

In the opinion of Gibbons P.C., Bond Counsel to the County, assuming continuing compliance by the County with certain tax covenants described herein, under existing law, interest on the Series 2007 Bonds is excluded from the gross income of the owners of the Series 2007 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 2007 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 2007 Bonds and net gains from the sale of the Series 2007 Bonds are exempt from the tax imposed by the New Jersey Gross Income Tax. In the case of certain corporate holders of the Series 2007 Bonds, interest on the Series 2007 Bonds will be included in the calculation of the alternative minimum tax as a result of the inclusion of interest on the Series 2007 Bonds in "adjusted current earnings" of certain corporations. See "TAX MATTERS" herein.

\$74,470,000
COUNTY OF MONMOUTH
New Jersey
General Obligation Bonds, Series 2007
Consisting of
\$50,000,000 General Improvement Bonds, Series 2007
\$4,470,000 County College Bonds, Series 2007
(County College Bonds Act, P.L. 1971, c. 12) and
\$20,000,000 Open Space Bonds, Series 2007

Dated: Date of Delivery

Due: September 15, as shown below

The \$74,470,000 General Obligation Bonds, Series 2007 consisting of \$50,000,000 General Improvement Bonds, Series 2007 (the "Series 2007A Bonds"), \$4,470,000 County College Bonds, Series 2007 (County College Bonds Act, P.L. 1971, c. 12) (the "Series 2007B Bonds") and \$20,000,000 Open Space Bonds, Series 2007 (the "Series 2007C Bonds" and together with the Series 2007A Bonds and Series 2007B Bonds, the "Series 2007 Bonds") will be issued by the County of Monmouth, New Jersey (the "County") in fully registered form and, when issued, the Series 2007 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 2007 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 2007 Bonds, principal of, redemption premium, if any, and interest (payable semi-annually on March 15, 2008 and on each September 15 and March 15 thereafter until maturity), on the Series 2007 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 2007 Bonds. See "OTHER INFORMATION – The DTC Book-Entry-Only System."

The Series 2007 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"), and where appropriate, 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 2007 Bonds. The Series 2007B Bonds are also being issued pursuant to the County College Bond Act, P.L. 1971, c. 12 (N.J.S.A 18A:64A-22.1 et seq.).

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 2007 Bonds. The Series 2007 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 2007 Bonds maturing on or after September 15, 2018 are subject to redemption prior to maturity as set forth herein.

\$50,000,000 General Improvement Bonds, Series 2007

Year	Principal Amount	Interest Rate	Yield	Year	Principal Amount	Interest Rate	Yield
2008	\$ 430,000	4.000%	3.450%	2016	\$4,475,000	5.000%	3.660%
2009	110,000	4.000	3.450	2017	4,475,000	5.000	3.730
2010	110,000	4.000	3.450	2018*	4,475,000	4.000	3.850
2011	110,000	4.250	3.510	2019*	4,475,000	4.000	3.950
2012	4,475,000	4.250	3.480	2020*	4,480,000	4.000	3.878
2013	4,475,000	4.500	3.490	2021*	4,480,000	4.000	3.878
2014	4,475,000	5.000	3.540	2022*	4,480,000	4.125	3.957
2015	4,475,000	5.000	3.590				

\$4,470,000 County College Bonds, Series 2007 (County College Bond Act, P.L. 1971, c. 12)

Year	Principal Amount	Interest Rate	Yield	Year	Principal Amount	Interest Rate	Yield
2008	\$445,000	4.000%	3.450%	2013	\$445,000	4.500%	3.490%
2009	445,000	4.000	3.450	2014	450,000	5.000	3.540
2010	445,000	4.000	3.450	2015	450,000	5.000	3.590
2011	445,000	4.250	3.510	2016	450,000	5.000	3.660
2012	445,000	4.250	3.480	2017	450,000	5.000	3.730

\$20,000,000 Open Space Bonds, Series 2007

Year	Principal Amount	Interest Rate	Yield	Year	Principal Amount	Interest Rate	Yield
2008	\$ 950,000	4.000%	3.450%	2016	\$1,360,000	5.000%	3.660%
2009	1,010,000	4.000	3.450	2017	1,420,000	5.000	3.730
2010	1,050,000	4.000	3.450	2018*	1,490,000	4.000	3.850
2011	1,100,000	4.250	3.510	2019*	1,570,000	4.000	3.950
2012	1,140,000	4.250	3.480	2020*	1,640,000	4.000	3.878
2013	1,190,000	4.500	3.490	2021*	1,730,000	4.000	3.878
2014	1,240,000	5.000	3.540	2022*	1,810,000	4.125	3.957
2015	1,300,000	5.000	3.590				

*Priced to call on September 15, 2017.

The issuance of the Series 2007 Bonds is subject to the approving legal opinion of Gibbons P.C., Newark, New Jersey, Bond Counsel to the County, and certain other conditions described herein. It is anticipated that the Series 2007 Bonds will be available for delivery to DTC on or about September 26, 2007, in New York, New York, or at such other place and time as may be agreed to by the County.

Dated: September 12, 2007

COUNTY OF MONMOUTH
STATE OF NEW JERSEY

BOARD OF CHOSEN FREEHOLDERS

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

COUNTY OFFICIALS

Terri O'Connor	Acting County Administrator
James S. Gray	Clerk of the Board of Chosen Freeholders
Mark E. Acker	Director of Finance and County Treasurer

PROFESSIONALS

Gibbons 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 2007 Bonds, other than those contained in this Official Statement, in connection with the offering of the Series 2007 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 2007 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 2007 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 2007 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.

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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 2007**

I. DESCRIPTION OF THE SERIES 2007 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 \$74,470,000 aggregate principal amount of the County’s General Obligation Bonds, Series 2007 dated the date of delivery, consisting of \$50,000,000 General Improvement Bonds, Series 2007 (the “Series 2007A Bonds”), \$4,470,000 County College Bonds, Series 2007 (County College Bond Act, P.L. 1971, c. 12) (the “Series 2007B Bonds”) and \$20,000,000 Open Space Bonds, Series 2007 (the “Series 2007C Bonds” and, together with the Series 2007A Bonds and the Series 2007B Bonds, the “Series 2007 Bonds”).

The Series 2007 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 2007 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 August 23, 2007. The Series 2007 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 2007 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 2007 Bonds will be dated the date of delivery, and will mature on September 15 in the years and in the amounts set forth on the cover page hereof. The Series 2007 Bonds will bear interest payable semi-annually on March 15, 2008 and on each September 15 and March 15 thereafter until maturity.

Denomination and Place of Payments

The Series 2007 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 2007 Bonds under its book-entry-only system (the “DTC Book-Entry-Only System”). An individual purchaser (the “Beneficial

Owner”) may purchase a Series 2007 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 2007 Bonds, the principal, redemption premium, if any, and interest on, the Series 2007 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 March 1 and September 1 (the “Record Dates” for the payment of interest on the applicable series of the Series 2007 Bonds). See “OTHER INFORMATION - The DTC Book-Entry-Only System” herein.

Redemption Provisions

The Series 2007 Bonds maturing on or prior to September 15, 2017 shall not be subject to redemption prior to their respective maturity dates. The Series 2007 Bonds maturing on or after September 15, 2018 shall be subject to redemption prior to their respective maturity dates, on or after September 15, 2017 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 2007 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 2007 Bonds, Notices of Redemption shall be sent to such depository and shall not be sent to the beneficial owners of the Series 2007 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 2007 Bonds of a maturity, such Series 2007 Bonds shall be selected by the County by lot. If Notice of Redemption has been given as described herein, the Series 2007 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 2007 Bonds redeemed.

Authorization

The Series 2007 Bonds have been authorized and are to be issued in accordance with the Local Bond Law, and where appropriate, 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 2007 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 2007 Bonds by the County.

Security for the Series 2007 Bonds

The Series 2007 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 2007 Bonds.

Additional Security for the Series 2007B Bonds

The Series 2007B Bonds are entitled to the benefits of the provisions of the County College Bond Act, P.L. 1971, c. 12 (N.J.S.A. 18A:64A-22.1 et. seq.) (the "Act"). Under the provisions of the Act, the State shall appropriate and pay annually on behalf of the County an amount equal to the amount of principal and interest due on the Series 2007B Bonds. The amounts paid by the State pursuant to the Act are paid directly to the paying agent for the Series 2007B Bonds and therefore must be used for the payment of the principal of and the interest on the Series 2007B Bonds. Any obligation issued by the County that are entitled to the benefits of the provisions of the Act are not debts or liabilities of the State, but are dependent for repayment upon appropriations provided by law from time to time.

Purpose of the Issue

The proceeds of the Series 2007 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 2007A Bonds Authorized</u>	<u>Amount of Series 2007A Bonds Issued</u>	<u>Adoption Dates</u>
Various Improvements (Ord. No. 98-1)	\$ 3,835,000	\$ 20,000	March 19, 1998
Various Improvements (Ord. No. 99-1)	4,982,000	750,000	February 25, 1999
Various Improvements (Ord. No. 00-1)	1,029,000	330,000	April 13, 2000
Various Improvements (Ord. No. 01-1)	1,434,000	1,434,000	March 22, 2001
Various Improvements (Ord. No. 02-2)	12,326,000	650,000	February 14, 2002
Various Improvements (Ord. No. 03-1)	15,076,000	4,291,000	March 27, 2003
Various Improvements (Ord. Nos. 04-1, 05-2 and 06-1).	29,831,000	4,480,000	February 26, 2004, March 10, 2005 and March 23, 2006
Various Improvements (Ord. No. 05-3)	23,916,000	4,069,000	March 10, 2005
Various Improvements (Ord. No. 06-2)	22,795,000	10,835,000	March 23, 2006
Various Improvements (Ord. No. 07-3)	43,646,000	10,571,000	April 26, 2007
Acquisition of Real Property (Ord. No. 07-6)	12,570,000	12,570,000	August 9, 2007
TOTAL	<u>\$171,440,000</u>	<u>\$50,000,000</u>	

<u>Project</u>	<u>Amount of Series 2007B Bonds Authorized</u>	<u>Amount of Series 2007B Bonds Issued</u>	<u>Adoption Dates</u>
Various Improvements -- Brookdale Community College (Ord. Nos. 04-1, 05-2 and 06-1).	\$4,470,000	\$4,470,000	February 26, 2004, March 10, 2005 and March 23, 2006
TOTAL	<u>\$4,470,000</u>	<u>\$4,470,000</u>	

<u>Project</u>	<u>Amount of Series 2007C Bonds Authorized</u>	<u>Amount of Series 2007C Bonds Issued</u>	<u>Adoption Dates</u>
Acquisition of Open Space for and by the County (Ord. No. 07-4)	\$20,000,000	\$20,000,000	June 11, 2007
TOTAL	<u>\$20,000,000</u>	<u>\$20,000,000</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
Lillian G. Burry	Deputy Director	January 2009
Robert D. Clifton	Freeholder	January 2008
Anna C. Little	Freeholder	January 2008
Barbara J. McMorrow	Freeholder	January 2010

County Officials

James S. Gray	Clerk of the Board of Chosen Freeholders
Terri O’Connor	Acting 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 (2002-2006)” 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 484,828 tons during 2006 and, at current monthly deliveries, is expected to accept a similar amount during 2007. 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 2007 is 5.50%.

