accounts	\$367,448,587	100%

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 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 the Firemen's Retirement System of New Jersey. The Division annually charges counties and other participating governmental units for their respective contributions to the plans based upon actuarial methods. A portion of the cost is contributed by the employees. The County's share of pension costs, which is based upon the annual billings received from the State, amounted to \$2,154,253 for 2005 and \$5,006,179 for 2006.

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 7%. 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 either serial or sinking fund 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, together with improvements to such property, and the assessed valuation of Class II railroad property within its boundaries as annually determined by the Director of the Division 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, among other things, 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, 2006 is 0.4349% 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, 2006

GROSS DEBT:

General Bonds Issued and Outstanding		\$265,820,000.00
Self-Liquidating Utility		24,195,000.00
County College Bonds Issued and Outstanding		15,190,000.00
County Vocational Bonds Issued and Outstanding		2,102,141.22
NJDEP-Green Trust Program		<u>9,869,569.60</u>
		\$317,176,710.82

BONDS/NOTES AUTHORIZED:

General Improvements:

Notes Issued	-0-	
Authorized but not Issued	\$233,335,000.00	

Self-Liquidating Utility:

Notes Issued	-0-	
Authorized but not Issued	-0-	<u>233,335,000.00</u>

TOTAL GROSS DEBT **\$550,511,710.82**

LESS: STATUTORY DEDUCTIONS:

Guaranty Equipment Lease Program - M.C.I.A.	47,545,000.00 ⁽¹⁾	
Guaranty Pooled Loan Program - M.C.I.A.	30,000,000.00 ⁽¹⁾	
County College Bonds	19,660,000.00	
Self-Liquidating Utility	24,195,000.00 ⁽²⁾	
Refunding Bonds for Unfunded Pension Liabilities	10,510,000.00 ⁽³⁾	
Open Space Acquisition Bonds	30,000,000.00 ⁽⁴⁾	161,910,000.00

STATUTORY NET DEBT **\$388,601,710.82**

Three-Year Average (2003-2005)

Equalized Valuation of Real Property (Pursuant to N.J.S.A. 15:1-35.1)		\$89,359,978,852.00
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Net Debt Expressed as a Percentage of Average Equalized Valuation of Real Property 0.4349%

Debt Limitation Per N.J.S.A. 40A:2-6 (Counties) 2% of Three-Year Average Equalized Valuation \$1,787,199,577.04

Total Net Debt **388,601,710.82**

Remaining Net Debt Capacity \$1,398,597,866.22

- (1) The County has unconditionally guaranteed \$47,545,000 M.C.I.A. Capital Equipment Pooled Lease Revenue Bonds and the County has unconditionally guaranteed an amount not to exceed \$30,000,000 M.C.I.A. Governmental Loan Refunding 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 MCRC 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).
- (4) The Open Space Acquisition Bonds are an allowable deduction pursuant to Local Bond Law (N.J.S.A. 40A:2-44(h)).

**COUNTY OF MONMOUTH
SCHEDULE OF DEBT SERVICE**

DECEMBER 31, 2005

<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>
2006	\$27,560,000.00	\$2,955,000.00	\$242,720.31	\$1,605,710.98	\$32,363,431.29	\$12,675,191.32	\$45,038,622.61	\$2,765,000.00	\$1,184,794.44	\$49,988,417.06
2007	27,430,000.00	2,955,000.00	247,890.26	1,418,114.76	32,051,005.02	11,105,138.73	43,156,143.75	2,860,000.00	996,000.00	47,012,143.75
2008	26,540,000.00	2,225,000.00	253,366.87	1,237,772.39	30,256,139.26	9,818,536.01	40,074,675.27	2,830,000.00	859,850.00	43,764,525.27
2009	24,480,000.00	2,225,000.00	258,927.61	1,262,651.61	28,226,579.22	8,537,424.54	36,764,003.76	2,790,000.00	721,275.00	40,275,278.76
2010	23,955,000.00	1,505,000.00	264,916.11	1,288,030.94	27,012,947.05	7,346,288.94	34,359,235.99	2,750,000.00	587,125.00	37,696,360.99
2011	24,845,000.00	1,515,000.00	271,214.09	1,007,468.88	27,638,682.97	6,222,567.42	33,861,250.39	1,200,000.00	461,200.00	35,522,450.39
2012	22,335,000.00	915,000.00	277,993.62	1,027,719.01	24,555,712.63	5,043,895.04	29,599,607.67	1,550,000.00	406,700.00	31,556,307.67
2013	20,575,000.00	450,000.00	285,112.36	751,278.66	22,061,391.02	3,974,097.12	26,035,488.14	1,550,000.00	340,950.00	27,926,438.14
2014	18,575,000.00	450,000.00	-	346,625.85	19,371,625.85	3,053,843.94	22,425,469.79	1,550,000.00	271,450.00	24,246,919.79
2015	16,745,000.00	450,000.00	-	162,069.11	17,357,069.11	2,239,198.62	19,596,267.73	1,550,000.00	201,150.00	21,347,417.73
2016	14,710,000.00	-	-	-	14,710,000.00	1,516,528.75	16,226,528.75	1,600,000.00	128,800.00	17,955,328.75
2017	9,070,000.00	-	-	-	9,070,000.00	950,137.50	10,020,137.50	1,600,000.00	54,800.00	11,674,937.50
2018	7,160,000.00	-	-	-	7,160,000.00	574,312.50	7,734,312.50	-	-	7,734,312.50
2019	4,460,000.00	-	-	-	4,460,000.00	335,800.00	4,795,800.00	-	-	4,795,800.00
2020	4,560,000.00	-	-	-	4,560,000.00	147,400.00	4,707,400.00	-	-	4,707,400.00
	<u>\$273,000,000.00</u>	<u>\$15,645,000.00</u>	<u>\$2,102,141.22</u>	<u>\$10,107,442.17</u>	<u>\$300,854,583.42</u>	<u>\$73,540,360.43</u>	<u>\$374,394,943.85</u>	<u>\$24,595,000.00</u>	<u>\$6,214,094.44</u>	<u>\$405,204,038.30</u>

DEBT ANALYSIS

	December 31, <u>2001⁽¹⁾</u>	December 31, <u>2002⁽¹⁾</u>	December 31, <u>2003⁽¹⁾</u>	December 31, <u>2004⁽¹⁾</u>	December 31, <u>2005⁽¹⁾</u>
Full Valuation Per Capita	\$84,279.00	\$95,585.00	\$109,405.00	\$127,017.00	\$146,493.00
County Net Debt as a Percentage of Full Value	0.54%	0.51%	0.45%	0.42%	0.39%
County Net Debt Per Capita	\$458.72	\$492.19	\$497.17	\$533.30	\$577.33
Overlapping Net Debt as a Percentage of Full Value	2.85%	2.64%	2.39%	2.28%	2.05%
Overlapping Net Debt Per Capita	\$2,404.70	\$2,526.99	\$2,615.02	\$2,895.15	\$3,005.86

⁽¹⁾ Per capita figures for 2001 through 2005 utilizing 2000 Census Data.

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

December 31, 2005

	<u>GROSS DEBT</u>				<u>DEDUCTIONS</u>				Average Equalized Valuations	Net Statutory Debt	Statutory % of Net Debt
	School	Utility	Other	School	Utility	Other	Other				
Aberdeen Township	\$32,392,893.00	\$14,814,217.00	\$19,104,010.00	\$32,392,893.00	\$14,814,217.00	\$50,000.00	\$19,054,010.00	\$1,619,030,950.00	1.1769%		
Allenhurst Borough	0.00	206,883.00	2,061,118.00	0.00	206,883.00	0.00	2,061,118.00	321,251,892.00	0.6416%		
Allentown Borough	7,716,740.00	3,238,755.00	2,974,878.00	7,716,740.00	2,803,805.00	1,253,000.00	2,156,828.00	151,703,042.00	1.4217%		
Asbury Park City	12,436,173.00	22,915,000.00	10,223,544.00	12,436,173.00	22,915,000.00	938,775.00	9,284,769.00	809,042,004.00	1.1476%		
Atlantic Highlands Borough	9,427,040.00	12,496,974.00	11,742,762.00	9,427,040.00	12,496,974.00	947,808.00	10,794,954.00	638,390,261.00	1.6910%		
Avon-By-The-Sea Borough	0.00	4,108,256.00	5,090,152.00	0.00	1,698,678.00	0.00	7,499,730.00	648,768,698.00	1.1560%		
Belmar Borough	6,311,056.74	3,235,079.30	10,633,358.98	6,311,056.74	3,235,079.60	276,826.43	10,356,532.55	1,152,298,852.67	0.8988%		
Bradley Beach Borough	3,207,168.00	1,961,300.00	6,576,894.00	3,207,168.00	1,961,300.00	1,206,940.00	5,369,954.00	721,146,938.00	0.7446%		
Brittle Borough	6,154,445.00	1,660,530.00	1,887,200.00	6,154,445.00	1,660,530.00	0.00	1,887,200.00	1,128,241,413.00	0.1673%		
Colts Neck Township	29,324,897.00	0.00	16,643,219.00	29,324,897.00	0.00	11,231,224.00	8,411,995.00	2,616,494,790.00	0.3215%		
Deal Borough	0.00	770,785.00	4,378,600.00	0.00	770,785.00	0.00	4,378,600.00	1,416,019,553.00	0.3101%		
Eatontown Borough	1,957,227.00	0.00	12,946,534.00	1,957,227.00	0.00	1,718,250.00	11,228,284.00	1,765,591,805.00	0.6360%		
Englishtown Borough	2,715,739.00	1,475,000.00	902,500.00	2,715,739.00	1,475,000.00	0.00	902,500.00	168,308,116.00	0.5363%		
Fair Haven Borough	14,283,032.86	0.00	7,823,465.62	14,283,032.86	0.00	26,023.03	7,797,442.59	1,176,419,253.00	0.6628%		
Farmingdale Borough	493,720.43	1,382,088.11	256,892.10	493,720.43	1,382,088.11	0.00	256,892.10	134,912,694.00	0.1904%		
Freehold Borough	10,958,603.00	3,164,000.00	8,997,250.00	10,958,603.00	3,164,000.00	2,323,269.00	6,673,981.00	895,899,635.00	0.7449%		
Freehold Township	68,381,847.00	22,263,320.00	52,213,299.00	68,381,847.00	22,263,320.00	13,255,000.00	38,958,299.00	4,688,240,189.00	0.8310%		
Hazlet Township	7,950,000.00	276,259.00	9,776,606.00	7,950,000.00	0.00	1,912,515.00	8,140,350.00	1,893,349,596.00	0.4299%		
Highlands Borough*	4,755,597.09	0.00	3,807,022.00	4,755,597.09	0.00	0.00	3,807,022.00	452,830,817.00	0.8407%		
Holmdel Township	33,805,000.00	2,363,341.00	29,684,064.00	33,805,000.00	2,363,341.00	15,487,877.00	14,196,187.00	3,672,636,577.00	0.3865%		

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

December 31, 2005

	<u>GROSS DEBT</u>				<u>DEDUCTIONS</u>				Statutory % of Net Debt
	<u>School</u>	<u>Utility</u>	<u>Other</u>	<u>School</u>	<u>Utility</u>	<u>Other</u>	Net Statutory Debt	Average Equalized Valuations	
Howell Township	99,401,866.00	12,345,000.00	41,477,402.00	99,401,866.00	5,832,711.00	\$0.00	47,989,691.00	4,964,412,647.00	0.9667%
Interlaken Borough	0.00	0.00	544,682.00	0.00	0.00	0.00	544,682.00	211,109,159.00	0.2580%
Keansburg Borough*	7,825,000.00	12,942,099.50	9,664,642.31	7,825,000.00	12,942,099.50	0.00	9,664,642.31	431,538,845.00	2.2396%
Keyport Borough	4,210,000.00	2,065,600.00	12,282,260.00	4,210,000.00	2,065,600.00	340,750.00	11,941,510.00	563,910,836.00	2.1176%
Lake Como Borough*	0.00	0.00	629,428.35	0.00	0.00	0.00	629,428.35	195,203,465.00	0.3224%
Little Silver Borough	15,928,433.00	0.00	6,850,807.00	15,928,433.00	0.00	0.00	6,850,807.00	1,295,566,978.00	0.5288%
Loch Arbour Village	721,238.00	0.00	532,262.00	721,238.00	0.00	0.00	532,262.00	107,139,540.00	0.4968%
Long Branch City	0.00	0.00	42,705,563.00	0.00	0.00	1,036,000.00	41,669,563.00	2,903,232,212.00	1.4353%
Manalapan Township	72,636,217.00	736,000.00	14,377,140.00	72,636,217.00	736,000.00	4,129,140.00	10,248,000.00	4,501,633,851.00	0.2277%
Manasquan Borough	13,449,684.00	2,054,578.00	14,437,654.00	13,449,684.00	2,054,578.00	3,095,967.00	11,341,687.00	1,521,932,617.00	0.7452%
Marlboro Township	62,646,241.00	486,250.00	27,017,254.00	62,646,241.00	486,250.00	2,780,000.00	24,237,254.00	5,695,984,433.00	0.4255%
Matawan Borough	10,318,602.00	9,136,865.00	16,336,130.00	10,318,602.00	9,136,865.00	3,320,000.00	13,016,130.00	756,814,171.00	1.7199%
Middletown Township	80,945,000.00	1,677,937.00	73,815,812.00	80,945,000.00	1,677,937.00	0.00	73,815,812.00	9,208,251,858.00	0.8016%
Millstone Borough	47,957,000.00	0.00	24,381,268.00	46,844,931.00	0.00	11,761,526.00	13,731,811.00	1,561,497,711.00	0.8794%
Monmouth Beach Borough	3,111,000.00	0.00	588,018.00	3,111,000.00	0.00	0.00	588,018.00	973,833,805.00	0.0604%
Neptune City Borough	9,772,583.00	459,500.00	2,563,310.00	9,772,543.00	459,500.00	0.00	2,563,310.00	431,375,017.00	0.5942%
Neptune Township	7,837,000.00	5,858,965.00	21,618,446.00	7,837,000.00	5,858,965.00	5,272,000.00	16,346,446.00	2,946,467,586.00	0.5548%
Ocean Township	26,085,762.00	0.00	17,037,911.00	26,085,762.00	0.00	569,812.00	16,468,099.00	3,875,024,894.00	0.4250%
Oceanport Borough	826,000.00	0.00	4,324,460.00	826,000.00	0.00	880,801.00	3,443,659.00	966,764,574.00	0.3562%
Red Bank Borough	11,449,344.00	7,011,000.00	18,860,689.00	11,449,344.00	7,011,000.00	56,767.00	18,803,922.00	1,588,693,102.00	1.1836%

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

December 31, 2005

	<u>GROSS DEBT</u>				<u>DEDUCTIONS</u>				Statutory % of Net Debt
	<u>School</u>	<u>Utility</u>	<u>Other</u>	<u>School</u>	<u>Utility</u>	<u>Other</u>	<u>Net Statutory Debt</u>	<u>Average Equalized Valuations</u>	
Roosevelt Borough	523,000.00	2,610,411.00	0.00	523,000.00	2,610,411.00	0.00	0.00	63,719,319.00	0.0000
Rumson Borough	15,634,967.00	12,536,907.00	15,634,967.00	\$16,194,147.50	\$0.00	\$0.00	12,536,907.00	2,661,553,635.00	0.4710%
Sea Bright Borough	0.00	851,500.00	4,041,670.00	0.00	471,031.00	157,318.00	4,264,821.00	505,353,116.00	0.8439%
Sea Girt Borough	0.00	1,381,020.00	3,023,370.00	0.00	1,381,020.00	0.00	3,023,370.00	1,466,707,653.00	0.2061%
Shrewsbury Borough	8,584,154.00	0.00	7,147,250.00	8,584,154.00	0.00	0.00	7,147,250.00	856,138,653.00	0.8348%
Shrewsbury Township	458,741.00	0.00	419,066.00	458,741.00	0.00	22,500.00	396,566.00	54,295,273.00	0.7304%
Spring Lake Borough	2,700,000.00	11,631,455.00	7,194,647.00	2,700,000.00	9,994,455.00	0.00	8,831,647.00	2,629,547,931.00	0.3359%
Spring Lake Heights Borough	6,013,000.00	455,250.00	1,056,670.00	6,013,000.00	455,250.00	0.00	1,056,670.00	901,125,290.00	0.1173%
Tinton Falls Borough	18,007,032.00	0.00	20,982,050.00	18,007,032.00	0.00	3,365,077.00	17,616,973.00	2,131,260,641.00	0.8266%
Union Beach Borough*	0.00	1,976,517.80	8,848,125.00	0.00	1,976,517.80	0.00	8,848,125.00	414,512,749.00	2.1346%
Upper Freehold Township	43,557,260.00	0.00	15,050,656.00	43,557,260.00	0.00	0.00	15,050,656.00	856,290,239.00	1.7577%
Wall Township	40,310,000.00	20,403,065.00	6,564,745.00	40,310,000.00	20,403,065.00	0.00	41,621,917.00	4,706,424,121.00	0.8844%
West Long Branch Borough	7,603,000.00	0.00	6,215,225.29	7,603,000.00	0.00	0.00	6,564,745.00	1,064,787,755.00	0.6165%
TOTAL	\$870,783,263.12	\$190,414,800.71	\$699,255,580.36	\$869,671,194.12	\$178,764,255.71	\$87,415,165.46	\$624,603,028.90	\$89,078,680,751.67	0.7012%

* As of June 30, 2005

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, 2006, \$20,420,000 of the bonds were outstanding.

Maturities of Bonds Outstanding April 30, 2006

<u>Date</u>	<u>Amount</u>
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
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 \$11,390,000 Capital Equipment Pooled Lease Revenue Bonds, Series 1997, the \$20,590,000 Capital Equipment Pooled Lease Revenue Bonds, Series 1999, the \$16,885,000 Capital Equipment Pooled Lease Revenue Bonds, Series 2001, the \$16,180,000 Capital Equipment Pooled Lease Revenue Bonds, Series 2003 and the \$21,905,000 Capital Equipment Pooled Lease Revenue Bonds, Series 2005 (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, 2006, \$47,545,000 of the bonds were outstanding.

Maturities of Bonds
Outstanding April 30, 2006

<u>Date</u>	<u>Amount</u>
2006	\$8,855,000
2007	7,930,000
2008	7,345,000
2009	6,445,000
2010	4,865,000
2011	3,355,000
2012	2,650,000
2013	2,585,000
2014	1,715,000
2015	1,800,000

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 (553,124), 11.2% from 1990 to 2000 (615,301) and 3.4% from 2000 to 2005 (635,952).

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>
2000	196,353	2.4%
2001	199,428	1.6
2002	204,601	2.6
2003	206,550	1.0
2004	210,910	2.1

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 50.1%, with retail trade next at 18.1% and F.I.R.E. at 7.6%. A breakdown of these data follows:

EMPLOYMENT BY INDUSTRIAL SECTOR

<u>Sector</u>	<u>Number Employed 2003</u>	<u>Percentage of Total</u>	<u>Number Employed 2004</u>	<u>Percentage of Total</u>
Services	103,533	50.12%	106,286	50.39%
Retail Trade	37,289	18.05	38,766	18.38
Manufacturing	10,576	5.12	10,334	4.90
Finance, Insurance and Real Estate	15,620	7.56	15,719	7.45
Construction	13,865	6.71	14,667	6.95
Wholesale Trade	8,610	4.17	8,702	4.13
Utilities	1,388	0.67	1,364	0.65
Transportation and Warehousing	5,561	2.69	7,627	3.62
Information	8,420	4.08	5,761	2.73
Agriculture	1,162	0.56	1,045	0.50
Unclassified Entities	<u>526</u>	<u>0.25</u>	<u>640</u>	<u>0.30</u>
Total	206,550	100.00%	210,910	100.00%

Source: New Jersey Department of Labor.

MAJOR EMPLOYERS - MONMOUTH COUNTY

The leading industries in the County by number of employees as of March 2006 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	7,500
2.	Fort Monmouth*	Eatontown & Oceanport	5,500
3.	AT&T	Various Locations	4,350
4.	County of Monmouth	Various Locations	3,545
5.	Foodarama Supermarkets, Inc. (Shop Rite Supermarkets)	Various Locations	2,458
6.	CentraState Hospital	Freehold Township	2,156
7.	Monmouth Medical Center	Long Branch	2,050
8.	Bayshore Community Hospital	Holmdel	1,700
9.	New Jersey Press, Inc. (Asbury Park Press)	Neptune	1,300
10.	Lucent Technologies	Holmdel	1,300
11.	Monmouth University	West Long Branch	1,100
12.	Naval Weapons Station Earle	Colts Neck & Middletown	1,100

Source: Monmouth County Planning Board - March, 2006.

* The Pentagon's Base Realignment and Closure Commission has recommended that Fort Monmouth be closed or phased out no later than 2011. Various proposals concerning the redevelopment of this area are pending. A State Legislature bill has been introduced which would create a redevelopment authority to develop the 1,126 acres of land upon which Fort Monmouth is situated.

**COUNTY OF MONMOUTH
LABOR FORCE DATA**

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	February <u>2006</u>
Labor Force	319,211	329,611	334,085	338,428	328,107	329,580
Employment	307,290	312,315	316,573	324,166	315,126	314,451
Unemployment	11,921	17,296	17,512	14,262	12,981	15,129
Unemployment Rate	3.7%	5.2%	5.2%	4.2%	4.0%	4.6%
New Jersey						
Unemployment Rate	4.3%	5.8%	5.9%	4.8%	4.4%	5.2%
United States						
Unemployment Rate	4.8%	5.8%	6.0%	5.5%	5.1%	5.1%

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

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>
2000	\$42,636	142.86%	\$38,364	128.54%	\$29,845
2001	43,531	142.38	39,148	128.04	30,574
2002	42,979	139.50	39,296	127.54	30,810
2003	43,160	137.09	39,625	125.86	31,484
2004	45,784	138.53	41,626	125.95	33,050

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 (2005 EBI)

	<u>Under</u> <u>\$19,999</u>	<u>\$20,000-</u> <u>\$34,999</u>	<u>\$35,000-</u> <u>\$49,999</u>	<u>\$50,000-</u> <u>and Over</u>	<u>Median</u> <u>EBI</u>
Monmouth County	13.5%	14.5%	16.5%	55.5%	\$55,679
New Jersey	16.6	16.9	18.5	48.0	48,302
United States	21.5	22.5	19.3	36.7	39,324

Source: Sales and Marketing Management Magazine “2005 Survey of Buying Power and Media Markets”.

1. Housing and Construction Values

The U.S. Census Bureau lists 2000 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</u> <u>Monmouth</u>	<u>State of</u> <u>New Jersey</u>	<u>Monmouth’s</u> <u>Percentage of</u> <u>State Permits</u>
2001	2,194	28,267	7.8
2002	2,372	30,441	7.8
2003	2,756	32,984	8.4
2004	2,726	36,033	7.6
2005	2,548	38,481	6.6

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>
2001	\$312,761	\$3,013,190	10.4%
2002	329,190	3,430,318	9.7
2003	382,091	3,781,902	10.3
2004	419,875	4,302,898	9.8
2005	405,533	4,967,480	8.2

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>
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
2003	127,147,714	6,082,497	42,782,600	80,397,402	256,410,213
2004	110,315,526	6,291,123	49,530,963	45,799,901	211,937,513
2005	69,172,126	603,000	60,731,471	30,678,011	161,184,608

Source: Monmouth County Department of Economic Development and Tourism.

VI. LEGAL MATTERS

Legality of the Bonds

The legality of the Series 2006 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 2006 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 2006 Bonds and the interest thereon without limitation as to rate or amount.

Tax Matters

Exclusion of Interest on the Series 2006 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 2006 Bonds in order to assure that interest on the Series 2006 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 2006 Bonds to be included in gross income for Federal income tax purposes, retroactive to the date of the issuance of the Series 2006 Bonds. The County has covenanted to comply with the provisions of the Code applicable to the Series 2006 Bonds and has covenanted not to take any action or permit any action that would cause the interest on the Series 2006 Bonds to be included in gross income under Section 103 of the Code or cause interest on the Series 2006 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 2006 Bonds is excluded from the gross income of the owners of the Series 2006 Bonds for Federal income tax purposes pursuant to Section 103 of the Code and interest on the Series 2006 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 2006 Bonds, interest on the Series 2006 Bonds will be included in the calculation of the alternative minimum tax as a result of the inclusion of interest on the Series 2006 Bonds in “adjusted current earnings” of certain corporations.

Prospective purchasers of the Series 2006 Bonds should be aware that ownership of, accrual of or receipt of interest on or disposition of tax-exempt obligations, such as the Series 2006 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 2006 Bonds from gross income pursuant to Section 103 of the Code and interest on the Series 2006 Bonds not constituting an item of tax preference under Section 57 of the Code. Prospective purchasers of the Series 2006 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 2006 Bonds.

State Taxation - Series 2006 Bonds. Bond Counsel is of the opinion that, under existing law, interest on the Series 2006 Bonds and net gains from the sale of the Series 2006 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 2006 Bonds, and such Series 2006 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 2006 Bonds offered for sale or the levy or collection of any taxes to pay interest or principal of the Series 2006 Bonds, or in any manner questioning the authority of proceedings for the issuance of the Series 2006 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 Robert A. 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 2006 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 2006 Bonds.

The DTC Book-Entry-Only System

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Series 2006 Bonds. The Series 2006 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 2006 Bond certificate will be issued for each issue of the Series 2006 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 2.2 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, Fixed Income Clearing Corporation and Emerging Markets Clearing Corporation,

(NSCC, FICC 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 and www.dtc.org.

Purchases of Series 2006 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2006 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2006 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 2006 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 2006 Bonds, except in the event that use of the book-entry system for the Series 2006 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2006 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 2006 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 2006 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2006 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 2006 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 2006 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 2006 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 2006 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 2006 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 2006 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 2006 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 2006 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 2006 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, 2006 (which is currently scheduled to end on December 31, 2006) (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 2006 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

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APPENDIX A

COUNTY OF MONMOUTH

REPORT ON AUDITS OF FINANCIAL STATEMENTS

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Robert A. Hulsart and Company

CERTIFIED PUBLIC ACCOUNTANTS

ARMOUR S. HULSART, C.P.A., F.M.A., P.S.A. (1969-1992)
 ROBERT A. HULSART, C.P.A., F.M.A., P.S.A.
 ROBERT A. HULSART, JR., C.P.A., P.S.A.

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RICHARD J. HELLENBRECHT, JR., C.P.A., P.S.A.

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 State of New Jersey as of December 31, 2004 and 2003 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, 2004. 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 auditing standards generally accepted in the United States of America and 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 of Monmouth 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.

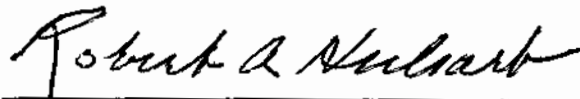
In our opinion, because of the County of Monmouth's statutory requirement to prepare its financial statements on the basis of accounting discussed in the preceding paragraph, the financial statements referred to above are not in conformity with generally accepted accounting principles.

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 of Monmouth as of December 31, 2004 and 2003, 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, 2004 on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 17, 2005 on our consideration of the County of Monmouth's internal control structure and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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 04-04, single audit policy for recipients of federal grants, state grants and state aid, 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.

ROBERT A. HULSART AND COMPANY



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

June 17, 2005

Robert A. 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.
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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, 2004, and have issued our report thereon dated June 17, 2005. 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 auditing standards generally accepted in the United States of America and 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 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.

ROBERT A. HULSART AND COMPANY

June 17, 2005

COUNTY OF MONMOUTH**Exhibit A****CURRENT FUND****BALANCE SHEET****STATUTORY BASIS**

	Ref.	Balance Dec. 31, 2004	Balance Dec. 31, 2003
<u>Assets</u>			
Cash and Cash Equivalents	A-4,5	\$ 128,231,892.52	67,471,049.91
Investments (Net of Purchase Discount)	A-5a		60,000,000.00
Premium of Purchase of U.S. Treasury Bonds	A-9a		45,776.70
Change Funds		630.00	1,130.00
Total Cash and Investments		<u>128,232,522.52</u>	<u>127,517,956.61</u>
Receivables with Full Reserves:			
Added and Omitted Taxes Receivable	A-7	4,620,585.32	3,342,494.11
Revenue Accounts Receivable	A-8	9,628,859.39	3,071,189.54
Total Receivables with Full Reserves		<u>14,249,444.71</u>	<u>6,413,683.65</u>
Total Assets		<u>\$ 142,481,967.23</u>	<u>133,931,640.26</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Cash Liabilities:			
Appropriation Reserves	A-3	\$ 14,874,203.95	12,094,239.75
Appropriation Reserves - PERS	A-3	900,000.00	
Appropriation Reserves - PFRS	A-3	1,800,000.00	
Encumbrances	A-3	25,150,022.17	28,836,665.37
Due State of N.J. - Realty Transfer Fees	A-11	4,050,708.48	2,925,329.97
Contractors' Retainage	A-12	19,653.00	19,653.00
Accounts Payable	A-13	2,613,647.49	7,724,096.82
Reserve for Arbitrage Rebates	A-14	132,224.62	256,384.89
Total Cash Liabilities		<u>49,540,459.71</u>	<u>51,856,369.80</u>
Reserve for Receivables		14,249,444.71	6,413,683.65
Fund Balance	A-1	78,692,062.81	75,661,586.81
		<u>92,941,507.52</u>	<u>82,075,270.46</u>
Total Liabilities and Reserves		<u>\$ 142,481,967.23</u>	<u>133,931,640.26</u>

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

COUNTY OF MONMOUTH

Exhibit A-1

CURRENT FUNDSTATEMENT OF OPERATIONS ANDCHANGE IN FUND BALANCEYEARS ENDED DECEMBER 31STATUTORY BASIS

	<u>Ref.</u>	<u>Year 2004</u>	<u>Year 2003</u>
<u>Revenue and Other Income</u>			
Fund Balance Utilized	A-2	\$ 41,000,000.00	37,500,000.00
Miscellaneous Revenue Anticipated	A-2	145,700,909.59	135,250,540.17
Receipts from Current Taxes	A-2,6	260,752,374.00	250,251,000.00
Non-Budget Revenue	A-2	19,729,814.27	19,047,508.67
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-10	11,209,366.26	11,537,048.60
Current Appropriations Cancelled	A-3	198,346.09	33,260.65
Adjustments to Accounts Payable	A-13	174,803.14	211,134.10
Total Revenue and Other Income		<u>478,765,613.35</u>	<u>453,830,492.19</u>
<u>Expenditures</u>			
Other Expenditures and Deductions from Income	A-4	-	1,005.80
Budget Appropriations	A-3	434,735,137.35	408,947,488.93
		<u>434,735,137.35</u>	<u>408,948,494.73</u>
Excess in Revenue		44,030,476.00	44,881,997.46
Fund Balance, Beginning of Year	A	75,661,586.81	68,279,589.35
		<u>119,692,062.81</u>	<u>113,161,586.81</u>
Less: Utilized as Revenue	A-2	41,000,000.00	37,500,000.00
Fund Balance, End of Year	A	<u>\$ 78,692,062.81</u>	<u>75,661,586.81</u>

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

COUNTY OF MONMOUTH

Exhibit A-2

CURRENT FUND

Sheet 1 of 12

STATEMENT OF REVENUES

YEAR ENDED DECEMBER 31, 2004

STATUTORY BASIS

	<u>Ref.</u>	<u>Anticipated</u>	<u>Realized</u>	<u>Excess or</u>
	<u>A-1</u>	<u>Revenue</u>		<u>(Deficit)</u>
		<u>\$ 41,000,000.00</u>	<u>41,000,000.00</u>	
Surplus Anticipated				
<u>Miscellaneous Revenues - Local Revenues</u>				
County Clerk		8,925,000.00	15,911,949.67	6,986,949.67
Surrogate		300,000.00	636,721.83	336,721.83
Sheriff		900,000.00	914,276.05	14,276.05
Interest on Investments and Deposits		3,700,000.00	4,600,829.01	900,829.01
Parks and Recreation		5,800,000.00	6,436,514.57	636,514.57
M.C. County Care Center - Geraldine L. Thompson Division		9,000,000.00	10,044,555.44	1,044,555.44
M.C. County Care Center - John L. Montgomery Division		12,650,000.00	13,820,281.96	1,170,281.96
Data Processing - Board of Social Services		86,000.00	112,666.00	26,666.00
Receipts, Rental of County Owned Properties		200,000.00	395,062.11	195,062.11
Indirect Cost Recovery		765,000.00	1,849,529.84	1,084,529.84
USDA Reimbursement, Youth Detention Center		30,000.00	61,153.26	31,153.26
Maintenance in Lieu of Rent, Division of Social Services		1,126,020.00	1,126,021.92	1.92
Recovery of Fringe Benefits		4,300,000.00	5,190,693.22	890,693.22
Lease, Workmen's Compensation Court		100,000.00	114,879.96	14,879.96
Intoxicated Driver Resource Center		125,000.00	230,676.00	105,676.00
Division of Social Services		2,461,924.00	2,669,842.50	207,918.50
Total Local Revenues		<u>50,468,944.00</u>	<u>64,115,653.34</u>	<u>13,646,709.34</u>

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

COUNTY OF MONMOUTH

Exhibit A-2

Sheet 2 of 12

CURRENT FUND

STATEMENT OF REVENUES

YEAR ENDED DECEMBER 31, 2004

STATUTORY BASIS

	<u>Ref.</u>	<u>Anticipated Revenue</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
<u>Miscellaneous Revenues - State Aid</u>				
State Aid - County College Bonds (N.J.S.A. 18A:64A-22.6)	A-3,8	3,395,090.00	3,395,090.00	
State Aid - County Vocational School Bonds (N.J.S.A. 18A:58-33.22)				
Reimbursement, Mental Health Administrator's Salary		12,000.00	12,000.00	809,535.00
Reimbursement, State Inmates at Correctional Institution		1,000,000.00	1,809,535.00	
Division of Economic Assistance - Earned Income Grant		16,150,000.00	19,458,070.00	3,308,070.00
Total State Aid		<u>20,557,090.00</u>	<u>24,674,695.00</u>	<u>4,117,605.00</u>

Miscellaneous Revenues - State Assumption of Costs of
County Social and Welfare Services and Psychiatric Facilities

Social and Welfare Services (C. 66, P.L. 1990)

Division of Youth and Family Services		2,169,666.00	2,169,666.00	
Supplemental Social Security Income		913,076.00	668,174.00	(244,902.00)

Psychiatric Facilities (C.73, P.L. 1990)

Maintenance of Patients in State Institutions for:

Mental Diseases		4,104,511.00	4,104,511.00	
Mentally Retarded		9,961,274.00	9,961,274.00	
Board of County Patients in State and Other Institutions		7,924.00	308,924.33	301,000.33
Total - State Assumption of Costs of County Social and Welfare Services and Psychiatric Facilities		<u>17,156,451.00</u>	<u>17,212,549.33</u>	<u>56,098.33</u>