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>
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
2006	70,973,216,180	67.57	105,034,059,265	0.266087398
2007	87,315,329,030	73.15	119,359,170,505	0.240657102

Source: County of Monmouth

DISTRIBUTION OF ASSESSED VALUATION

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Vacant Land	\$ 1,131,874,619	\$ 1,135,053,539	\$ 1,299,927,319	\$ 1,450,018,215	\$ 1,890,326,965
Residential	41,186,092,630	46,483,834,979	53,934,369,834	57,987,104,041	71,996,304,967
Farm Regular	438,687,500	460,399,900	437,114,900	547,263,000	648,209,100
Farm Qualified	30,475,777	29,770,715	28,297,015	28,365,615	28,791,400
Commercial	6,395,575,381	6,885,783,580	7,588,884,440	8,460,769,015	9,933,979,740
Industrial	812,838,950	872,409,250	872,367,350	993,688,150	1,054,549,300
Apartments	<u>971,638,800</u>	<u>1,054,049,800</u>	<u>1,195,603,600</u>	<u>1,362,558,500</u>	<u>1,609,606,500</u>
	<u>\$50,967,183,657</u>	<u>\$56,921,301,763</u>	<u>\$65,356,564,458</u>	<u>\$70,829,766,536</u>	<u>\$87,161,767,972</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, 2006

<u>Owner of Record</u>	<u>Property Location</u>	<u>2006 Total Assessed Value</u>	<u>2006 Tax Rate Per \$100</u>	<u>Total 2006 Taxes</u>
1. Freehold Mall				
Freehold Associates, LLC	Freehold Township	\$161,840,900	3.343	\$5,410,341.29
The May Department Stores Co. (Lord & Taylor)	Freehold Township	12,204,600	3.343	407,999.78
JC Penney Properties, Inc.	Freehold Township	12,050,600	3.343	402,851.56
Trustees Of SRC Facilities (Sears)	Freehold Township	10,524,500	3.343	351,834.04
Nordstrom, Inc.	Freehold Township	14,257,000	3.343	476,611.51
Tru-Freehold Realty Inc. #6342 (Kids R Us)	Freehold Township	4,025,000	3.343	134,555.75
Office Depot, Inc. % Kramer	Freehold Township	2,589,500	3.343	86,566.99
HD Development Of Maryland, Inc. %	Freehold Township	9,380,800	3.343	313,600.14
EF Partners LLC % Sady Greens Revoc	Freehold Township	7,181,000	3.343	240,060.83
State St Bank & Trust Co Of Conn (Sams Club)	Freehold Township	9,300,000	3.343	310,899.00
Macy's East, Inc.	Freehold Township	24,897,800	3.343	832,333.45
Galyans Sports & Outdoor	Freehold Township	6,810,500	3.343	227,675.02
Freemall Associates (Bob's & Comp USA)	Freehold Township	7,500,000	3.343	250,725.00
Loews Theater Lessee	Freehold Township	12,557,600	3.343	419,800.57
				<u>\$9,865,854.93</u>
2. AT& T Corporate Park				
200 Laurel % ATT Lease Adm/NJ8110E1	Middletown	\$157,529,300	3.558	\$5,604,892.49
199 Laurel Asso. % Steiner Equ. Group	Middletown	366,000	3.558	13,022.28
Four Ponds % CB R Ellis Inc.	Middletown	30,000,000	3.558	1,067,400.00
				<u>\$6,685,314.77</u>
3. Monmouth Mall				
Eatontown Monmouth Mall LLC	Eatontown	\$238,122,200	1.441	\$3,431,340.90
Lord & Taylor May Stores #57	Eatontown	20,025,500	1.441	288,567.46
Macy's East Federated Dept. Stores	Eatontown	33,004,900	1.441	475,600.61
JC Penney 1150-0 Property Tax Off.	Eatontown	24,987,200	1.441	360,065.55
				<u>\$4,555,574.52</u>
4. Lucent Technologies				
LTI NJ Finance LLC	Holmdel	\$93,500,000	3.300	\$3,085,500.00
NS-MPG Inc. % Lucent Tech.	Holmdel	4,600,200	3.300	151,806.60
Weill, M. % Murray Constr. Co.	Middletown	20,637,500	3.558	734,282.25
				<u>\$3,971,588.85</u>
5. Assisted Living Facility				
Tinton Falls Campus, LLC % Seabrook	Tinton Falls Boro	\$85,236,800	3.590	\$3,060,001.12

	<u>Owner of Record</u>	<u>Property Location</u>	<u>2006 Total Assessed Value</u>	<u>2006 Tax Rate Per \$100</u>	<u>Total 2005 Taxes</u>
6.	Seaview Square Mall				
	Seaview Square, LLC % Invest Int'l	Ocean Township	\$100,000,000	1.674	\$1,674,000.00
	Sears, Roebuck & Co. D/768Tax, B2107A	Ocean Township	22,517,600	1.674	376,944.62
					<u>\$2,050,944.62</u>
7.	Shopping Center				
	Caydenzar % Denholtz Associates	Holmdel	\$ 4,094,000	3.300	\$ 135,102.00
	Holmdel Commons, LLC c/o Kimco Rlty	Holmdel	25,871,435	3.300	853,757.36
	Kimco Realty Corporation	Holmdel	28,531,100	3.300	941,526.30
					<u>\$1,930,385.66</u>
8.	New Jersey Sports & Exposition Auth				
	New Jersey Sports & Exposition Auth	Oceanport Boro	\$124,109,100	1.306	\$1,620,864.85
9.	International Flavors & Fragrances				
	International Flavors & Fragrances	Union Beach Boro	\$43,364,500	2.627	\$1,139,185.42
10.	Bellcore Research Facility				
	One Rvr.Assoc % Bellcore, RM.IJ008G	Middletown Twp	\$ 7,932,900	3.558	\$ 282,252.58
	One Rvr.Assoc % Bellcore, RM.IJ008G	Middletown Twp	14,590,300	3.558	519,122.87
	One Rvr.Assoc % Bellcore, RM.IJ008G	Middletown Twp	9,116,900	3.558	324,379.30
					<u>1,125,754.75</u>
	Hotel				
11.	Tiburon Ocean Place LLC	Long Branch City	\$41,495,300	2.442	\$1,013,315.23
	Apartment Complex				
12.	Woodshire Apts	Ocean Twp.	\$58,681,000	1.674	\$982,319.94

Source: Monmouth County Board of Taxation (March 2007).

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, 2006 appears in Appendix B to this Official Statement.

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

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Revenues and Other Additions:					
Fund Balance Utilized	\$ 37,500,000	\$ 37,500,000	\$ 41,000,000	\$ 42,000,000	\$ 48,000,000
Miscellaneous Revenue					
Anticipated	138,852,377	135,250,540	145,700,910	162,262,787	159,238,090
Miscellaneous Revenue Not					
Anticipated	19,744,145	19,047,509	19,729,814	19,473,201	20,681,166
Receipts from Current Taxes	236,020,000	250,251,000	260,752,374	269,650,000	278,540,000
Other Credits to Revenue	35,827	244,395	373,149	168,665	33,020
Unexpended Balance of					
Appropriations Lapsed	<u>11,514,061</u>	<u>11,537,049</u>	<u>11,209,366</u>	<u>11,872,567</u>	<u>13,275,303</u>
Total Revenues and Other Additions	\$443,666,410	\$453,830,493	\$478,765,613	\$505,427,220	\$519,767,581
Expenditures:					
Budget Appropriations*	\$403,491,421	\$408,947,489	\$434,735,137	\$457,217,441	\$471,096,694
Other Charges	<u>--</u>	<u>1,006</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total Expenditures	\$403,491,421	\$408,948,495	\$434,735,137	\$457,217,441	\$471,096,694
Excess in Revenue	40,174,989	44,881,998	44,030,476	48,209,779	48,670,886
Adjustment to Income Before					
Surplus: Emergency Authorization	--	--	--	300,000	--
Fund Balance, January 1	<u>65,604,600</u>	<u>68,279,589</u>	<u>75,661,587</u>	<u>78,692,063</u>	<u>85,201,841</u>
	105,779,589	113,161,587	119,692,063	127,201,842	133,872,728
Decreased by:					
Utilized as Anticipated Revenue	<u>37,500,000</u>	<u>37,500,000</u>	<u>41,000,000</u>	<u>42,000,000</u>	<u>48,000,000</u>
Fund Balance, December 31	<u>\$68,279,589</u>	<u>\$75,661,587</u>	<u>\$78,692,063</u>	<u>\$85,201,842</u>	<u>\$85,872,728</u>
Fund Balance, as a percentage of Total Expenditures	16.92%	18.50%	18.10%	18.63%	18.23%
* Paid or Charged	\$390,299,294	\$396,819,988	\$419,662,587	\$438,519,331	\$453,427,198
Appropriation Reserves	13,190,671	12,094,240	14,874,204	18,697,692	17,669,495
Current Appropriations Cancelled	<u>1,456</u>	<u>33,261</u>	<u>198,346</u>	<u>418</u>	<u>--</u>
	<u>\$403,491,421</u>	<u>\$408,947,489</u>	<u>\$434,735,137</u>	<u>\$457,217,441</u>	<u>\$471,096,694</u>

Current Fund operating results reflect a policy of conservatively estimating revenues so that at year-end positive fund balances are maintained. Revenue growth, plus the benefits of a tightly monitored hiring freeze and a new, managed budget approach, analogous to zero based budgeting, both implemented in the early nineties, have resulted in increased fund balances. Fund balance, as a percentage of expenditures, has increased from 5.7% in 1990 to 18.23% in 2006. 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 3.36%, consistent with corresponding rates of inflation. Revenue growth is expected to continue through 2007, albeit at a slower pace, as a result of the strong local economy.