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

COUNTY OF MONMOUTH

Exhibit A-2

CURRENT FUND

Sheet 3 of 12

STATEMENT OF REVENUES

YEAR ENDED DECEMBER 31, 2004

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>				
Monmouth County Office on Aging Comprehensive Area Plan Grant		4,012,899.00	4,012,899.00	
CAP/NJEH Medicaid Case Management		860,000.00	860,000.00	
Alcoholism Services Plan - CY 2004, 04-535-ADA-C-0		1,117,111.00	1,117,111.00	
<u>NAHB Research Center, INC.</u>				
National Center for Senior Housing Research / Assistive Technology and Aging in Place (NCSHR/ATAP), 2004/2005		15,000.00	15,000.00	
<u>State of New Jersey - Governor's Council on Alcohol and Drug Abuse</u>				
Alliance Prevention - CY 2004		684,596.00	684,596.00	
<u>State of New Jersey - Department of Community Affairs</u>				
Recreational Opportunities for Individuals with Disabilities - CY 2004		10,000.00	10,000.00	
Prevention of Homelessness(Linkages) - PY 2004		50,000.00	50,000.00	
Smart Future Planning Grant #03-7083-00		216,000.00	216,000.00	
Cross Acceptance, #04-0254-00		35,000.00	35,000.00	
<u>State of New Jersey - New Jersey Transit Corporation</u>				
Senior Citizen and Disabled Resident Transportation Program - CY 2004		1,494,756.00	1,494,756.00	
Timetable Distribution - FY 2005		10,000.00	10,000.00	
Work First New Jersey - CY 2005 Project Income		4,533.60	4,533.60	
<u>U.S. Department of Transportation</u>				
FTA - Section 5311 - FY 2005		108,524.00	108,524.00	

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

COUNTY OF MONMOUTH

Exhibit A-2

CURRENT FUND

Sheet 4 of 12

STATEMENT OF REVENUES

YEAR ENDED DECEMBER 31, 2004

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 Vocational Rehabilitation Services</u>				
Brokered Employment Transportation - Project Income - 95-045		5,536.50	5,536.50	
<u>North Jersey Transportation Planning Authority -</u>				
<u>New Jersey Institute of Technology -</u>				
Asbury Park Study - FY 2004/2005		64,000.00	64,000.00	
Sub-Regional Transportation Planning Program - FY 2005		99,057.60	99,057.60	
<u>State of New Jersey - Department of Transportation</u>				
TTF - 2005 Annual Transportation Program		4,534,000.00	4,534,000.00	
Henry Hudson Trail So., 2003-DT-BLA-309		473,000.00	473,000.00	
Halls Mills Road Scoping Study, Task Order No. MONCO-7		365,981.00	365,981.00	
Bayshore Ferry, Phase 2A, FMISD05A		1,506,000.00	1,506,000.00	
<u>State of New Jersey - Department of Human Services</u>				
DYFS:				
Youth Detention Center - CY 2004 - 04BFNC		38,954.00	38,954.00	
Human Services Advisory Council - CY 2004 - 04AVNC		64,659.00	64,659.00	
Family Court, Grants-In-Aid - CY 2004 - 04CNNC		7,327.00	7,327.00	
DFD:				
Work First New Jersey - CY 2004 - FINZ4C		899,144.00	899,144.00	
Special Initiative and Transportation - FY 2005		577,898.00	577,898.00	
Title IV-D Reimbursement Agreement - FFY 2005		261,953.00	261,953.00	
Social Services for the Homeless - CY 2004 - HINZ4C		722,052.00	722,052.00	

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

COUNTY OF MONMOUTH

Exhibit A-2

CURRENT FUND

Sheet 5 of 12

STATEMENT OF REVENUES

YEAR ENDED DECEMBER 31, 2004

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 (Continued)</u>			
DMHS:			
Mental Health Board FY 2005	6,000.00	6,000.00	
Project Transition/Path - CY 2004 - S1202039	316,813.00	316,813.00	
CIACC / CART - CY 2004, 20213	41,483.00	41,483.00	
Mica Training - FY 2004	1,500.00	1,500.00	
<u>State of New Jersey - Division of Law & Public Safety</u>			
DCJ - Victim Assistance, VOCA, FFY 2003, V-13-03R	151,867.00	151,867.00	
DCJ - SANE, V-36-03S	62,445.00	62,445.00	
DCJ - Multi-Jurisdictional Narcotics Task Force - CY 2004, #DE-2	178,597.00	178,597.00	
DCJ - Body Armor Replacement Fund - FY 2003	49,596.20	49,596.20	
DCJ - LEOTEF - FY 2003	39,340.00	39,340.00	
DSP - CERT - CY 2003	2,500.00	2,500.00	
DSP - Special Needs Planning Grant - CY 2004	10,000.00	10,000.00	

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

COUNTY OF MONMOUTH

Exhibit A-2

Sheet 6 of 12

CURRENT FUND

STATEMENT OF REVENUES

YEAR ENDED DECEMBER 31, 2004

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 and Public Safety (Continued)</u>			
DSP -Homeland Security Grant Program (HSGP) - FY 2004	415,585.00	415,585.00	
DSP -SLAHOP, CY2003	8935.53	8,935.53	
DHTS - Safe Cargo, OP04-45-01-15	9,000.00	9,000.00	
DHTS - Underage Alcohol Enforcement - CY 2004	25,000.00	25,000.00	
JJC - State / Community Partnership - CY 2004 - SCP-PM/PS-04-13	424,497.00	424,497.00	
JJC - Family Court - CY 2004, FC-PS-04-13	169,385.00	169,385.00	
JJC - Juvenile Accountability Incentive Block Grant - FFY 2003 - Year 6-03-13	147,716.00	147,716.00	
JJC - MCYDC, SFEA, FY 2005	189,000.00	189,000.00	
<u>State of New Jersey - Department of Environmental Protection</u>			
Clean Communities Program - CY 2004	64,744.20	64,744.20	
Recycling Program - REC-94-13 - Project Income	5,505.00	5,505.00	
WPBW/RSWMP, PO 5800402	250,000.00	250,000.00	
Municipal Stormwater Regulation Program, WQ04-335	10,000.00	10,000.00	
<u>State of New Jersey - Department of Labor and Work</u>			
Workforce Investment Act - PY 2002	39,582.00	39,582.00	
Workforce Investment Act - PY 2003	677,651.75	677,651.75	
Workforce Investment Act - PY 2004	5,124,303.00	5,124,303.00	
WIB/WDPP - Workforce Learning Link - SFY 2004	300,312.00	300,312.00	
WIB/WDPP - Workforce Learning Link - SFY 2005	278,378.00	278,378.00	
<u>State of New Jersey - Historical Commission</u>			
News Video Project, PRO-04-040	5,425.00	5,425.00	

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

COUNTY OF MONMOUTH

Exhibit A-2

CURRENT FUND

Sheet 7 of 12

STATEMENT OF REVENUES

YEAR ENDED DECEMBER 31, 2004

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 - Soybean Board</u>		8,600.00	8,600.00	
<u>Soybean Research Project, 2004</u>				
<u>United States - Department of Housing and Urban Development</u>				
<u>Housing Counseling, HC03-0398-076-FY 2003</u>		25,107.00	25,107.00	
<u>Housing Counseling, HC-0361-04-1-FY 2004</u>		35,354.00	35,354.00	
<u>Dover Township / MCDSS - HOPWA - FY 2003</u>		497,078.50	497,078.50	
<u>Township of Woodbridge - HOPWA - 2004</u>		491,514.52	491,514.52	
<u>United States - Department of Transportation</u>				
<u>FAA - Monmouth Executive Airport(BLM), AIP 3-34-05-01-03</u>		490,224.03	490,224.03	
<u>United States Department of the Army - Fort Monmouth</u>				
<u>CR 51, Hope Road Traffic Light</u>		136,350.00	136,350.00	
<u>Food Bank of Monmouth and Ocean Counties</u>				
<u>Youth Farmstand, CY 2003, Project Income</u>		404.94	404.94	
<u>Youth Farmstand - CY 2004</u>		12,250.00	12,250.00	
<u>United States Department of the Interior</u>				
<u>Sandy Hook - MCMC - ISA - Mosquito</u>		2,400.00	2,400.00	
<u>Freehold Township Health Department</u>				
<u>MCMC - ISA - Lyme</u>		10,000.00	10,000.00	
<u>Township of Marlboro</u>				
<u>ISA, Marlboro Shuttle - CY 2003 Project Income</u>		769.00	769.00	

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

COUNTY OF MONMOUTH

Exhibit A-2

Sheet 8 of 12

CURRENT FUND

STATEMENT OF REVENUES

YEAR ENDED DECEMBER 31, 2004

STATUTORY BASIS

Miscellaneous Revenues - Special Items of General Revenue Anticipated with Prior Written Consent of the Director of Local Government Services - Public and Private Revenues Offset with Appropriations - (Continued)
Township of Holmdel
Bridge H-7 Improvements
National Children's Alliance
Program Development Grant - CY 2004
Challenged Youth Sports Inc. (CYSI)
Playground
Donations
Monmouth County Sheriff's K-9 Unit
Minneapolis Medical Research Foundation
SANE/SART, 27-60-101014
Rutgers University
New Jersey Substance Abuse Monitoring System (NJ-SAMS)

<u>Ref.</u>	<u>Anticipated Revenue</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
	390,106.00	390,106.00	
	30,000.00	30,000.00	
	86,000.00	86,000.00	
	790.50	790.50	
	3,726.00	3,726.00	
	1,500.00	1,500.00	
	<u>29,465,316.87</u>	<u>29,465,316.87</u>	

Total - Special Items of General Revenue Anticipated with Prior Written Consent of Director of Local Government Services - Public and Private Revenues Offset with Appropriations

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

COUNTY OF MONMOUTH

Exhibit A-2

CURRENT FUND

Sheet 9 of 12

STATEMENT OF REVENUES

YEAR ENDED DECEMBER 31, 2004

STATUTORY BASIS

	<u>Ref.</u>	<u>Anticipated Revenue</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Special Items of General Revenue Anticipated with Prior Written Consent of Director of Local Government Services - Other Special Items				
Constitutional Officers - Increased Fees (P.L. 2001, C. 370)				
County Clerk		6,400,000.00	5,801,032.20	(598,967.80)
Surrogate		200,000.00	205,188.00	5,188.00
Sheriff		500,000.00	491,513.37	(8,486.63)
Motor Vehicle Fines (N.J.S.A. 39:5-41)		3,734,961.48	3,734,961.48	-
Monmouth County Reclamation Center Utility - Equipment Leases		4,500,000.00		(4,500,000.00)
Total - Special Items of General Revenue Anticipated with Prior Written Consent of Director of Local Government Services - Other Special Items		15,334,961.48	10,232,695.05	(5,102,266.43)
Total Miscellaneous Revenues	A-1	132,982,763.35	145,700,909.59	12,718,146.24
Subtotal General Revenues		173,982,763.35	186,700,909.59	12,718,146.24
Amount to be Raised by Taxation - County Purpose Tax	A-1	260,650,000.00	260,752,374.00	
Total General Revenues		434,632,763.35	447,453,283.59	12,718,146.24
Non Budget Revenues	A-1		19,729,814.27	19,729,814.27
Total Revenues		\$ 434,632,763.35	467,183,097.86	32,447,960.51

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

COUNTY OF MONMOUTHCURRENT FUND

Exhibit A-2

STATEMENT OF REVENUES

Sheet 10 of 12

YEAR ENDED DECEMBER 31, 2004STATUTORY BASIS

	<u>Ref.</u>
<u>Miscellaneous Revenue Not Anticipated</u>	
Garnishment Service Charge	\$ 7,468.80
Rent from Newspaper Receipt Booth	480.00
Voter Registration - labels and tapes	11,122.85
Construction Board of Appeals	2,500.00
Pay Telephone Station Commissions	487,737.34
Interest Parks Department	6,961.80
Engineers Plans and Specifications	7,185.75
Vending Machine Commissions	21,911.25
Interest on Late Payment of Taxes	570.63
Autopsy Fees	1,916.00
Planning Board Receipts	51,877.54
Miscellaneous Unanticipated Revenues	132,413.57
Sale of Election Maps	422.00
Judgments	4,385.00
MCHS - Annual Conference/Reception	7,400.00
Salary and Fringe Reimbursements	144,651.07
Interest - Sheriff's Account	53,125.58
Damages to County Property	202,845.41
Purchase of Lists, Records, etc.	2,825.00
Auction Sales	138,512.50
Inmate Transportation	42,598.50
Payment in Lieu of Taxes	2,475.00
Sale of County Merchandise, Property, etc.	92,842.06
Permit Fees	13,675.00
Appropriation Refunds	2,951,575.08
Appropriation Refunds - Agricultural Easements	603,518.73
Unanticipated Grant Receipts	32,000.00
Insurance Reimbursements	117,267.97
Telephone Refunds	1,875.93
MC Police Computer	42,887.29
Copier Receipts	95,283.08
Fire Academy - Course Requirements	800.00

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

COUNTY OF MONMOUTHCURRENT FUND

Exhibit A-2

STATEMENT OF REVENUES

Sheet 11 of 12

YEAR ENDED DECEMBER 31, 2004STATUTORY BASIS

	<u>Ref.</u>
Planning Board:	
Site Plan Revision Fees	58,650.00
Site Plan Inspection Fees	31,289.73
Subdivision Initial Application Fees	163,576.00
Special Events	16,382.00
Reimbursement for Motor Pool	130,857.39
Reimbursement for Single Audit Costs	25,207.00
Information Services Costs - Mod IV Tax System	30,000.00
Consumer Affairs - US CPSC Recall	500.00
Board of Elections- State Reimbursement	442,500.00
Comm. Reg. Elections - Twp. Reimb. (Ch. 278/95)	111,212.32
County Clerk Election - Twp. Reimb. (Ch. 278/95)	13,386.99
Board of Elections- Twp. Reimb. (Ch. 278/95)	28,444.76
Probation Fines	38,555.91
Information Services - Print Shop Reimbursement	190,792.35
Bail Bond Forfeitures	1,006,709.43
Juror Compensation Fund	19,368.00
County Clerk - Archives Day	3,880.00
Interest on County Clerk's Account	22,354.29
Office of Emerg. Mgt. - State Reimb.	10,000.00
Probation - Sheriff Labor Assistance Prog. (SLAP)	1,157.00
Voting Machine Rentals	2,379.50
NJAOC - Service Agreements	366,662.14
Primary Election - Postage Reimbursement	38,490.71
MCDOT - Howell Township Agreement	32,000.00
MC DOT - Agency Receipts	493,585.60
Police Academy - Tuition	71,722.00
911 Program, Police Radio - Municipal Receipts	1,106,690.63
MCPO - Guns for Cash Program	1,025.00
MCPO - Restitution Collections	4,263.59
Employee Fines / Fees	12,472.67

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

COUNTY OF MONMOUTHCURRENT FUNDSTATEMENT OF REVENUESYEAR ENDED DECEMBER 31, 2004

Exhibit A-2

Sheet 12 of 12

STATUTORY BASIS

	<u>Ref.</u>	
MCCI/Sheriff-USDOJ,DEA Reimb.		45,085.82
MCCI - Inmate Fees		232,523.40
MCCI - SSA Reimbursement		58,800.00
MCCI - Inmate Medical Co-Pay Program		30,580.83
MCCI - Donations		975.00
MCCI - Western Union Commissions		1,340.00
NJDHS/DYFS-Project Open House Reimbursement		5,381.28
GIS A/R Munic/Others - Excess		37,577.50
Licensing Agreements - Fiber Optics Cables		30,569.00
MCCI - Inmate Commissary Account		230,966.05
DJP Treas. - SCAAP		143,831.00
Donations and Gifts		100.00
Reimbursements - Federal Inmates at Correction Center		5,605,840.00
Bayshore Ferry - Food/Beverage Concession		2,700.05
Bayshore Ferry - Rent		114,704.50
FEMA/State of NJ - Disaster Reimbursement		1,066.69
MCPO - MDT Conference		4,240.00
MCPO - County Emergency Response Team		33,000.00
MCDSS:		
Fed. Parent Locator Fees		6.00
Miscellaneous Unanticipated Revenue		49,783.42
Salary & Fringe Reimbursements		963.58
Jury Duty/Employee S & W Reimbursement		60.30
Total Amount of Miscellaneous Revenues Not Anticipated	A-4	16,387,320.16
County Added and Omitted Taxes	A-7	3,342,494.11
	A-1	\$19,729,814.27

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

COUNTY OF MONMOUTH

Exhibit A-3

Sheet 1 of 19

STATEMENT OF EXPENDITURES - CURRENT FUND

YEAR ENDED DECEMBER 31, 2004

STATUTORY BASIS

	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
General Government					
Office of County Administrator					
Salaries and Wages	\$ 302,504.00	314,504.00	314,136.31	367.69	
Other Expenses	125,630.00	125,630.00	98,997.23	26,632.77	
Research, Technical and Consulting Services					
Other Expenses	1,500,000.00	1,378,000.00	1,065,089.90	312,910.10	
Purchasing Department					
Salaries and Wages	650,210.00	650,210.00	643,625.48	6,584.52	
Other Expenses	29,852.00	29,852.00	24,664.43	5,187.57	
Public Information					
Salaries and Wages	145,568.00	145,568.00	142,212.05	3,355.95	
Other Expenses	27,800.00	27,800.00	23,367.48	4,432.52	
Personnel Department					
Salaries and Wages	1,027,513.00	965,513.00	964,703.65	809.35	
Other Expenses	114,780.00	114,780.00	106,331.21	8,448.79	
Youth Employment Program					
Salaries and Wages	369,600.00	333,600.00	333,421.90	178.10	
Board of Chosen Freeholders					
Salaries and Wages	151,000.00	151,000.00	150,596.13	403.87	
Other Expenses	4,144.00	4,144.00	1,313.65	2,830.35	
Clerk of the Board					
Salaries and Wages	491,448.00	526,448.00	520,411.25	6,036.75	
Other Expenses	77,600.00	77,600.00	60,374.09	17,225.91	

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

COUNTY OF MONMOUTH

Exhibit A-3

Sheet 2 of 19

STATEMENT OF EXPENDITURES - CURRENT FUND

YEAR ENDED DECEMBER 31, 2004

STATUTORY BASIS

	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
County Clerk-Elections					
Salaries and Wages	146,126.00	161,126.00	157,215.92	3,910.08	
Other Expenses	31,800.00	31,800.00	16,701.24	15,098.76	
Office of the County Clerk					
Salaries and Wages	2,750,817.00	2,831,817.00	2,825,790.47	6,026.53	
Other Expenses	331,083.00	331,083.00	319,265.85	11,817.15	
Superintendent of Elections					
Salaries and Wages	1,365,542.00	1,365,542.00	1,363,862.64	1,679.36	
Other Expenses	342,632.00	342,632.00	313,498.83	29,133.17	
Board of Elections					
Salaries and Wages	1,100,261.00	1,100,261.00	1,083,703.53	16,557.47	
Other Expenses	185,916.00	185,916.00	117,814.86	68,101.14	
Finance Department					
Salaries and Wages	1,079,092.00	1,129,092.00	1,126,755.30	2,336.70	
Other Expenses	149,555.00	309,555.00	282,941.18	26,613.82	
Indirect Cost Allocation Plan - Other Expenses					
Audit Services - Other Expenses	21,000.00	21,000.00	19,500.00	1,500.00	
Department of Information Services	120,000.00	120,000.00	114,000.00	6,000.00	
Salaries and Wages	2,444,163.00	2,534,163.00	2,514,344.39	19,818.61	
Other Expenses	2,731,405.00	2,731,405.00	2,529,749.32	201,655.68	
Board of Taxation					
Salaries and Wages	308,750.00	319,750.00	311,842.85	7,907.15	
Other Expenses	11,551.00	11,551.00	10,401.76	1,149.24	
Office of the County Counsel - Other Expenses	2,300,000.00	2,300,000.00	1,835,423.09	464,576.91	

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

COUNTY OF MONMOUTH

Exhibit A-3

Sheet 3 of 19

STATEMENT OF EXPENDITURES - CURRENT FUND

YEAR ENDED DECEMBER 31, 2004

STATUTORY BASIS

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
Office of County Adjuster					
Salaries and Wages	99,600.00	113,600.00	111,560.20	2,039.80	
Other Expenses	997.00	137,997.00	137,659.26	337.74	
County Surrogate					
Salaries and Wages	699,468.00	705,468.00	702,032.48	3,435.52	
Other Expenses	15,063.00	15,063.00	12,471.21	2,591.79	
County Engineer					
Salaries and Wages	2,009,617.00	2,124,617.00	2,116,390.52	8,226.48	
Other Expenses	73,987.00	73,987.00	49,757.92	24,229.08	
Economic Development & Tourism					
Salaries and Wages	374,035.00	387,035.00	386,487.21	547.79	
Other Expenses	73,760.00	73,760.00	66,551.37	7,208.63	
Historical Commission					
Salaries and Wages	22,250.00	22,250.00	22,128.57	121.43	
Other Expenses	279,455.00	299,455.00	281,296.47	18,158.53	
Total - General Government Functions	24,085,574.00	24,624,574.00	23,278,391.20	1,346,182.80	
<u>Land Use Administration</u>					
Planning Board (N.J.S.40A:27-3)					
Salaries and Wages	1,409,307.00	1,409,307.00	1,398,610.14	10,696.86	
Other Expenses	156,101.00	156,101.00	114,305.72	41,795.28	
Contribution to Soil Conservation District (N.J.S. 4:24(1))					
Other Expenses	4,600.00	4,600.00	4,600.00		
Total Land Use Administration	1,570,008.00	1,570,008.00	1,517,515.86	52,492.14	

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

COUNTY OF MONMOUTH

Exhibit A-3

Sheet 4 of 19

STATEMENT OF EXPENDITURES - CURRENT FUND

YEAR ENDED DECEMBER 31, 2004

STATUTORY BASIS

	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
Code Enforcement and Administration					
Weights and Measures					
Salaries and Wages	355,953.00	365,953.00	364,744.44	1,208.56	
Other Expenses	2,925.00	2,925.00	2,787.61	137.39	
Total Code Enforcement and Administration	<u>358,878.00</u>	<u>368,878.00</u>	<u>367,532.05</u>	<u>1,345.95</u>	
Insurance					
Other Insurance Premiums					
Other Expenses	4,300,000.00	4,300,000.00	3,650,973.48	649,026.52	
Worker's Compensation					
Other Expenses	5,600,000.00	5,600,000.00	4,336,785.86	1,263,214.14	
Group Insurance Plan					
Other Expenses	30,590,000.00	30,590,000.00	28,884,550.13	1,705,449.87	
Unemployment Compensation Insurance (N.J.S.A.43:21-3 et seq)					
Other Expenses	200,000.00	200,000.00	200,000.00		
Total Insurance	<u>40,690,000.00</u>	<u>40,690,000.00</u>	<u>37,072,309.47</u>	<u>3,617,690.53</u>	
Public Safety Functions					
Sheriff's Office - Police Radio					
Salaries and Wages	2,226,842.00	2,458,842.00	2,458,815.48	26.52	
Other Expenses	306,482.00	306,482.00	180,673.09	125,808.91	
Police Computer					
Salaries and Wages	269,249.00	281,249.00	274,798.15	6,450.85	
Other Expenses	318,898.00	318,898.00	175,432.42	143,465.58	
Office of Emergency Management					
Salaries and Wages	264,463.00	288,463.00	281,905.84	6,557.16	
Other Expenses	11,962.00	11,962.00	5,549.70	6,412.30	

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

COUNTY OF MONMOUTH

Exhibit A-3

Sheet 5 of 19

STATEMENT OF EXPENDITURES - CURRENT FUND

YEAR ENDED DECEMBER 31, 2004

STATUTORY BASIS

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
Public Safety Functions(Continued)					
Department of Consumer Affairs					
Salaries and Wages	279,812.00	306,812.00	304,281.18	2,530.82	
Other Expenses	6,418.00	6,418.00	3,866.46	2,551.54	
Medical Examiner					
Salaries and Wages	658,404.00	711,404.00	704,420.15	6,983.85	
Other Expenses	259,771.00	259,771.00	211,514.61	48,256.39	
Aid to Volunteer Rescue and Ambulance Squads (N.J.S. 40:5-2)					
Other Expenses	17,400.00	17,400.00	15,900.00	1,500.00	
Sheriff's Office					
Salaries and Wages	8,295,391.00	8,365,391.00	8,357,766.02	7,624.98	
Other Expenses	282,366.00	282,366.00	260,445.59	21,920.41	
Office of the County Prosecutor					
Salaries and Wages	18,139,354.00	18,816,354.00	18,815,998.17	355.83	
Other Expenses	1,342,434.00	1,385,434.00	1,125,301.00	260,133.00	
Correctional Institution					
Salaries and Wages	28,235,825.00	29,695,825.00	29,694,048.37	1,776.63	
Other Expenses	8,693,792.00	8,693,792.00	8,351,529.65	342,262.35	
Youth Detention Center					
Salaries and Wages	3,918,288.00	4,590,288.00	4,589,787.72	500.28	
Other Expenses	695,127.00	695,127.00	615,112.37	80,014.63	

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

COUNTY OF MONMOUTH

Exhibit A-3

Sheet 6 of 19

STATEMENT OF EXPENDITURES - CURRENT FUND

YEAR ENDED DECEMBER 31, 2004

STATUTORY BASIS

	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
Public Safety Functions(Continued)					
Fire Marshall (N.J.S. 40A:14-1)					
Salaries and Wages	478,721.00	533,721.00	516,854.23	16,866.77	
Other Expenses	49,723.00	52,723.00	51,572.95	1,150.05	
Police Academy and Firing Range					
Salaries and Wages	331,560.00	331,560.00	317,290.83	14,269.17	
Other Expenses	73,962.00	73,962.00	66,138.38	7,823.62	
Total Public Safety Functions	<u>75,156,244.00</u>	<u>78,484,244.00</u>	<u>77,379,002.36</u>	<u>1,105,241.64</u>	
Public Works Functions					
County Road Maintenance					
Salaries and Wages	5,119,658.00	5,341,658.00	5,340,806.83	851.17	
Other Expenses	861,635.00	1,161,635.00	1,111,102.38	50,532.62	
County Bridge Maintenance					
Salaries and Wages	1,789,521.00	1,879,521.00	1,869,325.53	10,195.47	
Other Expenses	170,882.00	170,882.00	156,393.49	14,488.51	
Director of Public Works and Engineering					
Salaries and Wages	275,905.00	286,905.00	284,936.57	1,968.43	
Other Expenses	2,529.00	2,529.00	1,465.69	1,063.31	
Traffic Safety Engineering					
Salaries and Wages	1,177,155.00	1,240,155.00	1,226,130.49	14,024.51	
Other Expenses	247,764.00	247,764.00	188,602.84	59,161.16	
Shade Tree Commission					
Salaries and Wages	1,272,380.00	1,248,380.00	1,248,343.86	36.14	
Other Expenses	143,227.00	143,227.00	120,144.66	23,082.34	

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

COUNTY OF MONMOUTH

Exhibit A-3

Sheet 7 of 19

STATEMENT OF EXPENDITURES - CURRENT FUND

YEAR ENDED DECEMBER 31, 2004

STATUTORY BASIS

	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
Public Works Functions (Continued)					
Central Mail Room					
Salaries and Wages	193,908.00	202,908.00	197,978.39	4,929.61	
Other Expenses	959,550.00	959,550.00	949,937.61	9,612.39	
Buildings and Grounds					
Salaries and Wages	5,839,054.00	5,976,054.00	5,975,594.44	459.56	
Other Expenses	6,900,452.00	6,900,452.00	6,080,854.43	819,597.57	
Central Motor Pool					
Salaries and Wages	1,370,980.00	1,444,980.00	1,440,402.69	4,577.31	
Other Expenses	1,168,118.00	1,168,118.00	1,020,272.88	147,845.12	
Mosquito Extermination Commission (N.J.S. 26:9-13 et seq)					
Other Expenses	1,968,061.00	1,968,061.00	1,968,010.81	50.19	
Total Public Works Functions	29,460,779.00	30,342,779.00	29,180,303.59	1,162,475.41	

Human Services and Health Functions

Division of Social Services Administration

Salaries and Wages

Other Expenses

Assistance for Dependent Children - County Share

Other Expenses

Assistance for Social Security Recipients

Other Expenses

Monmouth County Department of Health Care Facilities

Salaries and Wages

Other Expenses

	21,885,965.00	21,885,965.00	21,042,669.83	843,295.17	
	18,310,756.00	18,310,756.00	16,785,980.43	1,524,775.57	
	592,821.00	592,821.00	592,821.00		
	913,076.00	913,076.00	845,000.00	68,076.00	
	673,543.00	673,543.00	658,536.06	15,006.94	
	4,976,679.00	4,976,679.00	473,770.59	238,973.01	

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

COUNTY OF MONMOUTH

Exhibit A-3

Sheet 8 of 19

STATEMENT OF EXPENDITURES - CURRENT FUND

YEAR ENDED DECEMBER 31, 2004

STATUTORY BASIS

	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
Human Services and Health Functions (Continued)					
Monmouth County Care Centers - Geraldine L. Thompson Division	6,694,531.00	6,585,531.00	6,585,475.40	55.60	
Salaries and Wages					
Monmouth County Care Centers - John L. Montgomery Division	8,604,827.00	8,309,827.00	8,288,873.73	20,953.27	
Salaries and Wages					
Division of Mental Health (N.J.S. 40A:5-29)	171,225.00	178,225.00	177,811.72	413.28	
Salaries and Wages					
Other Expenses	1,774,117.00	1,774,117.00	1,323,721.69	450,395.31	
New Jersey Division of Youth and Family Services - Other Expenses	2,169,666.00	2,169,666.00	2,169,666.00		
Department of Human Services					
Salaries and Wages	278,741.00	296,741.00	289,461.13	7,279.87	
Other Expenses	19,550.00	19,550.00	17,104.41	2,445.59	
Department of Transportation Subsidy Interim Emergency Bus					
Subsidy Law (N.J.S. 27-1A)	40,000.00	40,000.00	18,985.00	21,015.00	
Other Expenses					
Division on Planning and Resource Development					
Salaries and Wages	38,816.00	38,816.00	35,650.02	3,165.98	
Other Expenses	4,073.00	4,073.00	2,643.13	1,429.87	
Public Health Service (N.J.S. 40A:13-1)					
Other Expenses	1,149,133.00	1,291,133.00	1,135,398.00	155,735.00	
Office of Disabilities					
Salaries and Wages	107,509.00	82,509.00	81,931.13	577.87	
Other Expenses	4,325.00	4,325.00	3,041.00	1,284.00	
Aid to Disabilities (N.J.S. 40:23-8.11)					
Other Expenses	300,791.00	300,791.00	247,236.32	53,554.68	

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

COUNTY OF MONMOUTH

Exhibit A-3

STATEMENT OF EXPENDITURES - CURRENT FUND

Sheet 9 of 19

YEAR ENDED DECEMBER 31, 2004

STATUTORY BASIS

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
<u>Human Services and Health Functions (Continued)</u>					
Division of Alcohol and Drug Abuse Services (N.J.S. 40:9B-4)					
Salaries and Wages	153,555.00	161,555.00	159,457.29	2,097.71	
Other Expenses	681,013.00	681,013.00	609,271.14	71,741.86	
Intoxicated Driver Resource Center					
Salaries and Wages	119,665.00	125,665.00	124,264.44	1,400.56	
Other Expenses	34,678.00	34,678.00	9,877.07	24,800.93	
Maintenance of Patients in State Institutions for Mental Diseases (N.J.S. 30:4 -79) County Share	1,182,706.00	1,182,706.00	1,182,706.00		
Other Expenses					
Maintenance of Patients in State Institutions for Mental Diseases (N.J.S. 30:4 -79) State Share	4,025,879.00	4,025,879.00	4,025,879.00		
Other Expenses					
Maintenance of Patients in State Institutions for Developmental Disabilities (N.J.S. 30:4-79)	9,961,274.00	9,961,274.00	9,961,274.00		
Other Expenses					
War Veterans Burial and Grave Decorations					
Salaries and Wages	11,600.00	11,600.00	11,246.77	353.23	
Other Expenses	32,980.00	32,980.00	26,674.78	6,305.22	
Office on Aging					
Salaries and Wages	173,911.00	180,911.00	180,598.46	312.54	
Other Expenses	13,159.00	13,159.00	11,812.97	1,346.03	

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

COUNTY OF MONMOUTH

Exhibit A-3

Sheet 10 of 19

STATEMENT OF EXPENDITURES - CURRENT FUND

YEAR ENDED DECEMBER 31, 2004

STATUTORY BASIS

	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
Human Services and Health Functions (Continued)					
Office on Aging - SCAT (Special Citizens Area Transportation)					
Salaries and Wages	612,943.00	659,943.00	653,826.37	6,116.63	
Other Expenses	1,042,886.00	1,042,886.00	947,723.58	95,162.42	
Environmental Health Act - Contractual (N.J.S. 26:3A2-21)					
Monmouth County Department of Health - Other Expenses	1,500,000.00	1,550,000.00	1,550,000.00		
Aid to Legal Aid Society - Other Expenses	17,500.00	17,500.00	17,500.00		
Youth, Education, Recreation & Welfare					
Other Expenses	148,297.00	148,297.00	129,590.47	18,706.53	
Total Human Services and Health	88,422,190.00	88,278,190.00	84,641,414.33	3,636,775.67	

Park and Recreation Functions

Department of Parks and Recreation.					
Salaries and Wages	15,397,924.00	15,799,924.00	15,799,144.12	779.88	
Other Expenses	2,491,943.00	2,491,943.00	2,367,404.26	124,538.74	
Total Park and Recreation Functions	17,889,867.00	18,291,867.00	18,166,548.38	125,318.62	

Education Functions

Aid to Monmouth County Audio Visual Aids Comm.					
Other Expenses	6,722.00	6,722.00	6,722.00		
M.C. Community College Brookdale (N.J.S. 18A-64A)					
Other Expenses	24,356,438.00	24,356,438.00	24,356,438.00		
Reimbursement for Residents Attending Out of County					
Two Year Colleges (N.J.S. 18A-64A)					
Other Expenses	400,000.00	400,000.00	58,724.84	341,275.16	

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

COUNTY OF MONMOUTH

Exhibit A-3

Sheet 11 of 19

STATEMENT OF EXPENDITURES - CURRENT FUND

YEAR ENDED DECEMBER 31, 2004

STATUTORY BASIS

	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
Education Functions (Continued)					
Cooperative Extension Service					
Salaries and Wages	382,930.00	382,930.00	372,490.68	10,439.32	
Other Expenses	28,823.00	28,823.00	19,599.47	9,223.53	
Vocational Schools					
Other Expenses	12,855,120.00	12,855,120.00	12,855,120.00		
Superintendent of Schools					
Salaries and Wages	353,798.00	361,798.00	360,371.53	1,426.47	
Other Expenses	20,528.00	20,528.00	12,893.28	7,634.72	
Total Education Functions	38,404,359.00	38,412,359.00	38,042,359.80	369,999.20	

Other Common Operating Functions (Unclassified)

Accumulated leave Compensation					
Salaries and Wages	300,000.00	300,000.00	300,000.00		
Provision for Salary Adjustments and New Employees					
Salaries and Wages	7,725,000.00				
Total-Other Common Operating Functions (Unclassified)	8,025,000.00	300,000.00	300,000.00	-	