FIVE YEAR SUMMARY OF CURRENT FUND BUDGET AND ACTUAL RESULTS

	2002		2003		2004		2005		2006	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Revenues:										
County Clerk	\$ 6,300,000	\$ 13,745,747	\$ 10,975,000	\$ 17,919,482	\$ 15,325,000	\$ 21,712,982	\$ 19,825,000	\$19,262,801	\$ 18,871,000	\$ 20,399,541
Interest on Investments	3,700,000	3,922,853	3,700,000	3,858,302	3,700,000	4,600,829	3,700,000	10,472,163	7,500,000	17,022,147
Parks & Recreation	5,600,000	6,177,238	5,800,000	5,847,732	5,800,000	6,436,515	6,300,000	6,306,851	6,300,000	6,696,673
Medical Homes	16,900,000	19,938,336	17,400,000	22,613,568	21,650,000	23,864,837	22,800,000	23,305,117	22,500,000	25,210,171
Division of Social Services	17,841,000	22,350,248	16,416,000	24,175,100	19,525,000	22,796,087	19,550,000	27,757,804	21,050,000	25,408,548
State of N.J. Social Service Reimbursement	18,780,272	18,780,272	16,814,502	16,696,316	16,235,451	16,235,451	17,249,056	17,249,056	19,526,031	19,526,031
State of N.J. - Inmate Reimbursement	2,000,000	1,558,227	1,500,000	1,126,883	1,000,000	1,809,535	1,800,000	2,006,605	2,000,000	2,477,497
State of N.J. - Remaining Aid	3,184,685	3,452,946	3,682,945	3,950,021	3,415,014	3,716,014	3,299,921	3,644,530	3,666,870	4,017,211
State & Federal Grants	39,337,651	39,337,651	29,015,300	29,015,300	29,465,317	29,465,317	30,914,506	30,914,506	23,815,470	23,815,470
Miscellaneous Revenue	16,327,813	29,333,005	16,010,928	28,977,159	16,866,981	34,793,157	19,828,958	40,816,555	19,327,324	35,345,968
Fund Balance Utilized	37,500,000	37,500,000	37,500,000	37,500,000	41,000,000	41,000,000	42,000,000	42,000,000	48,000,000	48,000,000
County Tax Levy	<u>236,020,000</u>	<u>236,020,000</u>	<u>250,251,000</u>	<u>250,251,000</u>	<u>260,752,374</u>	<u>260,752,374</u>	<u>269,650,000</u>	<u>269,650,000</u>	<u>278,540,000</u>	<u>278,540,000</u>
TOTAL REVENUES	\$403,491,421	\$432,116,523	\$408,947,489	\$442,049,049	\$434,735,137	\$467,183,098	\$456,917,441	\$493,385,988	\$471,096,695	\$506,459,257
Appropriations:										
General Government	\$ 22,121,875	\$ 21,242,543	\$ 23,593,079	\$ 22,480,660	\$ 24,624,574	\$ 23,278,391	\$26,446,021	\$25,516,861	\$27,070,645	\$25,276,690
Public Works & Engineering	27,665,510	26,667,281	29,932,194	28,612,521	30,342,779	29,180,304	30,369,986	28,897,265	30,640,339	29,548,387
Health & Human Services	85,512,081	80,387,826	85,076,643	80,941,015	88,278,190	84,641,414	92,742,015	88,215,166	97,144,461	93,326,878
Education	32,974,227	32,611,406	34,430,352	34,062,301	38,412,359	38,042,360	39,482,971	39,101,736	41,312,423	40,879,829
Parks & Recreation	16,966,669	16,797,075	17,399,505	17,258,800	18,291,867	18,166,548	19,238,294	19,074,508	19,095,842	18,886,613
State & Federal Grants	40,537,651	40,454,436	30,215,300	30,057,187	30,915,317	30,446,573	32,214,506	31,968,505	25,115,470	24,897,888
Capital Improvements	15,962,000	14,722,892	14,565,000	13,185,222	12,721,000	11,478,553	15,492,000	13,021,489	12,957,000	11,458,188
Debt Service	39,801,145	39,799,689	41,653,627	41,620,366	45,254,276	45,055,930	45,882,310	45,881,893	46,396,689	46,396,689
Statutory Expenditures	10,697,000	10,188,969	11,275,000	10,930,701	15,600,000	15,132,226	14,300,000	12,298,643	21,175,000	19,906,965
Unclassified/Contingent	450,000	372,623	1,210,300	1,137,056	500,000	420,962	800,000	780,398	957,731	949,239
Public Safety	67,859,352	66,803,561	73,348,134	72,729,210	78,484,244	77,379,002	83,809,947	82,335,061	86,405,622	85,274,140
Land Use Administration	1,532,509	1,488,979	1,522,433	1,469,371	1,570,008	1,517,516	1,618,115	1,565,742	1,571,318	1,556,691
Code Enforcement	321,460	316,815	350,888	347,139	368,878	367,532	381,276	377,667	393,680	366,193
Insurance	33,114,000	31,467,178	36,451,300	34,626,970	40,690,000	37,072,310	45,365,000	41,458,750	49,985,000	44,768,497
Utility Expenses	<u>7,975,942</u>	<u>6,978,021</u>	<u>7,923,734</u>	<u>7,361,469</u>	<u>8,681,645</u>	<u>7,482,966</u>	<u>9,075,000</u>	<u>8,025,647</u>	10,575,475	9,634,312
Deferred Charges									<u>300,000</u>	<u>300,000</u>
TOTAL APPROPRIATIONS	\$403,491,421	\$390,299,294	\$408,947,489	\$396,819,988	\$434,735,137	\$419,662,587	\$457,217,441	\$438,519,331	\$471,096,695	\$453,427,199
Excess in Revenues		\$41,817,229		\$45,229,061		\$47,520,511		\$54,866,657		\$53,032,058
Appropriation Reserve		<u>13,190,671</u>		<u>12,094,240</u>		<u>14,874,204</u>		<u>18,697,692</u>		<u>17,669,496</u>
Excess in Revenues, Net		\$28,626,558		\$33,134,821		\$32,646,307		\$36,168,965		\$35,362,562
Other Credits to Income:										
Refund of Prior Year Loan to Grant Fund								-0-		-0-
Unexpended Balance of Previous Year								11,872,567		
Appropriation Reserve		11,514,061		11,537,049		11,209,366		18,697,692		13,275,304
Emergency Authorization						-0-		300,000		-0-
Other		<u>34,370</u>		<u>210,128</u>		<u>174,803</u>		<u>168,247</u>		<u>33,020</u>
Total Excess in Revenues, Net + Other Credits to Income		\$40,174,989		\$44,881,998		\$44,030,476		\$48,509,779		\$48,670,886
Fund Balance, Beginning of Year		<u>28,104,600</u>		<u>30,779,589</u>		<u>34,661,587</u>		<u>36,692,063</u>		<u>37,201,842</u>
Fund Balance, End of Year		\$68,279,589		\$75,661,587		\$78,692,063		\$85,201,842		\$85,872,728

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

	<u>2006</u> ⁽¹⁾	<u>2007</u> ⁽²⁾
Anticipated Revenues:		
Fund Balance Utilized	\$ 48,000,000	\$ 48,500,000
State Aid	44,034,995	46,940,602
State and Federal Grants	9,751,099	10,941,518
Miscellaneous Revenue	76,706,230	78,967,880
County Tax Levy	<u>278,540,000</u>	<u>286,504,000</u>
Total Anticipated Revenues	<u>\$457,032,324</u>	<u>\$471,854,000</u>
Appropriations:		
Operations	\$378,994,635	\$388,256,160
Capital Improvements	12,866,000	13,046,000
Debt Service	46,396,689	47,976,840
Pension Contributions and Social Security Taxes	<u>18,775,000</u>	<u>22,575,000</u>
Total Appropriations	<u>\$457,032,324</u>	<u>\$471,854,000</u>

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

(2) The 2007 County Budget was adopted by the Board of Freeholders on March 8, 2007.

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

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<u>REVENUES</u>					
Fund Balance	\$19,500,000	\$19,092,352	\$18,100,000	\$17,100,000	\$17,500,000
Grant	--	690,632	--	650,948	--
Utility Fees	27,954,966	28,369,667	28,940,504	30,363,009	31,505,608
Miscellaneous Revenue Not Anticipated	1,722,334	1,413,041	1,240,803	2,851,985	4,166,300
Other Income	63,605	440,169	9,826	11,694,678	3,753,383
Unexpended Appropriations	3,693,236	5,154,978	4,836,835	4,741,091	4,284,270
Total Revenue	<u>\$52,934,141</u>	<u>\$55,160,839</u>	<u>\$53,127,968</u>	<u>\$67,401,711</u>	<u>\$61,209,562</u>
<u>EXPENDITURES</u>					
Operations with Reserves	\$30,436,211	\$32,028,500	\$30,488,906	\$35,876,128	\$33,676,062
Other Expenditures and Commitments	159,358	--	--	4,232	1
Total Expenditures	<u>\$30,595,569</u>	<u>\$32,058,500</u>	<u>\$30,488,906</u>	<u>\$35,880,360</u>	<u>\$33,676,063</u>
Net Revenues	<u>\$22,338,572</u>	<u>\$23,132,339</u>	<u>\$22,639,062</u>	<u>\$31,521,351</u>	<u>\$27,533,498</u>
Debt Service	<u>3,063,789</u>	<u>3,662,132</u>	<u>3,384,591</u>	<u>3,274,820</u>	<u>3,823,937</u>
Change in Fund Balance	\$19,274,783	\$19,470,207	\$19,254,471	\$28,246,531	\$23,709,561
Fund Balance, January 1	<u>\$21,653,571</u>	<u>\$21,428,354</u>	<u>\$21,806,209</u>	<u>\$22,960,680</u>	<u>\$34,107,210</u>
	\$40,928,354	\$40,898,561	\$41,060,680	\$51,207,211	\$57,816,772
Utilized as Revenue	<u>19,500,000</u>	<u>19,092,352</u>	<u>18,100,000</u>	<u>17,100,000</u>	<u>17,500,000</u>
Fund Balance, December 31	<u>\$21,428,354</u>	<u>\$21,806,209</u>	<u>\$22,960,680</u>	<u>\$34,107,211</u>	<u>\$40,316,772</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 August 9, 2007 calls for expenditures of \$466,440,000 through the year 2012. Of this \$466,440,000 total, \$74,146,000 is anticipated to be paid from cash and Federal and State grants; the remaining \$392,294,000 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 July 31, 2007, is presented in the table below:

<u>Type of Security</u>	<u>Amount</u>	<u>Percent</u>
Bank Money Market Accounts	\$359,387,700	98.6%
Taxable Bond Anticipation Notes ⁽¹⁾	5,000,000	1.4%

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

(1) Local Bond Anticipation Notes approved for purchase by the Director, Division of Investments, Department of Treasury, State of New Jersey.

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, \$5,006,179 for 2006, and \$9,086,916 for 2007.

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, as amended May 11, 2006. 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 August 31, 2007 is 0.4009% 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**

August 31, 2007

GROSS DEBT:		
General Bonds Issued and Outstanding		\$262,675,000.00
Self-Liquidating Utility		20,980,000.00
County College Bonds Issued and Outstanding		9,735,000.00
County Vocational Bonds Issued and Outstanding		1,611,530.65
NJDEP-Green Trust Program		<u>7,653,996.10</u>
		\$302,655,526.75
BONDS/NOTES AUTHORIZED:		
General Improvements:		
Notes Issued	-0-	
Authorized but not Issued	\$275,510,000.00	
Self-Liquidating Utility:		
Notes Issued	-0-	
Authorized but not Issued	-0-	<u>275,510,000.00</u>
TOTAL GROSS DEBT		\$578,165,526.75
LESS: STATUTORY DEDUCTIONS:		
Guaranty Equipment Lease Program - M.C.I.A.	63,290,000.00 ⁽¹⁾	
Guaranty Pooled Loan Program - M.C.I.A.	14,500,000.00 ⁽¹⁾	
County College Bonds	14,205,000.00	
Self-Liquidating Utility	20,980,000.00 ⁽²⁾	
Refunding Bonds for Unfunded Pension Liabilities	3,580,000.00 ⁽³⁾	
Open Space Acquisition Bonds	48,445,000.00 ⁽⁴⁾	165,000,000.00
STATUTORY NET DEBT		<u>\$413,165,526.75</u>
Three-Year Average (2003-2005) Equalized Valuation of Real Property (Pursuant to N.J.S.A. 15:1-35.1)		\$103,063,818,585.00
Net Debt Expressed as a Percentage of Average Equalized Valuation of Real Property		0.4009%
Debt Limitation Per N.J.S.A. 40A:2-6 (Counties) 2% of Three-Year Average Equalized Valuation		\$2,061,276,371.70
Total Net Debt		<u>413,165,526.75</u>
Remaining Net Debt Capacity		<u>\$1,648,110,844.95</u>

(1) The County has unconditionally guaranteed \$63,290,000 M.C.I.A. Capital Equipment Pooled Lease Revenue Bonds and the County has unconditionally guaranteed an amount not to exceed \$14,500,000 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, 2006

<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>
2007	\$28,945,000.00	\$2,955,000.00	\$247,890.26	\$1,418,114.76	\$33,566,005.02	\$13,051,553.99	\$46,617,559.01	\$2,860,000.00	\$996,000.00	50,473,559.01
2008	28,055,000.00	2,225,000.00	253,366.87	1,237,772.39	31,771,139.26	11,511,138.50	43,282,277.76	2,830,000.00	859,850.00	46,972,127.76
2009	27,320,000.00	2,225,000.00	258,927.61	1,262,651.61	31,066,579.22	10,142,927.05	41,209,506.27	2,790,000.00	721,275.00	44,720,781.27
2010	26,795,000.00	1,505,000.00	264,916.11	1,288,030.94	29,852,947.05	8,838,191.46	38,691,138.51	2,750,000.00	587,125.00	42,028,263.51
2011	27,685,000.00	1,515,000.00	271,214.09	1,007,468.88	30,478,682.97	7,600,869.95	38,079,552.92	1,200,000.00	461,200.00	39,740,752.92
2012	25,180,000.00	915,000.00	277,993.62	1,027,719.01	27,400,712.63	6,294,272.55	33,694,985.18	1,550,000.00	406,700.00	35,651,685.18
2013	23,420,000.00	450,000.00	285,112.36	751,278.66	24,906,391.02	5,082,224.61	29,988,615.63	1,550,000.00	340,950.00	31,879,565.63
2014	21,420,000.00	450,000.00	-	346,625.85	22,216,625.85	4,019,721.43	26,236,347.28	1,550,000.00	271,450.00	28,057,797.28
2015	19,590,000.00	450,000.00	-	162,069.11	20,202,069.11	3,062,826.11	23,264,895.22	1,550,000.00	201,150.00	25,016,045.22
2016	17,555,000.00	-	-	-	17,555,000.00	2,197,906.25	19,752,906.25	1,600,000.00	128,800.00	21,481,706.25
2017	11,915,000.00	-	-	-	11,915,000.00	1,503,490.00	13,418,490.00	1,600,000.00	54,800.00	15,073,290.00
2018	10,005,000.00	-	-	-	10,005,000.00	1,013,865.00	11,018,865.00	-	-	11,018,865.00
2019	7,305,000.00	-	-	-	7,305,000.00	647,327.50	7,952,327.50	-	-	7,952,327.50
2020	7,405,000.00	-	-	-	7,405,000.00	328,057.50	7,733,057.50	-	-	7,733,057.50
2021	2,845,000.00	-	-	-	2,845,000.00	60,456.25	2,905,456.25	-	-	2,905,456.25
	<u>\$285,440,000.00</u>	<u>\$12,690,000.00</u>	<u>\$1,859,420.92</u>	<u>\$8,501,731.21</u>	<u>\$308,491,152.13</u>	<u>\$75,354,828.16</u>	<u>\$383,845,980.29</u>	<u>\$21,830,000.00</u>	<u>\$5,029,300.00</u>	<u>\$410,705,280.29</u>

DEBT ANALYSIS

	<u>December 31,</u> <u>2002⁽¹⁾</u>	<u>December 31,</u> <u>2003⁽¹⁾</u>	<u>December 31,</u> <u>2004⁽¹⁾</u>	<u>December 31,</u> <u>2005⁽¹⁾</u>	<u>December 31,</u> <u>2006⁽¹⁾</u>
Full Valuation Per Capita	\$95,585.00	\$109,405.00	\$127,017.00	\$146,493.00	\$170,704.00
County Net Debt as a Percentage of Full Value	0.51%	0.45%	0.42%	0.39%	0.35%
County Net Debt Per Capita	\$492.19	\$497.17	\$533.30	\$577.33	\$603.93
Overlapping Net Debt as a Percentage of Full Value	2.64%	2.39%	2.28%	2.05%	1.81%
Overlapping Net Debt Per Capita	\$2,526.99	\$2,615.02	\$2,895.15	\$3,005.86	\$3,085.79

⁽¹⁾ Per capita figures for 2002 through 2006 utilizing 2000 Census Data.