Utility Expenses and Bulk Purchases

Telephone Exchange					
Other Expenses	8,681,645.00	8,681,645.00	7,482,965.99	1,198,679.01	
Total Utility Expenses and Bulk Purchases	8,681,645.00	8,681,645.00	7,482,965.99	1,198,679.01	
Subtotal Operations	332,744,544.00	330,044,544.00	317,428,343.03	12,616,200.97	

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

COUNTY OF MONMOUTH

Exhibit A-3

Sheet 12 of 19

STATEMENT OF EXPENDITURES - CURRENT FUND

YEAR ENDED DECEMBER 31, 2004

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	4,405,851.00	4,405,851.00	4,405,851.00		
Area Plan Grant	860,000.00	860,000.00	860,000.00		
CAP/NJEH Medicaid Case Management	1,117,111.00	1,117,111.00	1,117,111.00		
Alcoholism Services Plan - CY 2004, 04-535-ADA-C-0					
NAHB Research Center Inc.					
National Center for Senior Housing Research / Assistive Technology and	15,000.00	15,000.00	15,000.00		
Aging in Place (NGSHR/ATAP), 2004/2005					
State of New Jersey Governor's Council on Alcohol					
and Drug Abuse					
Alliance Prevention - CY 2004	684,596.00	684,596.00	684,596.00		
State of New Jersey Department of Community Affairs					
Recreational Opportunities Individuals W/ Disabilities - CY 2004	12,000.00	12,000.00	12,000.00		
Prevention of Homelessness (Linkages) - PY 2004	50,000.00	50,000.00	50,000.00		
Smart Future Planning Grant #03-7083-00	216,000.00	216,000.00	216,000.00		
Cross Acceptance, #04-0254-00	35,000.00	35,000.00	35,000.00		
U.S. Department of Transportation					
FTA - Section 5311 - FY 2005	144,099.00	144,099.00	144,099.00		
State of New Jersey - New Jersey Transit Corporation					
Senior Citizen and Disabled Resident Transportation Program (Casino) CY '04	1,494,756.00	1,494,756.00	1,494,756.00		
Timetable Distribution - FY 2005	16,680.00	16,680.00	16,680.00		
Work First New Jersey - CY 2004 Project Income	4,533.60	4,533.60	4,533.60		
State of New Jersey - Division of Vocational Rehabilitation Services					
Brokered Employment Transportation, CY 2005 Project Income	5,536.50	5,536.50	5,536.50		

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

COUNTY OF MONMOUTH

Exhibit A-3

Sheet 13 of 19

STATEMENT OF EXPENDITURES - CURRENT FUND

YEAR ENDED DECEMBER 31, 2004

STATUTORY BASIS

	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
<u>North Jersey Transportation Planning Authority - New Jersey</u>					
<u>Institute of Technology</u>					
STP Study, FY 2004	54,072.00	54,072.00	54,072.00		
Asbury Park Study, FY 2004-2005	80,000.00	80,000.00	80,000.00		
Sub-Regional Transportation Planning Program FY 2005	123,822.00	123,822.00	123,822.00		
<u>State of New Jersey Department of Transportation</u>					
TTF - 2005 Annual Transportation Program	4,534,000.00	4,534,000.00	4,534,000.00		
Henry Hudson Trail So., 2003-DT-BLA-309	473,000.00	473,000.00	473,000.00		
Halls Mills Road Scoping Study, Task Order No. MONCO-7	365,981.00	365,981.00	365,981.00		
Baysshore Ferry, Phase 2A, FMISD05A	1,506,000.00	1,506,000.00	1,506,000.00		
<u>State of New Jersey - Department of Human Services</u>					
DYFS - Youth Detention Center - CY 2004 - 04BFNC	61,135.00	61,135.00	61,135.00		
DYFS - Human Services Advisory Council - CY 2004 - 04AVNC	80,535.00	80,535.00	80,535.00		
DYFS - Family Court, Grants-In-Aid - CY 2004 - 04CNNC	7,327.00	7,327.00	7,327.00		
DFD - Work First New Jersey, CY 2004 - FINZAC	899,144.00	899,144.00	899,144.00		
DFD - Special Initiative and Transportation - FY 2005	577,898.00	577,898.00	577,898.00		
DFD - Title IV-D Reimbursement Agreement - FFY 2005	302,928.00	302,928.00	302,928.00		
DFD - Social Services for the Homeless CY 2004-HINZ4C	722,052.00	722,052.00	722,052.00		
DMHS - Mental Health Board - FY 2005	6,000.00	6,000.00	6,000.00		
DMHS - Project Transition/Path CY 2004 S1202039	471,742.00	471,742.00	471,742.00		

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

COUNTY OF MONMOUTH

STATEMENT OF EXPENDITURES - CURRENT FUND

YEAR ENDED DECEMBER 31, 2004

STATUTORY BASIS

	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
State of New Jersey - Department of Human Services (Continued)					
DMHS - CIACC/CART CY 2004, 20213	41,483.00	41,483.00	41,483.00		
DMHS - Mica Training - FY 2004	1,500.00	1,500.00	1,500.00		
State of New Jersey - Division of Law and Public Safety					
DCJ - Victim Assistance, VOCA, FFY 2003, V-13-03R	151,867.00	151,867.00	151,867.00		
DCJ - SANE, V-36-03S	62,445.00	62,445.00	62,445.00		
DCJ - Multi-Jurisdictional Narcotics Task Force- CY 2004	274,765.00	274,765.00	274,765.00		
DCJ - Body Armor Replacement Fund - FY 2003	49,596.20	49,596.20	49,596.20		
DCJ - LBOITEF - FY 2003	39,340.00	39,340.00	39,340.00		
DCJ - Cert, CY2003	2,500.00	2,500.00	2,500.00		
DSP - Special Needs Planning Grant, CY 2004	10,000.00	10,000.00	10,000.00		
DSP - State Homeland Security Grant Program (HSGP), FY 2004	415,585.00	415,585.00	415,585.00		
DSP - SLAHEOP Program, CY '03	8,935.53	8,935.53	8,935.53		
DHTS - Safe Cargo Project, OP04-45-01-15	9,000.00	9,000.00	9,000.00		
DHTS - Under Age Alcohol Enforcement, CY 2004	25,000.00	25,000.00	25,000.00		
JJC - State/Community Partnership, CY 2004, SCP-PM/PS-04-13	479,911.00	479,911.00	479,911.00		
JJC - Family Court - CY 2004, FC-PS-04-13	169,385.00	169,385.00	169,385.00		
JJC - JIBG, FFY 2003, Year 6, 03-13	156,916.00	156,916.00	156,916.00		
JJC - MCVDC, SFEA, FY 2005	189,000.00	189,000.00	189,000.00		

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

COUNTY OF MONMOUTH

Exhibit A-3

Sheet 15 of 19

STATEMENT OF EXPENDITURES - CURRENT FUND

YEAR ENDED DECEMBER 31, 2004

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 2004	64,744.20	64,744.20	64,744.20		
Recycling Program - REC-94-13 Project Income	5,505.00	5,505.00	5,505.00		
WPBW/RSWMP, PO 5800402	250,000.00	250,000.00	250,000.00		
Municipal Stormwater Regulation Program, WQ04-335	10,000.00	10,000.00	10,000.00		
State of New Jersey Department of Labor and Workforce Development					
Workforce Investment Act - PY 2002	39,582.00	39,582.00	39,582.00		
Workforce Investment Act - PY 2003	677,651.75	677,651.75	677,651.75		
Workforce Investment Act - PY 2004	5,124,303.00	5,124,303.00	5,124,303.00		
WIB/WDPP - Workforce Learning Link - SFY 2004	300,312.00	300,312.00	300,312.00		
WIB/WDPP - Workforce Learning Link - SFY 2004	278,378.00	278,378.00	278,378.00		
State of New Jersey - Historical Commission					
News Video Project, #PRO-04-002	5,425.00	5,425.00	5,425.00		
State of New Jersey - Soybean Board					
Soybean Research Project, 2004	8,600.00	8,600.00	8,600.00		
U.S. Department of Housing and Urban Development					
Housing Counseling, HC03-0398-076-FY 2003	25,107.00	25,107.00	25,107.00		
Housing Counseling, HC0361-04-FY 2004	35,354.00	35,354.00	35,354.00		
Dover Township/MCDSS - HOPWA - FY 2003	497,078.50	497,078.50	497,078.50		
Township of Woodbridge / MCDSS - HOPWA - FY2003	491,514.52	491,514.52	491,514.52		
United States Department of Transportation					
FAA - Monmouth Executive Airport (BLM), AIP 3-34-05-01-03	544,693.37	544,693.37	544,693.37		

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

COUNTY OF MONMOUTH

Exhibit A-3

Sheet 16 of 19

STATEMENT OF EXPENDITURES - CURRENT FUND

YEAR ENDED DECEMBER 31, 2004

STATUTORY BASIS

	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
<u>United States Department of the Army</u>					
CR 51, Hope Road Traffic Light	136,350.00	136,350.00	136,350.00		
<u>Food Bank of Monmouth & Ocean Counties</u>					
Youth Farm Stand, CY 2003, Project Income	404.94	404.94	404.94		
Youth Farm Stand, CY 2004	12,250.00	12,250.00	12,250.00		
<u>United States Department of the Interior</u>					
Sandy Hook - MCMC, ISA, Mosquito	2,400.00	2,400.00	2,400.00		
<u>Freehold Township Health Department</u>					
MCMC - ISA, Lyme	10,000.00	10,000.00	10,000.00		
<u>Township of Marlboro</u>					
ISA, Marlboro Shuttle, CY 2003 Project Income	769.00	769.00	769.00		
<u>Township of Holmdel</u>					
Bridge H-7 Improvements	390,106.00	390,106.00	390,106.00		
<u>National Children's Alliance</u>					
Program Development Grant, CY 2004	30,000.00	30,000.00	30,000.00		
<u>Challenged Youth Sports Inc.</u>					
Playground	86,000.00	86,000.00	86,000.00		
<u>Donations</u>					
Monmouth County Sheriff's K-9 Unit	790.50	790.50	790.50		
<u>Minneapolis Medical Research Foundation</u>					
SANE/SART, 27-60-101014	3,726.00	3,726.00	3,726.00		
<u>Rutgers University</u>					
New Jersey Substance Abuse Monitoring System (NJ-SAMS)	1,500.00	1,500.00	1,500.00		
<u>Monmouth County - Matching Funds for Grants</u>	468,744.26	468,744.26		468,744.26	
Total Public and Private Programs Offset by Revenues	30,915,316.87	30,915,316.87	30,446,572.61	468,744.26	
Total Operations	363,659,860.87	360,959,860.87	347,874,915.64	13,084,945.23	
Contingent	200,000.00	200,000.00	120,962.22	79,037.78	
Total Operations Including Contingent	363,859,860.87	361,159,860.87	347,995,877.86	13,163,983.01	
Detail					
Salaries and Wages	161,125,777.00	157,692,777.00	156,575,869.05	1,116,907.95	
Other Expenses (Including Contingent)	202,734,083.87	203,467,083.87	191,420,008.81	12,047,075.06	

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

COUNTY OF MONMOUTH

Exhibit A-3

Sheet 17 of 19

STATEMENT OF EXPENDITURES - CURRENT FUND

YEAR ENDED DECEMBER 31, 2004

STATUTORY BASIS

	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
<u>CAPITAL IMPROVEMENTS</u>					
Capital Improvement Fund	1,900,000.00	1,900,000.00	1,900,000.00		
Acquisition of Information Processing Equipment	2,000,000.00	2,000,000.00	1,966,192.70	33,807.30	
Acquisition of Trucks, Heavy Trucks, and Machinery:					
Central Motor Pool	140,000.00	140,000.00	135,000.00	5,000.00	
Shade Tree Commission	41,000.00	41,000.00	41,000.00		
Road Maintenance (Highway)	1,655,000.00	1,655,000.00	1,654,983.00	17.00	
Acquisition of Passenger Buses - S.C.A.T.	388,000.00	388,000.00	207,100.00	180,900.00	
Traffic Safety	47,000.00	47,000.00	30,481.00	16,519.00	
Capital Improvements:					
Road Overlay	2,700,000.00	2,700,000.00	2,618,443.99	81,556.01	
Parks and Recreation	1,725,000.00	1,725,000.00	1,652,119.42	72,880.58	
Buildings and Grounds	2,125,000.00	2,125,000.00	1,273,232.86	851,767.14	
Total Capital Improvements	<u>12,721,000.00</u>	<u>12,721,000.00</u>	<u>11,478,552.97</u>	<u>1,242,447.03</u>	
<u>COUNTY DEBT SERVICE</u>					
<u>Payment of Bond Principal</u>					
State Aid - County College Bonds (N.J.S. 18A:64A-22.6)	2,700,000.00	2,700,000.00	2,700,000.00		
Vocational School Bonds	233,216.38	233,216.38	181,570.75		
Other Bonds	25,020,000.00	25,020,000.00	25,020,000.00		51,645.63
<u>Payment of Bond Anticipation Notes</u>					
<u>Interest on Bonds</u>					
State Aid - County College Bonds (N.J.S. 18A:64A-22.6)	695,090.00	695,090.00	695,090.00		
Vocational School Bonds	91,207.80	91,207.80	54,485.48		36,722.32
Other Bonds	10,421,816.53	10,421,816.53	10,312,013.97		109,802.56

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

COUNTY OF MONMOUTH

Exhibit A-3

Sheet 18 of 19

STATEMENT OF EXPENDITURES - CURRENT FUND

YEAR ENDED DECEMBER 31, 2004

STATUTORY BASIS

	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
COUNTY DEBT SERVICE (Cont'd)					
Green Trust Loan					
Loan Repayments for Principal and Interest	2,069,273.27	2,069,273.27	2,069,273.27		
Monmouth County Improvement Authority Lease Agreement - Correctional Facilities	4,023,672.50	4,023,672.50	4,023,496.92		175.58
Total County Debt Service	45,254,276.48	45,254,276.48	45,055,930.39		198,346.09
DEFERRED CHARGES AND STATUTORY EXPENDITURES COUNTY					
Statutory Expenditures					
Contribution to:					
Public Employees' Retirement System	25,000.00	925,000.00	901,545.15	23,454.85	
Social Security System (O.A.S.I.)	12,000,000.00	12,000,000.00	11,745,177.74	254,822.26	
Police and Firemen's Retirement System	800,000.00	2,600,000.00	2,410,503.20	189,496.80	
County Pension and Retirement Fund	75,000.00	75,000.00	75,000.00		
Total Deferred Charges and Statutory Expenditures - County	12,900,000.00	15,600,000.00	15,132,226.09	467,773.91	
Total General Appropriations	\$434,735,137.35	434,735,137.35	419,662,587.31	14,874,203.95	198,346.09

Ref.

A-1

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A-1

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

COUNTY OF MONMOUTH

Exhibit A-3

STATEMENT OF EXPENDITURES - CURRENT FUND

Sheet 19 of 19

YEAR ENDED DECEMBER 31, 2004STATUTORY BASIS

<u>Analysis of Paid or Charged</u>	<u>Ref.</u>	
Committed	A	\$ 25,150,022.17
Appropriation Reserves PERS & PFRS	A	2,700,000.00
State Aid Vocational School Bonds	A-2,8	-
State Aid County College Bonds	A-2,8	3,395,090.00
Arbitrage Rebate Payable	A-14	73,391.07
Disbursed	A-4	<u>388,344,084.07</u>
		<u>\$ 419,662,587.31</u>

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

COUNTY OF MONMOUTH

Exhibit AA

GRANT FUND**BALANCE SHEET****STATUTORY BASIS**

	<u>Ref.</u>	<u>Balance Dec. 31, 2004</u>	<u>Balance Dec. 31, 2003</u>
<u>Assets</u>			
Cash and Cash Equivalents	AA-1	\$ 29,158,219.66	22,514,413.54
Investments	AA-1		15,000,000.00
Premium on purchase of U.S. Treasury Bonds & Notes	AA-1		9,342.30
Grant Revenues Receivable	AA-4	23,561,881.66	19,210,534.09
		<u>\$ 52,720,101.32</u>	<u>56,734,289.93</u>
<u>Liabilities and Reserves</u>			
Appropriated Reserves for Federal and State Grants	AA-2	52,609,652.95	56,515,495.64
Unappropriated Reserves	AA-3	110,448.37	218,794.29
Total Liabilities and Reserves		<u>\$ 52,720,101.32</u>	<u>56,734,289.93</u>

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

TRUST FUND

BALANCE SHEET

STATUTORY BASIS

	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2004</u>	<u>Balance</u> <u>Dec. 31, 2003</u>
<u>Assets</u>			
Cash and Cash Equivalents	B-1	\$ 68,743,683.76	31,995,012.34
Investments			25,000,000.00
Total Cash, Cash Equivalents and Investments		68,743,683.76	56,995,012.34
U.S. HUD Receivables:			
Relocation Assistance Program	B-2	8,237,757.72	8,178,409.36
Community Development Block Grants	B-3	5,109,628.25	4,935,549.83
Home Investment Grant	B-4	6,151,479.86	4,430,871.04
Shelter Plus Care Grant	B-5	15,461.00	31,303.00
Homeward Bound Grant	B-6	1,004,062.00	
Emergency Shelter Grants	B-7	226,456.81	176,017.12
Unamortized Premium on Purchase of FHLB Bonds	B-18		15,570.50
Taxes Receivable for Library, Health and Open Space Funds			
	B-8	507,423.93	366,028.84
Due from County Clerk	B-17	28,956.00	40,930.00
		21,281,225.57	18,174,679.69
Total Receivables and Other Assets		\$ 90,024,909.33	75,169,692.03
<u>Liabilities and Reserves</u>			
Reserve for Taxes Receivable for Library, Health and Open Space	B-8	\$ 507,423.93	366,028.84
Reserve for U.S. HUD Grants:			
Relocation Assistance Program	B-9	9,493,617.03	9,651,077.21
Community Development Block Grants	B-10	5,258,786.75	5,174,118.45
Home Investment Grants	B-11	6,555,017.24	5,537,887.95
Shelter Plus Care	B-12	16,416.00	30,593.00
Homeward Bound	B-13	1,005,184.00	
Reserve for:			
Contractors' 2% Retainage	N/C	18,616.72	18,616.72
Temporary Assistance to Needy Families	B-14	336,957.82	199,324.50
Other Trust Funds	B-15	66,739,405.32	54,099,131.13
Due from County Clerk	B-17	28,956.00	40,930.00
Retirees Health Benefits	B-16	64,528.52	51,984.23
Total Liabilities and Reserves		\$ 90,024,909.33	75,169,692.03

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

COUNTY OF MONMOUTH**GENERAL CAPITAL FUND**

Exhibit C
Sheet 1 of 2

BALANCE SHEET**STATUTORY BASIS**

	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2004</u>	<u>Balance</u> <u>Dec. 31, 2003</u>
<u>Assets</u>			
Cash and Cash Equivalents	C-2	\$ 55,355,019.18	56,466,468.20
Cash - New Jersey Cash Management Fund		5,048.57	
Investment in Notes		2,001,960.00	
		<u>57,362,027.75</u>	<u>56,466,468.20</u>
Accounts Receivable:			
Municipal Easements	C-7	1,495,918.71	
State of New Jersey - State Agencies	C-4	7,547,970.75	4,845,872.20
State of New Jersey - County College - Capital Projects, Chapter 12, P.L. 1971	C-6	13,815,000.00	16,515,000.00
Unamortized Debt Discount	C-2		18,244.25
		<u>22,858,889.46</u>	<u>21,379,116.45</u>
Deferred Charges to Future Taxation:			
Funded	C-8	256,019,805.79	258,812,288.18
Unfunded	C-9	86,005,000.00	64,305,000.00
		<u>342,024,805.79</u>	<u>323,117,288.18</u>
Total Assets		<u>\$ 422,245,723.00</u>	<u>400,962,872.83</u>

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

COUNTY OF MONMOUTH**GENERAL CAPITAL FUND****Exhibit C
Sheet 2 of 2****BALANCE SHEET****STATUTORY BASIS**

	<u>Ref.</u>	<u>Balance Dec. 31, 2004</u>	<u>Balance Dec. 31, 2003</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Serial Bonds	C-10	241,785,000.00	242,540,000.00
County College Serial Bonds - Chapter 12, P.L. 1971 State Share	C-11	13,815,000.00	16,515,000.00
New Jersey Economic Development Authority Public School Facilities Loan Program	C-12	2,339,886.84	2,573,103.22
Green Trust Loan Program:			
Other Program Agreements	C-13	11,894,918.95	13,699,184.96
Reserve for Scrip Redemption	C-5	1,509.63	1,509.63
Improvement Authorizations:			
Funded	C-14	61,463,996.02	56,595,961.99
Unfunded	C-14	84,319,589.00	64,305,000.00
Contractors' Retainage	C-15	73,191.61	73,191.61
Capital Improvement Fund	C-16	411,766.72	976,766.72
		<u>416,104,858.77</u>	<u>397,279,718.13</u>
Fund Balance	C-1	<u>6,140,864.23</u>	<u>3,683,154.70</u>
		<u>\$ 422,245,723.00</u>	<u>400,962,872.83</u>

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

COUNTY OF MONMOUTHGENERAL CAPITAL FUND

Exhibit C-1

STATEMENT OF FUND BALANCESTATUTORY BASIS

	<u>Ref.</u>		
Balance December 31, 2003	C		\$ 3,683,154.70
Increased by Receipts:			
Ordinances Cancelled	C-14	1,774,342.23	
Premium on Sale of Bonds	C-2	1,330,330.80	
NJDOT Reimbursement	C-2	<u>3,036.50</u>	
			<u>3,107,709.53</u>
			6,790,864.23
Decreased by:			
Appropriated - Improvement Authorizations	C-14		<u>650,000.00</u>
Balance December 31, 2004	C		<u><u>\$ 6,140,864.23</u></u>

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

COUNTY OF MONMOUTH**RECLAMATION CENTER UTILITY FUND****Exhibit D
Sheet 1 of 2****BALANCE SHEET****STATUTORY BASIS**

	<u>Ref.</u>	<u>Balance Dec. 31, 2004</u>	<u>Balance Dec. 31, 2003</u>
<u>Assets</u>			
<u>Operating Fund</u>			
Cash and Cash Equivalents	D-5	\$ 61,140,995.17	60,940,552.03
Change Funds		1,350.00	1,350.00
		<u>61,142,345.17</u>	<u>60,941,902.03</u>
Receivables with Full Reserves:			
Receivable from Haulers	D-6	733,499.14	942,767.03
Total Receivables		<u>733,499.14</u>	<u>942,767.03</u>
Total Operating Fund		<u>61,875,844.31</u>	<u>61,884,669.06</u>
<u>Capital Fund</u>			
Cash and Cash Equivalents	D-15	4,892,286.83	4,934,005.88
		<u>4,892,286.83</u>	<u>4,934,005.88</u>
Fixed Capital	D-18	811,120.00	811,120.00
Fixed Capital Authorized but not Completed	D-16	36,420,000.00	36,420,000.00
		<u>37,231,120.00</u>	<u>37,231,120.00</u>
Total Capital Fund		<u>42,123,406.83</u>	<u>42,165,125.88</u>
<u>Utility Grant Fund</u>			
Cash	D-21	800,105.12	1,015,349.75
Receivable with Full Reserve - Grant Receivable	D-22	2,061.86	2,061.86
Total Utility Grant Fund		<u>802,166.98</u>	<u>1,017,411.61</u>
Total Assets		<u>\$ 104,801,418.12</u>	<u>105,067,206.55</u>

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

COUNTY OF MONMOUTH**RECLAMATION CENTER UTILITY FUND****Exhibit D
Sheet 2 of 2****BALANCE SHEET****STATUTORY BASIS**

	<u>Ref.</u>	<u>Balance Dec. 31, 2004</u>	<u>Balance Dec. 31, 2003</u>
<u>Liabilities, Reserves and Fund Balance</u>			
<u>Operating Fund</u>			
Appropriation Reserves	D-4	\$ 4,100,659.45	3,495,974.97
Appropriation Reserves Committed	D-4	6,365,518.53	8,439,639.09
Landfill Closure Tax	D-8	19,022,788.44	18,225,933.56
Host Community Benefit Tax Payable	D-9	430,045.79	422,442.89
Accrued Interest on Bonds and Notes	D-10	356,603.01	469,523.65
Prepaid Utility Fees	D-12	781,749.98	1,072,366.26
Reserve for:			
Environmental Impairment Liability	D-11	7,000,000.00	7,000,000.00
Receivable - Haulers	D-6	733,499.14	942,767.03
Reserve for Accounts Payable	D-14	124,299.78	9,812.45
Fund Balance	D-1	22,960,680.19	21,806,209.16
Total Operating Fund		<u>61,875,844.31</u>	<u>61,884,669.06</u>
<u>Capital Fund</u>			
Serial Bonds	D-19	20,010,000.00	23,100,000.00
Improvement Authorizations:			
Funded	D-17	14,293.30	2,656,079.66
Deferred Reserve for Amortization	D-20	16,410,000.00	13,320,000.00
Reserve for Amortization	D-18	811,120.00	811,120.00
Fund Balance	D-2	4,877,993.53	2,277,926.22
Total Capital Fund		<u>42,123,406.83</u>	<u>42,165,125.88</u>
<u>Utility Grant Fund</u>			
Appropriated Reserves Payable Committed	D-23	71,655.06	31,392.92
Appropriated Reserves Payable	D-23	730,511.92	986,018.69
Total Utility Grant Fund		<u>802,166.98</u>	<u>1,017,411.61</u>
Total Liabilities and Reserves		<u>\$ 104,801,418.12</u>	<u>105,067,206.55</u>

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

COUNTY OF MONMOUTHExhibit D-1RECLAMATION CENTER UTILITY FUNDSTATEMENTS OF OPERATIONS ANDCHANGE IN FUND BALANCE - STATUTORY BASIS

	<u>Ref.</u>	<u>Year 2004</u>	<u>Year 2003</u>
<u>Revenue and Other Income Realized</u>			
Operating Surplus Anticipated	D-3	\$ 18,100,000.00	19,092,351.67
Reclamation Center Utility Fees	D-3	28,940,503.80	28,369,666.94
Accrued Interest on Bonds			7,648.33
Solid Waste Management Grants	D-3		690,632.00
Miscellaneous Revenue not Anticipated	D-3	1,240,803.27	1,413,040.84
Appropriations Cancelled	D-4	12,126,502.87	12,000,000.00
Unexpended Balance of Appropriation Reserves	D-13	4,836,835.08	5,154,977.75
Accounts Payable Cancelled			430,566.01
Reserve for Receivables - Prepaid Closure Taxes	D-7	9,826.01	1,954.99
Total Revenue and Other Income		<u>65,254,471.03</u>	<u>67,160,838.53</u>
<u>Expenditures and Other Charges</u>			
Appropriations	D-4	<u>46,000,000.00</u>	<u>47,690,632.00</u>
		<u>46,000,000.00</u>	<u>47,690,632.00</u>
Excess in Revenue		19,254,471.03	19,470,206.53
Fund Balance, Beginning of Year	D-1	<u>21,806,209.16</u>	<u>21,428,354.30</u>
		41,060,680.19	40,898,560.83
Less: Utilized as Revenue	D-1	<u>18,100,000.00</u>	<u>19,092,351.67</u>
Fund Balance, End of Year	D	<u>\$ 22,960,680.19</u>	<u>21,806,209.16</u>

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

RECLAMATION CENTER UTILITY FUND

Exhibit D-2

STATEMENT OF CAPITAL FUND BALANCE - STATUTORY BASIS

Balance December 31, 2003	<u>Ref.</u> D	\$ 2,277,926.22
Increased by:		
Improvement Authorizations Funded Cancelled		<u>2,600,067.31</u>
Balance December 31, 2004	D	<u>\$ 4,877,993.53</u>

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

COUNTY OF MONMOUTH

RECLAMATION CENTER UTILITY FUND

Exhibit D-3

STATEMENT OF REVENUES - STATUTORY BASIS

YEAR ENDED DECEMBER 31, 2004

	<u>Ref.</u>	<u>Anticipated Revenue</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Operating Surplus Anticipated	D-1	\$ -		-
<u>Miscellaneous Revenues</u>				
Utility Fees	D-1,5	27,900,000.00	28,940,503.80	1,040,503.80
Total Budget Revenues		<u>27,900,000.00</u>	<u>28,940,503.80</u>	<u>1,040,503.80</u>
<u>Non-Budget Revenues</u>				
Unanticipated Revenues	D-5		1,240,803.27	1,240,803.27
Total General Revenues		<u>\$ 27,900,000.00</u>	<u>30,181,307.07</u>	<u>2,281,307.07</u>
<u>Analysis of Non-Budget Revenue</u>				
Interest on Investments and Deposits			\$ 933,802.81	
Gas Utility Fees			277,886.16	
Grass Clippings			23,761.76	
Rentals			3,562.50	
Utility Reimbursements			<u>1,790.04</u>	
Total Non-Budget Revenues			<u>\$ 1,240,803.27</u>	

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

COUNTY OF MONMOUTH

Exhibit D-4

RECLAMATION CENTER UTILITY FUND

STATEMENT OF EXPENDITURES - STATUTORY BASIS

YEAR ENDED DECEMBER 31, 2004

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
Operating:					
Salaries and Wages	\$ 5,650,000.00	5,650,000.00	5,201,109.22	448,890.78	
Other Expenses	34,060,506.38	34,060,506.38	20,766,446.20	3,294,060.18	10,000,000.00
Capital Improvements:					
Capital Outlay	2,778,400.00	2,778,400.00	420,691.51	357,708.49	2,000,000.00
Debt Service:					
Payment of Bond Principal	2,550,000.00	2,550,000.00	2,550,000.00		
Interest on Bonds	961,093.62	961,093.62	834,590.75		126,502.87
	<u>\$ 46,000,000.00</u>	<u>46,000,000.00</u>	<u>29,772,837.68</u>	<u>4,100,659.45</u>	<u>12,126,502.87</u>

Analysis of Paid or Charged

Committed	\$ 6,365,518.53	<u>Ref.</u>
Paid	23,407,319.15	D
	<u>\$29,772,837.68</u>	D-5

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

COUNTY OF MONMOUTH**Exhibit E****GENERAL FIXED ASSETS ACCOUNT GROUP****BALANCE SHEET****STATUTORY BASIS**

<u>General Fixed Assets</u>	Balance <u>Dec. 31, 2004</u>	Balance <u>Dec. 31, 2003</u>
Land	\$ 230,051,153.89	224,113,428.89
Buildings	275,534,234.00	266,622,731.00
Furniture, Fixtures and Equipment	30,765,483.06	30,593,132.72
Vehicles	59,728,156.11	59,259,038.81
	<u>596,079,027.06</u>	<u>580,588,331.42</u>
Total General Fixed Assets	<u>\$ 596,079,027.06</u>	<u>580,588,331.42</u>
Investment in General Fixed Assets	<u>\$ 596,079,027.06</u>	<u>580,588,331.42</u>

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

COUNTY OF MONMOUTH
OFFICE OF THE SURROGATE

Exhibit F

BALANCE SHEET

STATUTORY BASIS

	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2004</u>	<u>Balance</u> <u>Dec. 31, 2003</u>
<u>Assets</u>			
<u>General Fund</u>			
Cash	F-1	\$ 24,665.94	20,359.28
<u>Trust Fund</u>			
Cash	F-4,5	29,614,973.41	27,347,630.83
Total Assets		<u>\$ 29,639,639.35</u>	<u>27,367,990.11</u>
<u>Liabilities and Reserves</u>			
<u>General Fund</u>			
Reserve for Lawyer's Deposits	F-3	\$ 24,522.85	20,218.35
Due to County Treasurer	F-2	143.09	140.93
		<u>24,665.94</u>	<u>20,359.28</u>
<u>Trust Fund</u>			
Reserve for Awards and Legacies to Minors and Incompetents	F-4	29,614,473.34	27,347,131.72
Reserve for Superior Court Law Division - Probate Part	F-5	500.07	499.11
		<u>29,614,973.41</u>	<u>27,347,630.83</u>
Total Liabilities		<u>\$ 29,639,639.35</u>	<u>27,367,990.11</u>

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

COUNTY OF MONMOUTH**Exhibit G****OFFICE OF THE SHERIFF****BALANCE SHEET****STATUTORY BASIS**

	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2004</u>	<u>Balance</u> <u>Dec. 31, 2003</u>
<u>Assets</u>			
General Account:			
Cash	G-1	\$ 2,637,376.87	4,774,643.08
Appropriation Account:			
Cash	G-1	1,861.81	419.43
Total Assets		<u>\$ 2,639,238.68</u>	<u>4,775,062.51</u>
<u>Liabilities and Reserves</u>			
General Account:			
Deposits on Sheriff Sales	G-2	\$ 2,440,339.25	4,476,840.23
Wage Execution Account	G-4	98,867.67	147,391.46
General Writs (Levies)	G-5	60,129.33	112,358.99
Summons and Complaints	G-3	38,040.62	38,052.40
		<u>2,637,376.87</u>	<u>4,774,643.08</u>
<u>Appropriation Account</u>			
Reserve for Witness Fees	G-6	1,861.81	419.43
Total Liabilities and Reserves		<u>\$ 2,639,238.68</u>	<u>4,775,062.51</u>

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

COUNTY OF MONMOUTH
OFFICE OF COUNTY ADJUSTER

Exhibit H

BALANCE SHEET

STATUTORY BASIS

<u>Assets</u>	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2004</u>	<u>Balance</u> <u>Dec. 31, 2003</u>
Cash	H-1	\$ 5,927.58	5,637.52
Accounts Receivable - Patients	H-2	169,452.38	169,441.38
 Total Assets		 <u>\$ 175,379.96</u>	 <u>175,078.90</u>
 <u>Liabilities and Reserves</u>			
Balance Due County Treasurer	H-1	\$ 5,927.58	5,637.52
Reserve for Patients' Receivables	H-2	169,452.38	169,441.38
 Total Liabilities and Reserves		 <u>\$ 175,379.96</u>	 <u>175,078.90</u>

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

COUNTY OF MONMOUTH

MONMOUTH COUNTY CARE CENTER

Exhibit I

JOHN L. MONTGOMERY DIVISION

BALANCE SHEET

STATUTORY BASIS

	Ref.	Geriatric Unit		Young Adult Care		Total	
		Balance Dec. 31, 2004	Balance Dec. 31, 2003	Balance Dec. 31, 2004	Balance Dec. 31, 2003	Balance Dec. 31, 2004	Balance Dec. 31, 2003
Assets							
Cash - General Account	I-1	\$ 60,031.59				60,031.59	
Accounts Receivable	I-2	1,541,698.01	1,403,189.70	235,372.93	300,904.51	1,777,070.94	1,704,094.21
		1,601,729.60	1,403,189.70	235,372.93	300,904.51	1,837,102.53	1,704,094.21
Patients Trust Accounts	I-3	67,384.77	60,729.55	4,079.91	4,753.35	71,464.68	65,482.90
Total Assets		\$ 1,669,114.37	1,463,919.25	239,452.84	305,657.86	1,908,567.21	1,769,577.11
Liabilities and Reserves							
Reserves for:							
Due County Treasurer	I-1	60,031.59					
Patients Care Receivables	I-2	1,541,698.01	1,403,189.70	235,372.93	300,904.51	1,777,070.94	1,704,094.21
Trust Accounts	I-3	67,384.77	60,729.55	4,079.91	4,753.35	71,464.68	65,482.90
Total Liabilities and Reserves		\$ 1,669,114.37	1,463,919.25	239,452.84	305,657.86	1,908,567.21	1,769,577.11