COUNTY OF MONMOUTH
GROSS DEBT AND NET DEBT OF CONSTITUENT MUNICIPALITIES
December 31, 2006

MUNICIPALITY	GROSS DEBT			DEDUCTIONS			NET STATUTORY DEBT	AVERAGE EQUALIZED VALUATIONS	STATUTORY % OF NET DEBT
	SCHOOL	UTILITY	OTHER	SCHOOL	UTILITY	OTHER			
Aberdeen Township	\$32,392,893.00	\$14,787,544.00	\$17,435,667.00	\$32,392,893.00	\$14,787,544.00	\$50,000.00	\$17,385,667.00	\$1,854,022,084.00	0.9377%
Allenhurst Borough	0.00	130,883.00	2,103,450.00	0.00	130,883.00	0.00	2,103,450.00	405,977,383.00	0.5181
Allentown Borough	7,399,057.00	1,957,252.00	1,854,775.00	7,399,057.00	1,957,252.00	8,015.00	1,846,760.00	174,100,455.00	1.0607
Asbury Park City	11,557,350.00	25,045,000.00	11,602,334.00	11,557,350.00	25,045,000.00	0.00	11,602,334.00	1,023,148,435.00	1.1340
Atlantic Highlands Borough	9,073,550.00	13,599,329.00	12,629,794.00	9,073,550.00	13,599,329.00	947,808.00	11,681,986.00	730,100,963.00	1.6001
Avon-By-The-Sea Borough	0.00	4,060,597.00	5,255,679.00	0.00	2,457,174.00	0.00	6,859,102.00	760,022,364.00	0.9025
Belmar Borough	5,726,912.37	3,170,079.30	10,777,892.19	5,726,912.37	3,170,079.30	114,420.47	10,663,471.72	1,380,884,758.00	0.7722
Bradley Beach Borough	2,158,000.00	3,034,700.00	9,566,429.00	2,158,000.00	3,034,700.00	1,025,893.00	8,540,536.00	878,432,161.00	0.9722
Brielle Borough	5,845,328.00	1,581,294.00	1,554,830.00	5,845,328.00	1,411,914.00	0.00	1,724,210.00	1,295,987,036.00	0.1330
Colts Neck Township	28,353,792.00	0.00	15,095,633.00	28,353,792.00	0.00	7,250,999.00	7,844,634.00	2,931,892,800.00	0.2676
Deal Borough	0.00	817,938.00	5,808,475.00	0.00	817,938.00	0.00	5,808,475.00	1,789,499,076.00	0.3246
Eatontown Borough	31,511,227.00	0.00	10,352,610.00	31,511,227.00	0.00	0.00	10,352,610.00	2,035,862,090.00	0.5085
Englishtown Borough	2,552,032.07	1,420,000.00	992,500.00	2,552,032.07	1,420,000.00	0.00	992,500.00	190,600,355.00	0.5207
Fair Haven Borough	16,769,510.72	0.00	9,507,672.00	16,769,510.72	0.00	26,023.03	9,481,648.97	1,327,983,568.00	0.7140
Farmingdale Borough	0.00	1,284,326.03	272,530.86	0.00	1,284,326.03	0.00	272,530.86	146,040,515.00	0.1866
Freehold Borough	10,255,188.00	3,176,250.00	9,133,050.00	10,255,188.00	3,176,250.00	2,270,404.00	6,862,646.00	1,041,675,634.00	0.6588
Freehold Township	66,654,814.00	20,015,797.00	52,465,242.00	66,654,814.00	20,015,797.00	11,052,222.00	41,413,020.00	5,315,084,083.00	0.7792
Hazlet Township	7,795,000.00	296,407.00	13,114,845.00	7,795,000.00	0.00	641,515.00	12,769,737.00	2,158,595,162.00	0.5916
Highlands Borough*	4,720,614.78	400,000.00	4,542,947.00	4,720,614.78	400,000.00	77,900.00	4,465,047.00	542,813,320.00	0.8226

MUNICIPALITY	GROSS DEBT			DEDUCTIONS			NET STATUTORY DEBT	AVERAGE EQUALIZED VALUATIONS	STATUTORY % OF NET DEBT
	SCHOOL	UTILITY	OTHER	SCHOOL	UTILITY	OTHER			
Holmdel Township	\$31,151,000.00	\$2,041,197.00	\$30,240,666.00	\$31,151,000.00	\$2,041,197.00	\$15,404,306.00	\$14,836,360.00	\$4,034,436,482.00	0.3677%
Howell Township	88,575,667.00	11,675,000.00	43,614,210.00	88,575,667.00	11,675,000.00	0.00	43,614,210.00	5,740,962,164.00	0.7597
Interlaken Borough	0.00	0.00	877,656.00	0.00	0.00	14,877.00	862,779.00	246,952,850.00	0.3494
Keansburg Borough*	6,980,000.00	12,269,033.00	9,407,298.75	6,980,000.00	12,269,033.00	0.00	9,407,298.75	511,557,834.33	1.8390
Keyport Borough	4,020,000.00	2,585,600.00	12,493,933.00	4,020,000.00	2,585,600.00	340,750.00	12,153,183.00	639,656,090.00	1.9000
Lake Como Borough*	0.00	0.00	516,483.66	0.00	0.00	0.00	516,483.66	242,177,106.00	0.2133
Little Silver Borough	13,503,894.00	0.00	7,039,498.00	13,503,894.00	0.00	0.00	7,039,498.00	1,441,917,381.00	0.4882
Loch Arbour Village	734,018.00	0.00	501,062.00	734,018.00	0.00	0.00	501,062.00	138,739,961.00	0.3612
Long Branch City	0.00	0.00	42,814,992.00	0.00	0.00	0.00	42,814,992.00	3,623,676,516.00	1.1815
Manalapan Township	69,056,685.46	400,000.00	12,049,000.00	69,056,685.46	400,000.00	1,344,000.00	10,705,000.00	5,121,905,203.00	0.2090
Manasquan Borough	12,718,978.92	1,931,505.87	9,831,268.25	12,718,978.92	1,931,505.87	0.00	9,831,268.25	1,768,464,067.00	0.5559
Marlboro Township	58,776,087.15	476,250.00	28,645,254.87	58,776,087.15	248,250.00	2,786,371.71	26,086,883.16	6,418,638,729.00	0.4064
Matawan Borough	9,988,407.00	8,112,370.00	12,125,315.00	9,988,407.00	8,112,370.00	0.00	12,125,315.00	872,506,354.00	1.3897
Middletown Township	78,835,000.00	1,562,478.00	75,456,070.00	78,835,000.00	1,562,478.00	0.00	75,456,070.00	10,348,897,967.00	0.7291
Millstone Borough	47,415,000.00	0.00	16,138,804.72	47,415,000.00	0.00	1,057,829.00	15,080,975.72	1,784,747,072.00	0.8450
Monmouth Beach Borough	3,021,000.00	0.00	3,820,000.00	3,021,000.00	0.00	0.00	3,820,000.00	1,174,543,387.00	0.3252
Neptune City Borough	9,772,000.00	439,500.00	3,448,810.00	9,772,000.00	439,500.00	0.00	3,448,810.00	495,559,528.00	0.6959
Neptune Township	7,399,000.00	9,498,457.00	17,782,857.00	7,399,000.00	9,498,457.00	92,325.00	17,690,532.00	3,411,416,541.00	0.5186
Ocean Township	24,487,982.00	0.00	23,001,486.00	24,487,982.00	0.00	358,591.00	22,642,895.00	4,628,581,830.00	0.4892

MUNICIPALITY	GROSS DEBT			DEDUCTIONS			NET STATUTORY DEBT	AVERAGE EQUALIZED VALUATIONS	STATUTORY % OF NET DEBT
	SCHOOL	UTILITY	OTHER	SCHOOL	UTILITY	OTHER			
Oceanport Borough	\$2,867,000.00	\$0.00	\$4,426,024.00	\$2,867,000.00	\$0.00	\$833,801.00	\$3,592,223.00	\$1,091,853,473.00	0.3290%
Red Bank Borough	9,617,201.38	9,146,000.00	17,274,903.51	9,617,201.38	9,146,000.00	1,611.05	17,273,292.46	1,869,229,842.07	0.9241
Roosevelt Borough	468,000.00	2,683,309.83	0.00	468,000.00	1,476,091.43	0.00	1,207,218.40	76,461,270.00	1.5789
Rumson Borough	14,959,511.00	0.00	11,528,114.00	14,959,511.00	0.00	0.00	11,528,114.00	3,076,269,938.00	0.3747
Sea Bright Borough	0.00	851,500.00	4,095,978.16	0.00	651.13	163,954.64	4,782,872.39	670,922,889.00	0.7129
Sea Girt Borough	0.00	5,216,075.00	3,735,344.50	0.00	3,416,335.00	98,000.00	5,437,084.50	1,679,720,395.00	0.3237
Shrewsbury Borough	7,356,253.00	0.00	8,634,000.00	7,356,253.00	0.00	0.00	8,634,000.00	968,928,879.00	0.8911
Shrewsbury Township	574,319.00	0.00	504,236.00	574,319.00	0.00	0.00	504,236.00	64,419,088.00	0.7827
Spring Lake Borough	1,970,000.00	9,526,889.00	8,083,564.00	1,970,000.00	0.00	100,000.00	17,510,453.00	2,976,868,352.00	0.5882
Spring Lake Heights Borough	5,924,475.59	1,169,250.00	957,670.16	5,924,475.59	1,169,250.00	0.00	957,670.16	1,026,480,914.00	0.0933
Tinton Falls Borough	16,616,995.00	0.00	28,485,290.00	16,616,995.00	0.00	10,815,211.00	17,670,079.00	2,520,101,552.00	0.7012
Union Beach Borough*	0.00	1,956,776.72	9,376,008.60	0.00	1,956,776.72	0.00	9,376,008.60	478,835,714.33	1.9581
Upper Freehold Township	43,229,943.00	0.00	24,818,239.00	43,229,943.00	0.00	4,899,114.00	19,919,125.00	1,017,204,362.00	1.9582
Wall Township	40,585,000.00	19,404,488.00	39,941,137.00	40,585,000.00	19,404,488.00	0.00	39,941,137.00	5,359,317,169.00	0.7453
West Long Branch Borough	6,833,000.00	0.00	10,225,464.00	6,833,000.00	0.00	2,972,790.00	7,252,674.00	1,232,044,705.00	0.5887
TOTAL	\$860,201,686.44	\$195,723,075.75	\$715,956,993.23	\$860,201,686.44	\$180,041,169.48	\$64,748,730.90	\$666,890,168.60	\$102,736,717,846.73	0.6491%

* Towns with a fiscal year ending 06/30/06

Other County Obligations

Monmouth County Improvement Authority Correctional Facilities Revenue Bonds

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 August 31, 2007, \$14,255,000 of the bonds were outstanding.

Maturities of Bonds

Outstanding August 31, 2007

<u>Date</u>	<u>Amount</u>
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 August 31, 2007, \$38,690,000 of the bonds were outstanding.

Maturities of Bonds
Outstanding August 31, 2007

<u>Date</u>	<u>Amount</u>
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

**Monmouth County Improvement Authority
Governmental Loan Refunding
Revenue Bonds**

The \$21,670,000 Governmental Loan Refunding Revenue Bonds, Series 2006, (the “Pooled Loan 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 (the “Borrower Bonds”) issued by certain governmental units located within the County (the “Borrowers”) to refinance various capital improvements of the Borrowers. The principal and interest on each Borrower Bond is a direct and general obligation of each respective Borrower. Payment of principal and interest on the Pooled Loan Bond is unconditionally and irrevocably guaranteed by the County. As of August 31, 2007, \$14,500,000 of the bonds were outstanding.