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

COUNTY OF MONMOUTH

Exhibit J

MONMOUTH COUNTY CARE CENTERGERALDINE L. THOMPSON DIVISIONBALANCE SHEETSTATUTORY BASIS

<u>Assets</u>	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2004</u>	<u>Balance</u> <u>Dec. 31, 2003</u>
Cash - General Account	J-1	\$ 6,309.87	12,852.20
Accounts Receivable	J-2	1,468,994.22	1,351,321.63
Patient Trust Account	J-3	46,761.25	54,079.20
Total Assets		<u>\$ 1,522,065.34</u>	<u>1,418,253.03</u>
 <u>Liabilities and Reserves</u>			
Reserves for:			
Due County Treasurer	J-1	\$ 6,309.87	12,852.20
Patients Care	J-2	1,468,994.22	1,351,321.63
Trust Accounts	J-3	46,761.25	54,079.20
Total Liabilities and Reserves		<u>\$ 1,522,065.34</u>	<u>1,418,253.03</u>

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

COUNTY OF MONMOUTH**DEPARTMENT OF PARKS AND RECREATION**

Exhibit K

BALANCE SHEET**STATUTORY BASIS**

	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2004</u>	<u>Balance</u> <u>Dec. 31, 2003</u>
<u>Assets</u>			
Cash		\$ 276,298.90	281,456.30
Change Fund		53,505.00	52,975.00
Total Assets	K-1	<u>\$ 329,803.90</u>	<u>334,431.30</u>
<u>Liabilities and Reserves</u>			
Service Charges Payable		\$ 17,948.80	6,588.06
Reserve for Checking Account		2,500.00	2,500.00
Reserve for Change Fund		53,505.00	52,975.00
Reserve for Interest		10.00	10.76
Boat Contract Security		255,840.10	272,357.38
Total Liabilities and Reserves	K-1	<u>\$ 329,803.90</u>	<u>334,431.20</u>

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

COUNTY OF MONMOUTH
YOUTH DETENTION CENTER

Exhibit L

BALANCE SHEET

STATUTORY BASIS

	Balance Dec. 31, 2004	Balance Dec. 31, 2003
<u>Assets</u>		
Cash	\$ 1,597.44	1,709.33
Petty Cash	200.00	200.00
	\$ 1,797.44	1,909.33
Total Assets	\$ 1,797.44	1,909.33
<u>Liabilities</u>		
Due to Resident Inmates	\$ 1,559.96	1,700.20
Reserve for Petty Cash	200.00	200.00
Due to Dept. of Corrections	37.48	9.13
	\$ 1,797.44	1,909.33
Total Liabilities	\$ 1,797.44	1,909.33

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

COUNTY OF MONMOUTH
OFFICE OF THE PROSECUTOR

Exhibit M

BALANCE SHEET

STATUTORY BASIS

	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2004</u>	<u>Balance</u> <u>Dec. 31, 2003</u>
<u>Assets</u>			
Cash - Emergency fund	M-1	\$ 25.00	20.14
Cash - Extradition Fund	M-1	<u> </u>	<u>99.18</u>
Total Assets		<u>\$ 25.00</u>	<u>119.32</u>
<u>Liabilities</u>			
Due County Treasurer	M-1	<u>\$ 25.00</u>	<u>119.32</u>

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

COUNTY OF MONMOUTH
DEPARTMENT OF CORRECTIONS

Exhibit N

BALANCE SHEET

STATUTORY BASIS

	Balance Dec. 31, 2004	Balance Dec. 31, 2003
<u>Assets</u>		
Inmates' Checking Account	\$ 170,016.14	246,541.33
Due from County	25,805.58	20,484.38
Total Assets	\$ 195,821.72	267,025.71
<u>Liabilities</u>		
Due to State of New Jersey	\$ 5,618.98	5,097.55
Due to County-Postage	113.05	34.05
Due to County-Medical	3,174.06	2,230.28
Due to County-Processing Fees	18,015.27	16,153.66
Due to County-Commission	19,914.37	18,972.35
Due to County-Miscellaneous	554.44	545.12
Due to Commissary Company	36,275.18	135,461.21
Accounts Payable-Inmate accounts	112,156.37	88,531.49
Total Liabilities	\$ 195,821.72	267,025.71

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

COUNTY OF MONMOUTH**OFFICE OF THE COUNTY CLERK**

Exhibit O

BALANCE SHEET**STATUTORY BASIS**

<u>Assets</u>	<u>Ref.</u>	Balance December 31	
		<u>2004</u>	<u>2003</u>
Registry Department:			
Cash	O-1	\$ 3,938,417.46	3,127,505.24
Accounts Receivable - Lawyer's	O-3	26,033.28	13,032.28
Total Assets		\$ 3,964,450.74	3,140,537.52
<u>Liabilities and Reserves</u>			
Registry Department:			
Reserve for Compensating Balances		\$ 69,440.27	80,672.93
Due to County Treasurer - Current Fund	O-2,O-2a	3,476,322.82	2,569,184.55
Due to County Treasurer - Trust Fund	O-2c	28,956.00	40,930.00
Due State for Trade Names	O-4	3,975.00	4,550.00
Lawyer's Deposits	O-3	385,256.65	423,943.04
Deposits for Election Recounts	O-5		20,757.00
Reserve for Cash Drawers		500.00	500.00
Total Liabilities and Reserves		\$ 3,964,450.74	3,140,537.52

Supplementary Information Dedicated

COUNTY OF MONMOUTH**Exhibit P****TUBERCULOSIS CONTROL PROGRAM****BALANCE SHEET****STATUTORY BASIS**

<u>Assets</u>	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2004</u>	<u>Balance</u> <u>Dec. 31, 2003</u>
Cash - General Account	P-1	\$ 1,518.54	5,983.43
Accounts Receivable		560.00	1,261.00
Total Assets		<u>\$ 2,078.54</u>	<u>7,244.43</u>
<u>Liabilities and Reserves</u>			
Due County - General		\$ 1,518.54	5,983.43
Reserve for Accounts Receivable		560.00	1,261.00
Total Liabilities and Reserves		<u>\$ 2,078.54</u>	<u>7,244.43</u>

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

COUNTY OF MONMOUTH
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2004

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.

Surrogate - The Surrogate collects fees for a variety of services connected with the probate of wills and the administration of estates. Funds are held in trust for minors and invested in certificate of deposits and treasury obligations. Computer systems are utilized to record all transactions to determine what monies are owed, when the minor reaches majority and the amount of funds to be disbursed.

Sheriff - Working with local police, the Sheriff's personnel assist in emergencies, drunken driving roadblocks and undercover investigations. They maintain security at the hall of records and county clerk's office. The Sheriff collects fees for the services rendered for foreclosures, garnishments, summons and complaints, writs and other charges. They utilize a computer system to maintain the necessary records to record all transactions, such as receipts and disbursements and payments due to or from attorney's.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Description of Funds (Continued)

Youth Detention Center – The Monmouth County Youth Detention Center provides a secure environment for those youthful offenders deemed a threat to the physical safety of the community. The facility provides all appropriate services/goods to support their physical, emotional and social developmental needs.

Adjuster - The adjuster's office is a "referee" for the court. Any individual, who has resided in Monmouth County for a minimum of five years and is institutionalized, the County pays for hospital care. A competency hearing is held to determine if, when and how the funds will be paid back.

Monmouth County Care Centers - The records for the Monmouth County Care Facilities are well kept, but a problem arises due to the fact that they are maintained on an accrual method of accounting and the County maintains their records on a modified accrual system. This is necessary since the record keeping system is unique to the Care Facility to enable them to track their costs, including those paid directly by the County on their behalf, such as vendor bills and payroll, to conform to their cost accounting needs. The general ledger on the other hand, needs to conform to the County's system, which utilizes the modified accrual accounting system. Therefore the general ledger must be modified from an accrual to a modified accrual method of accounting. Year-end adjusting entries must therefore be made to the general ledger to bring it in compliance with the County. The Monmouth County Finance Department will assist the Care Facilities in achieving this function.

Department of Parks and Recreation - The Parks Department manages the various parks, golf courses, camping grounds, boat marina, annual, Freehold fair, etc. These facilities are all open for public use. Fees are charged based on the facility being used. There are free facilities throughout the County as well. The administration office, located in Lincroft, maintains all the accounting records and coordinates all programs that the Parks Department offers. They utilize a main frame computer as well as PC's to record all records.

County Clerk - The County Clerk collects and remits funds to the County, the State and third parties for a variety of services that are essentially legal in nature. The Clerk uses computers with specifically designated software to record and account for the services rendered in the department. By using the system, the Clerk's staff is able to calculate fees, validate legal documents and issue sequentially numbered receipts for services. Examples of services rendered are recording mortgages, land title deeds, liens, and trade names. They issue passports and state identification cards as well as maintain the Archives Section, a huge volume of records open to the public.

Prosecutor - The prosecutor is the chief law enforcement officer in Monmouth County and has the responsibility to investigate and prosecute violators of criminal laws. They maintain three bank accounts to accommodate the petty cash accounts for the confidential, extradition and emergency funds to supply the funds for investigations and travel.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Description of Funds (Continued)

Department of Corrections - The Department of Corrections operates the County jail. The year to date mean inmate population was 1,222. Some prisoners are held on behalf of the States of New Jersey and Vermont, due to overcrowding at these facilities. Reimbursements are received from these States to cover the costs associated with the above. There is an inmate commissary account to provide the necessary pharmaceutical and "snack foods" for the inmates. The commissary services are contracted out and the Department of Corrections receives a commission at a specified percentage based on volume. There is a Work Release Program in effect, whereby inmates are temporarily released and are gainfully employed to earn monies to satisfy fines, child support and judgements.

T.B. Clinic - The T.B. clinic has space in the Health Department facility. They test patients for this disease at a reasonable cost and for free if no funds are available. Two checking accounts are maintained one for petty cash, the other for general checking.

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.

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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

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).

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.

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

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.

NOTE 2: DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS

A. Deposits and Cash Equivalents (Continued)

The carrying amount of the County's cash and cash equivalents at December 31, 2004 was \$395,891,614.24. Of this amount, \$2,287,617.91 was covered by Federal deposit insurance, \$393,600,519.26 was covered by a collateral pool maintained by the depositories as required by New Jersey Statute, and \$3,477.07 is cash on hand. The book balance at December 31, 2004 was \$347,268,342.86.

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.
 - 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.

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

- 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, 2004, as listed below in the Current Fund.

<u>Investments in Government Services</u>	<u>Fund</u>	<u>Amount</u>	<u>Rate</u>	<u>Date of Maturity</u>
Mercer County Improvement Authority Notes	General Fund	\$ 1,000,000.00	1.60%	4/14/05

The County also had investments in other funds as follows:

<u>Investments in Government Services</u>	<u>Fund</u>	<u>Amount</u>	<u>Rate</u>	<u>Date of Maturity</u>
Bloomfield Parking Authority Notes	Capital Fund	\$ 2,000,000.00	1.85%	5/19/05

C. 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. The County has an adopted cash management plan.

D. Categories of Credit Risk

All bank deposits and investments as of the balance sheet date are classified as to credit risk by the following three categories described below:

Category 1 are deposits covered by the federal depository insurance, or by collateral held by the County or its agent, in the County's name. \$ 395,883,084.60

Category 2 are deposits covered by collateral held by the pledging financial institution's trust department, or by its agent, in the County's name. -0-

Category 3 are deposits covered by collateral, held by the pledging financial institution, or its trust department, or its agent but not in the County's name. 5,052.57

NOTE 2: DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)**D. Categories of Credit Risk (Continued)**

As of December 31, 2004, the County did not hold any long-term investments.

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, 2004</u>
General Improvements	Serial Bonds	09-01-95	09-01-05	4.40-4.50%	\$ 3,450,000
General Improvements	Serial Bonds	10-15-96	10-01-11	5.10%	4,300,000
General Improvements	Serial Bonds	08-01-97	08-01-12	4.20-5.00%	4,500,000
General Improvements	Serial Bonds	07-01-98	08-01-13	4.50-4.75%	20,300,000
General Improvements	Serial Bonds	07-15-99	07-15-14	4.75-4.80%	19,600,000
General Improvements	Serial Bonds	07-15-00	07-15-15	4.75-5.00%	23,375,000
General Improvements	Serial Bonds	07-15-01	07-15-16	4.00-4.70%	25,260,000
General Improvements	Serial Bonds	07-15-02	07-15-17	3.25-4.35%	36,000,000
Pension Refunding	Serial Bonds	07-15-03	07-15-08	1.50-2.625%	13,885,000
General Improvements	Serial Bonds	03-01-03	03-01-18	2.00-5.00%	38,600,000
General Improvements	Serial Bonds	04-27-04	01-15-16	4.00-5.00%	25,000,000
Refunding Bonds	Serial Bonds	04-27-04	09-01-12	5.00-5.25%	<u>27,515,000</u>
					<u>\$ 241,785,000</u>

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

<u>Description</u>	<u>Type</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Rate</u>	<u>Balance Dec. 31, 2004</u>
County College:					
General Improvements	Serial Bonds	09-01-95	09-01-05	4.40-4.50%	\$ 200,000
General Improvements	Serial Bonds	08-01-97	08-01-07	4.20-5.00%	2,190,000
General Improvements	Serial Bonds	07-15-99	07-15-09	4.75-4.80%	3,600,000
General Improvements	Serial Bonds	07-15-01	07-15-11	4.00-4.20%	4,210,000
General Improvements	Serial Bonds	07-15-02	07-15-12	3.25-4.00%	<u>3,615,000</u>
					<u>\$ 13,815,000</u>

<u>Description</u>	<u>Type</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Rate</u>	<u>Balance Dec. 31, 2004</u>
Green Acres Trust Loan Program:					
Valley Stream\	Installments	12-20-96	06-20-06	2%	\$ 6,631,178
Monmouth Scout Camp	Installments	09-06-97	09-06-07	2%	
Clayton Park		01-21-00	01-21-13	2%	1,486,233
Bayshore Park		11-13-99	05-13-13	2%	3,137,273
Fisherman's Cove		09-13-99	06-17-14	2%	<u>640,235</u>
					<u>11,894,919</u>

Economic Development:

Authority Facilities Loan

Assistance Program Installments		07-01-93	7-15-13	1.50%	1,169,943
		07-01-93	7-15-13	5.288%	<u>1,169,944</u>
					<u>2,339,887</u>

Total General Capital Fund Long-Term

Debt Issued and Outstanding \$ 269,834,806

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, 2004</u>
Reclamation Utility Bonds	Serial Bonds	07-01-98	08-01-06	4.25-4.50%	\$ 3,980,000
Reclamation Utility Bonds	Serial Bonds	07-15-02	07-15-17	3.25-4.35 %	8,200,000
Reclamation Utility Bonds	Serial Bonds	04-27-04	09-01-10	5.25-5.00%	<u>7,830,000</u>

Total Reclamation Utility Debt Issued and Outstanding \$ 20,010,000

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

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>
2005	\$ 30,545,222	11,322,482	41,867,704	2,415,000	903,600	3,318,600
2006	28,603,431	9,864,007	38,467,438	2,365,000	799,925	3,164,925
2007	28,001,005	8,738,132	36,739,137	2,460,000	698,500	3,158,500
2008	26,146,139	7,609,543	33,755,682	2,430,000	578,350	3,008,350
2009	24,056,579	6,513,243	30,569,822	2,390,000	459,775	2,849,775
2010-2014	101,570,360	17,634,542	119,204,902	5,550,000	1,075,425	6,625,425
2015-2018	<u>30,912,069</u>	<u>2,034,929</u>	<u>32,946,998</u>	<u>2,400,000</u>	<u>206,000</u>	<u>2,606,000</u>
	<u>\$ 269,834,805</u>	<u>63,716,878</u>	<u>333,551,683</u>	<u>20,010,000</u>	<u>4,721,575</u>	<u>24,731,575</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, 2004, the County had authorized but not issued bonds and notes as follows:

General Capital Fund	\$ 86,005,000
Monmouth County Improvement Authority – Guarantee	<u>32,235,000</u>
Net Bonds and Notes Authorized but Not Issued	<u>\$ 118,240,000</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, 2004 was 0.4266% and its remaining borrowing power in dollars was \$1,210,260,470.

NOTE 3: DEBT (CONTINUED)**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 \$328,139,805.79 at December 31, 2004.

	<u>Gross Debt</u>	<u>Statutory Deductions</u>	<u>Net Debt</u>
General Debt	\$ 388,074,805.79	59,935,000.00	328,139,805.79
Reclamation Center Utility	20,010,000.00	20,010,000.00	<u> </u>
	<u>\$ 408,084,805.79</u>	<u>79,945,000.00</u>	<u>328,139,805.79</u>

A summary of the activity in the County's principal debt is as follows:

<u>Description</u>	<u>Balance Dec. 31, 2003</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Balance Dec. 31, 2004</u>
General Bonds and Notes Outstanding	\$ 242,540,000.00	52,615,000.00	53,370,000.00	241,785,000.00
County College Bonds	16,515,000.00		2,700,000.00	13,815,000.00
Reclamation Center Utility Bonds & Notes	<u>23,100,000.00</u>	<u>7,830,000.00</u>	<u>10,920,000.00</u>	<u>20,010,000.00</u>
	<u>\$ 282,155,000.00</u>	<u>60,445,000.00</u>	<u>66,990,000.00</u>	<u>275,610,000.00</u>

NOTE 4: PRIOR YEAR'S DEBT DEFEASANCE

In prior years the County defeased bond issues by creating separate irrevocable trust funds. The County issued new debt and used the proceeds to purchase United States and/or State and Local Government Series securities that were placed in the trust funds. The investments and earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the associated debt has been considered defeased and the liabilities have been removed from the financial statements of the General Capital and Reclamation Capital Funds.