Maturities of Pooled Loan Bonds
Outstanding August 31, 2007

<u>Date</u>	<u>Amount</u>
2/1/2008	\$1,095,000
8/1/2008	2,440,000
2/1/2009	1,095,000
8/1/2009	1,490,000
2/1/2010	1,055,000
8/1/2010	670,000
2/1/2011	1,050,000
8/1/2011	570,000
2/1/2012	825,000
8/1/2012	580,000
2/1/2013	695,000
8/1/2013	570,000
2/1/2014	690,000
8/1/2014	430,000
2/1/2015	490,000
8/1/2015	290,000
2/1/2016	270,000
8/1/2016	195,000

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 3.25% from 2000 to 2006 (635,285).

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>
2002	204,601	2.6%
2003	206,550	1.0
2004	210,910	2.1
2005	213,425	1.2
2006	215,590	1.0

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 50.7%, with retail trade next at 18.2% and Construction at 7.3%. A breakdown of these data follows:

EMPLOYMENT BY INDUSTRIAL SECTOR

<u>Sector</u>	<u>Number Employed 2005</u>	<u>Percentage of Total</u>	<u>Number Employed 2006</u>	<u>Percentage of Total</u>
Services	107,232	50.24%	109,227	50.66%
Retail Trade	39,517	18.52	39,176	18.17
Manufacturing	9,768	4.58	10,030	4.65
Finance, Insurance and Real Estate	15,775	7.39	14,932	6.93
Construction	15,054	7.05	15,657	7.26
Wholesale Trade	9,068	4.25	9,554	4.43
Utilities	1,178	0.55	1,242	0.58
Transportation and Warehousing	7,637	3.58	7,465	3.46
Information	5,687	2.66	6,014	2.79
Agriculture	1,015	0.48	1,006	0.47
Unclassified Entities	<u>1,495</u>	<u>0.70</u>	<u>1,288</u>	<u>0.60</u>
Total	213,425	100.00%	215,590	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 2007 are as follows:

<u>Employer</u>	<u>Municipality</u>	<u>Number Of Employees</u>
Meridan Health Care ¹	Various Locations	8,171
Fort Monmouth	Eatontown, Oceanport and Tinton Falls	5,720
AT&T	Various Locations	4,300
County of Monmouth	Various Locations	3,356
Foodarama Supermarkets, Inc. ²	Various Locations	2,536
CentraState Hospital	Freehold Township	2,301
Monmouth Medical Center	Long Branch	2,050
Bayshore Community Hospital	Holmdel	1,500
Monmouth University	West Long Branch	1,237
Lucent Technologies	Holmdel	1,200
New Jersey Press, Inc. ³	Neptune	1,154
Naval Weapons Station Earle	Colts Neck & Middletown	1,100

Source: Monmouth County Department of Economic Development and Tourism - March 2007

NOTES:

- 1) Jersey Shore Medical Center, Riverview Medical Center and other facilities in Monmouth County
- 2) Shop Rite Supermarkets
- 3) Asbury Park Press

**COUNTY OF MONMOUTH
LABOR FORCE DATA**

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	June <u>2007</u>
Labor Force	325,726	325,217	324,639	327,780	332,931	336,551
Employment	308,550	307,553	309,942	314,365	319,313	323,794
Unemployment	17,176	17,664	14,697	13,415	13,618	12,757
Unemployment Rate	5.3%	5.4%	4.5%	4.1%	4.1%	3.8%
New Jersey						
Unemployment Rate	5.8%	5.9%	4.9%	4.5%	4.6%	4.3%
United States						
Unemployment Rate	5.8%	6.0%	5.5%	5.1%	4.6%	4.5%

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>
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
2005	48,506	140.72	43,831	127.15	34,471

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 \$19,999</u>	<u>\$20,000- \$34,999</u>	<u>\$35,000- \$49,999</u>	<u>\$50,000- and Over</u>	<u>Median 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 Monmouth</u>	<u>State of New Jersey</u>	<u>Monmouth’s Percentage of State Permits</u>
2002	2,372	30,441	7.8%
2003	2,756	32,984	8.4
2004	2,726	36,033	7.6
2005	2,584	38,888	6.7
2006	2,807	32,566	8.6

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>
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	415,418	4,993,072	8.3
2006	352,945	4,382,666	8.1

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>
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
2006	117,890,239	1,265,000	70,454,582	27,721,218	217,331,039

Source: Monmouth County Department of Economic Development and Tourism.

VI. LEGAL MATTERS

Legality of the Bonds

The legality of the Series 2007 Bonds will be subject to the final approving opinion of Gibbons P.C., Bond Counsel to the County. Such opinion will be to the effect that the Series 2007 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 2007 Bonds and the interest thereon without limitation as to rate or amount.

Tax Matters

Exclusion of Interest on the Series 2007 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 2007 Bonds in order to assure that interest on the Series 2007 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 2007 Bonds to be included in gross income for Federal income tax purposes, retroactive to the date of the issuance of the Series 2007 Bonds. The County has covenanted to comply with the provisions of the Code applicable to the Series 2007 Bonds and has covenanted not to take any action or permit any action that would cause the interest on the Series 2007 Bonds to be included in gross income under Section 103 of the Code or cause interest on the Series 2007 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 P.C., Bond Counsel to the County, is of the opinion that, interest on the Series 2007 Bonds is excluded from the gross income of the owners of the Series 2007 Bonds for Federal income tax purposes pursuant to Section 103 of the Code and interest on the Series 2007 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 2007 Bonds, interest on the Series 2007 Bonds will be included in the calculation of the alternative minimum tax as a result of the inclusion of interest on the Series 2007 Bonds in “adjusted current earnings” of certain corporations.

Prospective purchasers of the Series 2007 Bonds should be aware that ownership of, accrual of or receipt of interest on or disposition of tax-exempt obligations, such as the Series 2007 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 2007 Bonds from gross income pursuant to Section 103 of the Code and interest on the Series 2007 Bonds not constituting an item of tax preference under Section 57 of the Code. Prospective purchasers of the Series 2007 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 2007 Bonds.

State Taxation - Series 2007 Bonds. Bond Counsel is of the opinion that, under existing law, interest on the Series 2007 Bonds and net gains from the sale of the Series 2007 Bonds are exempt from the tax imposed by the New Jersey Gross Income Tax Act.

Amendments to federal and state tax laws are proposed from time to time and could be enacted, and court decisions and administrative interpretations may be rendered, in the future. There can be no assurance that any such future amendments or actions will not adversely affect the value of the Series 2007 Bonds, the exclusion of interest on the Series 2007 Bonds from gross income, alternative minimum taxable income, state taxable income, or any combination from the date of issuance of the Series 2007 Bonds or any other date, or that such changes will not result in other adverse federal or state tax consequences. For example, on May 21, 2007, the United States Supreme Court announced that it will review the decision of the Court of Appeals of the State of Kentucky in the case of *Dept. of Revenue of the Finance and Admin. Cabinet, Commonwealth of Kentucky v. Davis*. In *Davis*, the Court of Appeals ruled that Kentucky's system of taxation, under which interest income derived from bonds issued by Kentucky and its subdivisions is exempt from state income taxation, while the interest income derived from bonds issued by other states and their subdivisions is not exempt, violates the Commerce Clause of the United States Constitution. Under the existing New Jersey Gross Income Tax Act, interest on and any gain realized on the sale of obligations issued by the State of New Jersey and its political subdivisions, including the Series 2007 Bonds, are not includable in gross income, while interest and gains from obligations of other states and their political subdivisions are included in gross income. No assurance can be given that legislation will not be introduced or enacted by the New Jersey Legislature which would adversely affect the exclusion from gross income under the New Jersey Gross Income Tax Act of interest on, and any gain realized from the sale of, the Series 2007 Bonds if the United States Supreme Court affirms the decision of the Kentucky Court of Appeals. In addition, an affirmance might also adversely affect the market price of the Series 2007 Bonds regardless of whether the New Jersey Legislature enacts new legislation affecting the taxation or exemption from taxation of obligations issued by a state and its political subdivisions.

ALL POTENTIAL PURCHASERS OF THE SERIES 2007 BONDS SHOULD CONSULT WITH THEIR TAX ADVISORS WITH RESPECT TO THE FEDERAL, STATE AND LOCAL TAX CONSEQUENCES (INCLUDING BUT NOT LIMITED TO THOSE LISTED ABOVE) OF THE OWNERSHIP OF THE SERIES 2007 BONDS.

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 2007 Bonds, and such Series 2007 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 2007 Bonds offered for sale or the levy or collection of any taxes to pay interest or principal of the Series 2007 Bonds, or in any manner questioning the authority of proceedings for the issuance of the Series 2007 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 2007 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 2007 Bonds.

The DTC Book-Entry-Only System

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Series 2007 Bonds. The Series 2007 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 2007 Bond certificate will be issued for each issue of the Series 2007 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 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions, in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of the Depository Trust & Clearing Corporation ("DTCC"). DTCC, 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 2007 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2007 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2007 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 2007 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 2007 Bonds, except in the event that use of the book-entry system for the Series 2007 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2007 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 2007 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 2007 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2007 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. Beneficial Owners of Series 2007 Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Series 2007 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the bond documents. For example, Beneficial Owners of Series 2007 Bonds may wish to ascertain that the nominee holding the Series 2007 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to Cede & Co. If less than all of the Series 2007 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 2007 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 2007 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 2007 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 2007 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 2007 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 2007 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 2007 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 2007 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, 2007 (which is currently scheduled to end on December 31, 2007) (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 2007 Bonds.

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

THE COUNTY OF MONMOUTH

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

APPENDIX A

COUNTY OF MONMOUTH

REPORT ON AUDITS OF FINANCIAL STATEMENTS

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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 07728

We have audited the financial statements – regulatory basis of the County of Monmouth (the “County”), in the United States of America, as of and for the year ended December 31, 2006, and have issued our report thereon dated June 22, 2007. Our report disclosed that, as described in Note 1 to the financial statements – regulatory basis, the County of Monmouth, New Jersey 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, Qualified, that demonstrates compliance with a modified accrual basis of accounting and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than generally accepted accounting principles.

Except as discussed in the preceding paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the “Division”). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements – regulatory basis, are free of material misstatement.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatement on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with the regulatory basis of accounting prescribed by the Division such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that result in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by entity's internal control.

Our consideration of internal control financial reporting was for the limited purposes described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses.

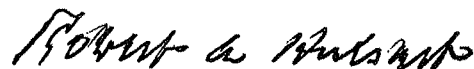
Compliance and Other Matters

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 grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement 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 or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Division. We noted no matters of noncompliance.

This report is intended solely for the information and use of the County's management, the Board of Chosen Freeholders, others within the organization, the Division, 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 those specified parties.

ROBERT A. HULSART AND COMPANY

June 22, 2007



COUNTY OF MONMOUTH

Exhibit A

CURRENT FUND**BALANCE SHEET****REGULATORY BASIS**

	<u>Ref.</u>	<u>Balance Dec. 31, 2006</u>	<u>Balance Dec. 31, 2005</u>
<u>Assets</u>			
Cash and Cash Equivalents	A-4,5	\$ 150,575,241.02	144,002,025.71
Change Funds	A-5a	630.00	630.00
Total Cash and Cash Equivalents		<u>150,575,871.02</u>	<u>144,002,655.71</u>
Receivables with Full Reserves:			
Added and Omitted Taxes Receivable	A-7	3,257,779.00	3,795,499.67
Revenue Accounts Receivable	A-8	5,841,804.44	8,334,832.46
Revenue Accounts Receivable - Unanticipated	A-8a	47,298.53	
Total Receivables with Full Reserves		<u>9,146,881.97</u>	<u>12,130,332.13</u>
Deferred Charges -Emergency Appropriation	A-9b		300,000.00
Total Assets		<u>\$ 159,722,752.99</u>	<u>156,432,987.84</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Cash Liabilities:			
Appropriation Reserves	A-3	\$ 17,669,495.46	18,697,692.21
Appropriation Reserves - PERS	A-3	1,300,000.00	400,000.00
Appropriation Reserves - PFRS	A-3	2,600,000.00	800,000.00
Encumbrances	A-3	33,015,042.64	26,581,242.29
Due State of N.J. - Realty Transfer Fees	A-11	4,275,011.45	8,496,642.51
Contractors' Retainage	A-12	19,653.00	19,653.00
Accounts Payable	A-13	5,449,734.37	3,949,862.79
Reserve for Arbitrage Rebates	A-9A	374,205.94	155,721.17
Total Cash Liabilities		<u>64,703,142.86</u>	<u>59,100,813.97</u>
Reserve for Receivables		9,146,881.97	12,130,332.13
Fund Balance	A-1	85,872,728.16	85,201,841.74
		<u>95,019,610.13</u>	<u>97,332,173.87</u>
Total Liabilities and Reserves		<u>\$ 159,722,752.99</u>	<u>156,432,987.84</u>

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

COUNTY OF MONMOUTH

Exhibit A-1

CURRENT FUND**STATEMENT OF OPERATIONS AND****CHANGE IN FUND BALANCE****YEARS ENDED DECEMBER 31****REGULATORY BASIS**

	<u>Ref.</u>	<u>Year 2006</u>	<u>Year 2005</u>
<u>Revenue and Other Income</u>			
Fund Balance Utilized	A-2	\$ 48,000,000.00	42,000,000.00
Miscellaneous Revenue Anticipated	A-2	159,238,090.03	162,262,786.63
Receipts from Current Taxes	A-2,6	278,540,000.00	269,650,000.00
Non-Budget Revenue	A-2	20,681,166.83	19,473,200.57
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-10	13,275,303.78	11,872,567.33
Current Appropriations Cancelled	A-3	0.32	417.72
Adjustments to Accounts Payable	A-13	33,020.13	168,247.65
Deferred Charges - Emergency Appropriation	A-9A		300,000.00
Total Revenue and Other Income		<u>519,767,581.09</u>	<u>505,727,219.90</u>
<u>Expenditures</u>			
Budget Appropriations	A-3	<u>471,096,694.67</u>	<u>457,217,440.97</u>
Excess in Revenue		48,670,886.42	48,509,778.93
Fund Balance, Beginning of Year	A	<u>85,201,841.74</u>	<u>78,692,062.81</u>
		133,872,728.16	127,201,841.74
Less: Utilized as Revenue	A-2	<u>48,000,000.00</u>	<u>42,000,000.00</u>
Fund Balance, End of Year	A	<u>\$ 85,872,728.16</u>	<u>85,201,841.74</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, 2006

REGULATORY 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>\$ 48,000,000.00</u>	<u>48,000,000.00</u>	
Surplus Anticipated				
<u>Miscellaneous Revenues - Local Revenues</u>				
County Clerk		14,025,000.00	16,144,117.99	2,119,117.99
Surrogate		300,000.00	597,414.68	297,414.68
Sheriff		1,200,000.00	1,802,626.18	602,626.18
Interest on Investments and Deposits		7,500,000.00	17,022,146.79	9,522,146.79
Parks and Recreation		6,300,000.00	6,696,673.56	396,673.56
M.C. County Care Center - Geraldine L. Thompson Division		9,500,000.00	10,917,364.05	1,417,364.05
M.C. County Care Center - John L. Montgomery Division		13,000,000.00	14,292,806.86	1,292,806.86
Data Processing - Board of Social Services		110,000.00	104,000.00	(6,000.00)
Receipts, Rental of County Owned Properties		300,000.00	582,544.03	282,544.03
Indirect Cost Recovery		1,000,000.00	963,888.65	(36,111.35)
USDA Reimbursement, Youth Detention Center		30,000.00	37,007.98	7,007.98
Maintenance in Lieu of Rent, Division of Social Services		1,126,020.00	1,126,021.92	1.92
Recovery of Fringe Benefits		4,650,000.00	5,794,934.06	1,144,934.06
Lease, Workmen's Compensation Court		100,000.00	114,879.96	14,879.96
Intoxicated Driver Resource Center		125,000.00	306,080.00	181,080.00
Division of Social Services		2,207,906.00	1,292,952.60	(914,953.40)
Total Local Revenues		<u>61,473,926.00</u>	<u>77,795,459.31</u>	<u>16,321,533.31</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, 2006

REGULATORY 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	3,652,368.96	3,652,368.96	
Reimbursement, Mental Health Administrator's Salary		9,000.00	15,000.00	6,000.00
Reimbursement, State Inmates at Correctional Institution		2,000,000.00	2,477,497.00	477,497.00
Division of Economic Assistance - Earned Income Credit		18,000,000.00	23,191,997.00	5,191,997.00
Total State Aid		<u>23,661,368.96</u>	<u>29,336,862.96</u>	<u>5,675,494.00</u>
<u>Miscellaneous Revenues - State Assumption of Costs of County Social and Welfare Services and Psychiatric Facilities</u>				
<u>Social and Welfare Services (C. 66, P.L. 1990)</u>				
Department of Children and Families			2,599,412.00	
Supplemental Social Security Income			842,094.00	81,504.00
<u>Psychiatric Facilities (C.73, P.L. 1990)</u>				
Maintenance of Patients in State Institutions for:				
Mental Diseases		5,074,804.00	5,074,804.00	
Mentally Retarded		11,851,815.00	11,851,815.00	
Board of County Patients in State and Other Institutions		5,501.00	349,841.78	344,340.78
Total - State Assumption of Costs of County Social and Welfare Services and Psychiatric Facilities		<u>20,373,626.00</u>	<u>20,799,470.78</u>	<u>425,844.78</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, 2006

REGULATORY 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		3,958,952.00	3,958,952.00	
CAP/NJEH Medicaid Case Management		800,000.00	800,000.00	
Alcoholism Services Plan - CY 2006, 06-535-ADA-C-0		1,070,057.00	1,070,057.00	
<u>National Association of Area Agencies on Aging:</u>				
Monmouth County Office on Aging (MCOOA), Aging Services Network		31,193.50	31,193.50	
Community Based Enrollment Campaign (ASNCBEC)				
<u>State of New Jersey - Governor's Council on Alcohol</u>				
<u>and Drug Abuse</u>				
Alliance Prevention - CY 2006		684,596.00	684,596.00	
<u>State of New Jersey - Department of Community Affairs</u>				
Recreational Opportunities for Individuals with Disabilities - CY 2006		23,535.00	23,535.00	
Prevention of Homelessness(Linkages) - FFY 2006		50,000.00	50,000.00	
Smart Future Planning Grant,Panhandle Study, FY 2006		75,000.00	75,000.00	
LICAR Program, #04-4272-00				
<u>State of New Jersey - New Jersey Transit Corporation</u>				
FTA - JARC Route 35 Shuttle - FY 2004		72,000.00	72,000.00	
FTA -JARC Route 836 Shuttle - FFY 2004		78,000.00	78,000.00	
FTA - Section 5311 - FY 2007		158,397.00	158,397.00	
Senior Citizen and Disabled Resident Transportation Program (CASINO) - CY 2006		2,030,435.71	2,030,435.71	
Timetable Distribution - FY 2006				
Work First New Jersey - CY 2006 Project Income		1,029.30	1,029.30	

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

YEAR ENDED DECEMBER 31, 2006

REGULATORY 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 - CY2006 Project Income		11,301.70	11,301.70	
<u>North Jersey Transportation Planning Program - FY 2006</u>				
NJIT - Sub-regional Internship Program - FY 2006		6,300.00	6,300.00	
NJIT - Sub-Regional Transportation Planning Program - FY 2007		123,822.00	123,822.00	
NJIT - Bridge W7-9 Scoping Project		389,824.00	389,824.00	
<u>State of New Jersey - Department of Transportation</u>				
Compton's Creek Channel Improvements Task Order Nuu		502,000.00	502,000.00	
County Bridge Inspection, #13-BI2005		700,000.00	700,000.00	
<u>State of New Jersey - Department of Human Services</u>				
DYFS:				
Youth Detention Center - CY 2006 - 06BFNC		40,516.00	40,516.00	
Human Services Advisory Council - CY 2006 - 06AVNC		67,211.00	67,211.00	
Family Court, Grants-In-Aid - CY 2006 - 06CNCN		7,621.00	7,621.00	
DFD:				
Special Initiative and Transportation - FY 2007		272,575.00	272,575.00	
Title IV-D Reimbursement Agreement - FFY 2007		413,591.35	413,591.35	
Social Services for the Homeless - CY 2006 - SH06013		832,574.00	832,574.00	