<u>Issuing Entity</u>	<u>Purpose</u>	<u>Bond Series</u>	<u>Defeased Balance</u>
Primary Government:			
Reclamation Center	Reclamation Center	7-01-98	\$ 8,000,000
General Obligation	General Capital Impt.	7-01-98	1,445,000
General Obligation	General Capital Impt.	10-1-96	12,450,000
General Obligation	General Capital Impt.	8-01-97	<u>15,900,000</u>
			<u>\$ 37,795,000</u>

NOTE 5: FUND BALANCE APPROPRIATED

The following current fund balances were appropriated as revenue in the County's budgets for the years 2003, 2004 and 2005:

<u>Year</u>	<u>Amount</u>
2003	\$ 37,500,000
2004	41,000,000
2005	42,000,000

NOTE 6: COUNTY TAX RATES AND NET VALUATION TAXABLE

The County tax rate is determined by dividing the total County taxes apportioned among the County's constituent communities by the total equalized valuation of real and personal property of those municipalities. The net valuations of such property, prior to equalization, the equalized values and the tax rate for each \$100 equalized value for the past five years are as follows:

<u>Year</u>	<u>Net Valuation Taxable</u>	<u>County Tax Base Equalized Valuation of Real & Personal Property</u>	<u>(1) County Tax Rate</u>
2004	57,090,882,529	78,153,701,666	.379
2003	51,152,695,353	67,317,052,656	.396
2002	47,004,978,315	58,813,432,379	.400
2001	43,459,301,407	51,857,201,260	.421
2000	42,241,110,283	47,235,372,676	.431

(1) The County library tax, local health service tax and open space tax are not included in the rates.

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 as well as the County appropriations, amounted to \$76,545.15 for 2004.

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 and compensatory time pay in the amount of \$183,573.00 and \$666,406.00, respectively, which is also part of the unfunded liability.

While the County does not accrue this liability, the unfunded liability at December 31, 2004 is \$5,531,851.70 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

- A. Indemnity Plan with 1AA
- B. Point of Service Plan with the Aetna Health Care Network
- C. HMO with the Qualcare Network

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 October 1, 1997, 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>
2005	\$ 4,019,348	1,685,657
2006	4,017,910	
2007	4,020,250	
2008	4,022,750	
2009/2011	<u>12,057,500</u>	
	28,137,758	1,685,657
Less: Interest	<u>(4,827,758)</u>	<u>(70,657)</u>
	<u>\$ 23,310,000</u>	<u>1,615,000</u>

The interest rates on the correctional institute vary from 4.2% to 5.0%. The recreational facility interest rates vary from 4.2% to 5.0%. The recreational facility lease expires in 2005. The correctional facility lease expires in 2011.

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 2013. At December 31, 2004, the bonds included the following issues:

<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Rate</u>	<u>Balance Dec. 31, 2004</u>
8-01-91	\$ 5,435,000	6.40-6.60	\$ 150,000
9-01-95	8,530,000	4.50-4.80	445,000
8-15-97	11,390,000	4.625-6.00	735,000
8-30-99	20,590,000	4.10-5.00	6,565,000
10-31-01	16,885,000	4.15-5.00	10,035,000
8-01-03	16,180,000	3.45-5.00	14,305,000

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 of \$50,627.24.

For its October 15, 1996 bond issue of \$30,000,000 the County has determined that there is an arbitrage liability of \$15,835.58.

For its August 1, 1997 bond issue of \$33,000,000 the County has determined that there is an arbitrage liability of \$28,942.01.

For its August 1, 1998 bond issue of \$30,160,000 the County has determined that there is arbitrage liability of \$13,215.01.

For its July 15, 1999 bond issue of \$30,000,000 the County has determined that there is an arbitrage liability of \$23,603.99. A reserve has been set-up for the total of \$132,224.62.

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	100,000	2,000,000
Prosecutor's Liability	1,250	3,000,000
Helicopter/Aviation	2,500	5,000,000
Environmental Impairment	15,000	3,000,000
Property	Various	75,000,000
Workers Compensation	250,000	Statutory
Surety Bonds:		
W. Claire French, Count Clerk		50,000
Leo J. Carling, Superintendent of Buildings And Grounds		50,000
Joseph W. Oxley, Sheriff		50,000
Marie Muhler, Surrogate		50,000
Ben Danskin, Treasury		200,000

NOTE 15: RISK MANAGEMENT (Continued)

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, 2004, deposits in the trust fund amounted to \$406,746.69.

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, 2004 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, 2004.

During 2004, the following changes occurred in the fixed assets of the County:

	Balance			Balance
	<u>Dec. 31, 2003</u>	<u>Additions</u>	<u>Deletions</u>	<u>Dec. 31, 2004</u>
General Fixed Assets:				
Land	\$ 224,113,428.89	5,937,725.00		230,051,153.89
Buildings	266,622,731.00	8,911,503.00		275,534,234.00
Furniture, Fixtures And Equipment	30,593,132.72	172,350.34		30,765,483.06
Vehicles	<u>59,259,038.81</u>	<u>469,117.30</u>	—	<u>59,728,156.11</u>
Total General Fixed Assets	<u>\$580,588,331.42</u>	<u>15,490,695.64</u>	—	<u>596,079,027.06</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, 2004, 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

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, 2004	\$ 1,269,035.57
December 31, 2003	965,768.77
December 31, 2002	974,621.57
December 31, 2001	915,622.19
December 31, 2000	865,578.78

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, 2004, 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 2004, and post balance sheet period through June 20, 2005.

NOTE 21: SUBSEQUENT EVENTS

The County adopted the following ordinances in 2005 authorizing the issuance of additional debt:

<u>Ordinance Number</u>	<u>Project</u>	<u>Amount of Debt Authorized</u>
97-03;01-01;02-02;03-01; 04-01; 05-03	General Improvements	\$ 27,035,000
05-02	County College	4,530,000
05-01	Utility	7,000,000
05-391	Open Space Acquisition	30,000,000

The bonds were sold on April 5, 2005.

NOTE 22: CHANGE ORDERS

Monmouth County approved the following change orders during 2004:

1. Reso. #04-087 for Hoffman Equipment, Inc. – Authorizing additional expenditures (over 20%) for crane repairs for the Bridge Department.
2. Reso. #04-260 for (a) Townco Consultants, Inc. and (b) Statpro – Authorizing additional expenditures (over 20%) for temporary/emergency Licensed Practical Nurses for the Department of Corrections and Youth Services for the period of 01-01-03 through 12-31-03.
3. Reso. #04-883 for A. Montone Construction Inc. – Authorizing change order #1 for the rehabilitation of Bridge W-27 on County Route 18, First Avenue at Wreck Pond, in the Boroughs of Sea Girt and Spring Lake.
4. Reso. #04-1011 for (a) Nursefinder's, Inc. (b) Statpro LLC and (c) Townco Consultants, Inc. – Authorizing additional expenditure (over 20%) for temporary/emergency Licensed Practical Nurses for the Department of Corrections and Youth Services for the period of 01-01-04 through 12-31-04.

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%.

NOTE 23: PROPERTY TAXES

The County through local municipal property tax collections assesses property taxes. Municipalities are required to remit taxes collected on the County's behalf on a quarterly basis, on February 15th, May 15th, August 15th and November 15th. Pursuant to the provision of N.J.S.A. 54:4-76, interest charges on delinquent payments are 6% per annum.

NOTE 24: FASB PRONOUNCEMENTS POLICY

The County adheres to all FASB policies unless otherwise indicated.

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APPENDIX B

FORM OF CONTINUING DISCLOSURE CERTIFICATE

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CONTINUING DISCLOSURE CERTIFICATE

THIS CONTINUING DISCLOSURE CERTIFICATE is made as of June 6, 2006 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 June 6, 2006 in the aggregate principal amount of \$40,000,000 (the “Bonds”) on the date hereof; and

WHEREAS, the Bonds are being issued pursuant to bond ordinances adopted by the Issuer and a certificate signed by the Issuer on May 23, 2006; 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 Notice of Sale dated May 12, 2006 (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 23, 2006, the Issuer accepted the bid of LaSalle Financial Services, Inc., with respect to the 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.

“Central Post Office” shall mean, in accordance with the Securities and Exchange Commission Interpretative Letter dated September 7, 2004 ("Interpretative Letter") regarding www.DisclosureUSA.org – Texas MAC’s Central Post Office, DisclosureUSA, an internet based filing system where issuers of tax-exempt bonds and other filers on behalf of such issuers can upload for immediate transmission to the Repositories information and notices required to be filed with the Repositories pursuant to continuing disclosure undertakings designed to assist underwriters in complying with Rule 15c2-12.

“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 23, 2006 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 Securities Evaluations, Inc.
55 Water Street, 45th Floor
New York, New York 10014
Phone: (212) 438-4595
Telecopier: (212) 438-3975
- (b) Bloomberg Municipal Repository
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

“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, 2006, 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.

(d) The Issuer or the Dissemination Agent, if applicable, may satisfy its obligations hereunder by filing any information required to file hereunder with any "central post office" or similar entity, assuming or charged with responsibility for accepting notices, documents or information for transmission to such Repository or State Depository, to the extent permitted by the SEC or SEC staff or required by the SEC. For this purpose, permission shall be deemed to have been granted by the SEC staff if and to the extent the agent or conduit has received an interpretive letter, which has not been revoked, from the SEC staff to the effect that using the agent or conduit to transmit information to the Repositories and the State Depository will be treated for purposes of Rule 15c2-12 as if such information were transmitted directly to the Repositories and the State Depository. Therefore, any such filing under this Certificate may be made solely by transmitting such filing to the Texas Municipal Advisory Council (the "MAC") as provided at <http://www.disclosureusa.org> unless the SEC has withdrawn the interpretive advice in its letter to the MAC dated September 7, 2004.

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

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NOTICE OF SALE

\$40,000,000
COUNTY OF MONMOUTH
NEW JERSEY

GENERAL OBLIGATION BONDS, SERIES 2006

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 23, 2006 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 Bonds, Series 2006 (the “Bonds”). Bidders are required to submit their Proposals 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 June 6, 2006) and will bear interest at the rate per annum specified by the successful bidder therefor in accordance herewith, payable on January 15, 2007 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), subject to prior optional redemption, on January 15 in each of the following years and in the following aggregate amounts:

<u>Year</u>	<u>Principal Amount</u>	<u>Year</u>	<u>Principal Amount</u>
2007	\$1,515,000	2015	\$2,845,000
2008	1,515,000	2016	2,845,000
2009	2,840,000	2017	2,845,000
2010	2,840,000	2018	2,845,000
2011	2,840,000	2019	2,845,000
2012	2,845,000	2020	2,845,000
2013	2,845,000	2021	2,845,000
2014	2,845,000		

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 January 15, 2016 shall not be subject to redemption prior to their respective maturity dates. The Bonds maturing on or after January 15, 2017 shall be subject to redemption prior to their respective maturity dates, on or after January 15, 2016 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 January 1 and July 1 (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 Procedures

Bids may be submitted electronically via PARITY in accordance with this Notice of Sale, until 11:00 a.m., New York City time, on May 23, 2006, but no bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in PARITY conflict with this Notice of Sale, the terms of this Notice of Sale shall control. For further information about PARITY, potential bidders may contact PARITY at (212) 849-5021. In the event that a bid for the Bonds is submitted via PARITY, the bidder further agrees that:

1. The County may regard the electronic transmission of the bid through PARITY (including information about the purchase price of the Bonds, the interest rate or rates to be borne by the various maturities of the Bonds, the initial public offering price of each maturity and any other information included in such transmission) as though the same information were submitted directly to the County and executed by a duly authorized signatory of the bidder. If a bid submitted electronically by PARITY is accepted by the County, the terms of the Proposal for Bonds and this Notice of Sale and the information that is electronically transmitted through PARITY shall form a contract, and the successful bidder shall be bound by the terms of such contract.

2. PARITY is not an agent of the County, and the County shall have no liability whatsoever based on any bidder's use of PARITY, including but not limited to any failure by PARITY to correctly or timely transmit information provided by the County or information provided by the bidder.

3. The County may choose to discontinue use of electronic bidding via PARITY by issuing a notification to such effect via TM3 News Services, or by other available means, no later than 3:00 p.m. (New York City Time) on the last business date prior to the bid date set forth above.

4. Once the bids are communicated electronically via PARITY to the County as described above, each bid will constitute a Proposal for Bonds and shall be deemed to be an irrevocable offer to purchase the Bonds on the terms provided in this Notice of Sale. For purposes of submitting all Proposal for Bonds, the time as maintained on PARITY shall constitute the official time.

5. Each bidder choosing to bid electronically shall be solely responsible to make necessary arrangements to access 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 Parity shall have any duty or obligation to undertake such registration to bid for any prospective bidder or to provide or assure access to any qualified prospective bidder, and neither the County nor Parity shall be responsible for the proper operation of, or have any liability for any delays or interruptions of, or any damages caused by PARITY. The County is using PARITY as a communication mechanism, and not as the County's agent, to conduct the electronic bidding for the Bonds. By using PARITY, each bidder agrees to hold the County harmless for any harm or damages caused to such bidder in connection with its use of PARITY for bidding on the Bonds.

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 percent (5.00%). 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, June 6, 2006 at the offices of Gibbons, Del Deo, Dolan, Griffinger & Vecchione P.C., 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 12:00 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 Deposit

A good faith deposit (the "Deposit"), in the form of a financial surety bond (the "Financial Surety Bond") in the amount of \$800,000 is required for each bid for the Bonds to be considered. The Financial Surety Bond must be from an insurance company licensed to issue such a bond in the State of New Jersey and approved by the Director of the Division of Local Government Services of New Jersey (the "Director"). At present, the Director has approved the use of Sure-Bid, a division of Financial Security Assurance Inc. Use of any other Financial Surety Bond must be approved by the Director prior to the bid and will not be accepted by the County unless evidence of such approval is provided prior to the bid. The Financial Surety Bond must be submitted to the County prior to 5:00 p.m. New York City time on the day prior to the date for receipt of bids, and must be in the form and substance acceptable to the County. A Financial Surety Bond must identify the bidder whose Deposit is guaranteed by such Financial Surety Bond. The Successful Bidder for the Bonds is required to submit its Deposit to the

County in the form of a wire transfer not later than 1:00 p.m. New York City time on the next business day following the award. If such Deposits are not received by that time, the Financial Surety Bond may be drawn by the County to satisfy the Deposit requirement. The Deposit of the Successful Bidder will be collected and the proceeds thereof retained by the County to be applied in partial payment for the Bonds and no interest will be allowed or paid upon the amount thereof, but in the event the Successful Bidder shall fail to comply with the terms of its respective bid, the proceeds thereof will be retained as and for full liquidated damages. 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 such 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 BONDS FROM EACH MATURITY THEREOF AT THE INITIAL REOFFERING PRICES.

The successful bidder shall within thirty (30) minutes after being notified of the award of the Bonds, advise the County in writing (via facsimile transmission) of the Bonds 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 twenty-four (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 P.C., 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.

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 12, 2006

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APPENDIX D

**FORM OF OPINION OF GIBBONS, DEL DEO, DOLAN,
GRIFFINGER & VECCHIONE P.C., BOND COUNSEL
TO THE COUNTY OF MONMOUTH, NEW JERSEY**

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May __, 2006

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 Obligation Bonds, Series 2006 (the "Bonds").

The Bonds are issued pursuant to the Local Bond Law, constituting Chapter 2 of Title 40A of the New Jersey Statutes (the "Local Bond Law"), Title 18A, Education, of the New Jersey Statutes (the "Education Law"), a resolution of the Board of Chosen Freeholders adopted on May 11, 2006 (the "Resolution") and by virtue of various bond ordinances of the County (the "Bond Ordinance").

The 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 Bonds and mature on January 15 in the principal amounts as set forth below:

<u>Year</u>	<u>Principal Amount</u>	<u>Year</u>	<u>Principal Amount</u>
2007	\$1,515,000	2015	\$2,845,000
2008	1,515,000	2016	2,845,000
2009	2,840,000	2017	2,845,000
2010	2,840,000	2018	2,845,000
2011	2,840,000	2019	2,845,000
2012	2,845,000	2020	2,845,000
2013	2,845,000	2021	2,845,000
2014	2,845,000		

The Bonds are subject to redemption prior to maturity.

We have examined the Local Bond Law, the Education Law and such other laws and originals (or copies certified or otherwise identified to our satisfaction) of such instruments, certificates and documents as we deem necessary to render the opinions set forth herein. In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to the original documents of all documents submitted to us as copies.

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

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

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

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

4. Under existing law, interest on the Bonds and net gains on the sale of the 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 Bonds in order for interest on the Bonds to be excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code. The County has covenanted to comply with the provisions of the Code applicable to the Bonds and has covenanted not to take any action or permit any action to be taken which would cause the interest on the Bonds to lose the exclusion from gross income for Federal income tax purposes under Section 103 of the Code or cause interest on the Bonds to be treated as an item of tax preference under Section 57 of the Code. We have assumed continuing compliance by the County with the above covenants in rendering our opinion with respect to the exclusion of interest on the Bonds from gross income for Federal income tax purposes and with respect to interest on the Bonds not constituting an item of tax preference.

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

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

The opinions 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 Bonds.

Very truly yours,

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