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

COUNTY OF MONMOUTH

Exhibit A-2

Sheet 5 of 12

CURRENT FUND

STATEMENT OF REVENUES

YEAR ENDED DECEMBER 31, 2006

REGULATORY 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 2007		6,000.00	6,000.00	
Project Transition/Path - CY 2006 - S1202039		420,146.00	420,146.00	
CIACC / CART - CY 2006, 20213		42,830.00	42,830.00	
<u>State of New Jersey - Division of Law & Public Safety</u>				
<u>DLPS - Attorney Identification Program</u>		11,000.00	11,000.00	
DCJ - Victim Assistance, FFY 2004		60,000.00	60,000.00	
DCJ - Victim Assistance, VOCA, SFY 2007, V-07-06		270,025.00	270,025.00	
DCJ - SANE/SART, VS-42-06		65,414.00	65,414.00	
DCJ - Multi-Jurisdictional Narcotics Task Force - CY 2006 #DE-2-30-04		100,014.00	100,014.00	
DCJ - LLEBG Meagan's Law, FFY 2005, JAG-1-17LL-05		18,339.00	18,339.00	
DCJ - Sex Offender Registry Grant, ML-13-06		19,920.00	19,920.00	
DCJ - LEOTEF - FY 2005		32,915.00	32,915.00	
DCJ - Community Justice Program, #DE-16-C8-04		71,428.00	71,428.00	

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

CITY OF MONMOUTH

CURRENT FUND

STATEMENT OF REVENUES

ENDED DECEMBER 31, 2006

REGULATORY BASIS

<u>Ref.</u>	<u>Anticipated Revenue</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
	60,109.31	60,109.31	
	327,972.00	327,972.00	
	4,500.00	4,500.00	
	345,375.00	345,375.00	
	3,000.00	3,000.00	
	466,529.00	466,529.00	
	75,000.00	75,000.00	
	268,507.00	268,507.00	
	58,589.00	58,589.00	
	90,000.00	90,000.00	
	67,393.28	67,393.28	
	4,990.00	4,990.00	
	3,000.00	3,000.00	
	25,000.00	25,000.00	
	12,858.00	12,858.00	
	13,750.40	13,750.40	
	1,934,387.00	1,934,387.00	

this statement.

Exhibit A-2

Sheet 7 of 12

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Excess or
(Deficit)

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879.00
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000.00
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810.00
723.00
880.71
800.00

COUNTY OF MONMOUTH

Exhibit A-2

CURRENT FUND

Sheet 8 of 12

STATEMENT OF REVENUES

YEAR ENDED DECEMBER 31, 2006

REGULATORY 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>Gateway National Recreation Area - Sandy Hook</u>			
M.C Mosquito Extermination Commission, ISA, FY 2006	4,311.80	4,311.80	
<u>Freehold Township Health Department:</u>			
M.C Mosquito Extermination Commission, ISA, Tick Control, FY 2006	2,500.00	2,500.00	
<u>County Clerks - Interlocal Service Agreements (ISA's)</u>			
DSMS (Document Summary Management System), E-Recording	340,000.00	340,000.00	
<u>Donations</u>			
Monmouth County Sheriff's K-9 Unit	50.00	50.00	
<u>New Jersey Natural Gas/First Energy Corporation:</u>			
Project Lifesaver for Autism	4,500.00	4,500.00	
<u>Community Health Law Project:</u>			
Barrier-Free Seminar, CY 2006	7,500.00	7,500.00	
Total - Special Items of General Revenue Anticipated with Prior Written Consent of Director of Local Government Services - Public and Private Revenues Offset with Appropriations	<u>358,861.80</u>	<u>358,861.80</u>	

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, 2006

REGULATORY BASIS

	<u>Ref.</u>	<u>Anticipated Revenue</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
<u>Special Items of General Revenue Anticipated with Prior</u>				
<u>Written Consent of Director of Local Government Services -</u>				
<u>Other Special Items</u>				
<u>Constitutional Officers - Increased Fees (P.L. 2001, C. 370)</u>				
County Clerk		4,846,000.00	4,255,423.20	(590,576.80)
Surrogate		186,000.00	199,274.00	13,274.00
Sheriff		172,000.00	271,129.72	99,129.72
Motor Vehicle Fines (N.J.S.A. 39:5-41)		2,763,303.65		(2,763,303.65)
Monmouth County Reclamation Center Utility - Equipment Leases		4,500,000.00		(4,500,000.00)
Pension Reserve		1,200,000.00	1,200,000.00	
Division of Social Services - Early Retirement Incentive Principal		1,565,000.00	1,565,000.00	
Total - Special Items of General Revenue Anticipated with Prior		15,232,303.65	7,490,826.92	(7,741,476.73)
Consent of Director of Local Government Services - Other Special Items	A-1	144,556,694.67	159,238,090.03	14,681,395.36
Total Miscellaneous Revenues		192,556,694.67	207,238,090.03	14,681,395.36
Subtotal General Revenues		278,540,000.00	278,540,000.00	
Amount to be Raised by Taxation - County Purpose Tax	A-1	471,096,694.67	485,778,090.03	14,681,395.36
Total General Revenues			24,476,666.50	24,476,666.50
Non Budget Revenues	A-1			
Total Revenues		\$ 471,096,694.67	510,254,756.53	39,158,061.86

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, 2006REGULATORY BASISRef.Miscellaneous Revenue Not Anticipated

Garnishment Service Charge	\$ 6,871.87
Rent from Newspaper Receipt Booth	480.00
Voter Registration - labels and tapes	6,574.10
Construction Board of Appeals	3,500.00
Pay Telephone Station Commissions	433,449.26
Interest Parks Department	19,410.40
Engineers Plans and Specifications	8,930.00
Vending Machine Commissions	22,761.20
Interest on Late Payment of Taxes	1,015.05
Autopsy Fees	1,509.50
Planning Board Receipts	9,790.75
Miscellaneous Unanticipated Revenues	1,746,465.61
Sale of Election Maps	74.00
Judgments	433.00
MCHS - Annual Conference/Reception	7,400.00
Salary and Fringe Reimbursements	205,648.44
Interest - Sheriff's Account	154,795.33
Damages to County Property	63,478.45
Purchase of Lists, Records, etc.	1,920.00
Auction Sales	143,390.00
Inmate Transportation	41,367.00
Payment in Lieu of Taxes	2,573.00
Sale of County Merchandise, Property, etc.	24,613.35
Permit Fees	14,450.00
Appropriation Refunds	1,275,519.42
Police Academy - Trainee Ammunition	17,197.55
Unanticipated Grant Receipts	133,061.00
Insurance Reimbursements	159,645.74
Telephone Refunds	825.81
MC Police Computer	165,144.15
Copier Receipts	55,965.68
Uniform Fire Code Permit Fees	2,177.00
Fire Academy - Course Requirements	600.00

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, 2006REGULATORY BASISRef.

Planning Board:	
Site Plan Revision Fees	47,175.00
Site Plan Inspection Fees	11,596.69
Subdivision Initial Application Fees	156,806.73
Special Events	19,280.00
Reimbursement for Motor Pool	213,415.30
Reimbursement for Single Audit Costs	47,000.01
Information Services Costs - Mod IV Tax System	96,027.86
Consumer Affairs - US CPSC Recall	1,080.00
Consumer Affairs - Tasc Force Fines	558.32
Board of Elections- State Reimbursement	456,062.50
Comm. Reg. Elections - Twp. Reimb. (Ch. 278/95)	114,455.75
County Clerk Election - Twp. Reimb. (Ch. 278/95)	28,085.28
Board of Elections- Twp. Reimb. (Ch. 278/95)	38,090.37
Probation Fines	30,888.34
Information Services - Print Shop Reimbursement	207,958.90
Bail Bond Forfeitures	503,230.06
Juror Compensation Fund	11,984.00
County Clerk - Archives Day	1,305.00
Interest on County Clerk's Account	146,638.13
Office of Emerg. Mgt. - State Reimb.	32,000.00
Probation - Sheriff Labor Assistance Prog. (SLAP)	747.00
Voting Machine Rentals	3,131.00
NJAOC - Service Agreements	376,468.86
Primary Election - Postage Reimbursement	45,692.39
MCDOT - Howell Township Agreement	32,000.00
MC DOT - Agency Receipts	776,558.38
Police Academy - Tuition	99,945.61
911 Program, Police Radio - Municipal Receipts	948,691.64
MCPO - Guns for Cash Program	5,550.00
MCPO - Restitution Collections	6,050.85
Employee Fines / Fees	7,624.16

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

COUNTY OF MONMOUTHCURRENT FUNDSTATEMENT OF REVENUESYEAR ENDED DECEMBER 31, 2006

Exhibit A-2

Sheet 12 of 12

REGULATORY BASIS

	<u>Ref.</u>	
MCSO - USDOJ, US Marshall Service		22,311.04
MCCI - Inmate Fees		198,497.27
MCCI - SSA Reimbursement		45,400.00
MCCI - Inmate Medical Co-Pay Program		20,897.91
MCCI - Donations		400.00
MCCI - Western Union Commissions		2,058.00
NJDHS/DYFS-Project Open House Reimbursement		2,908.80
GIS A/R Munic/Others - Excess		76,807.00
Licensing Agreements - Fiber Optics Cables		39,739.00
MCCI - Inmate Commissary Account		254,756.48
Reimbursements - Federal Inmates at Correction Center		6,406,031.96
Reimbursements - Cty. Phila. Inmates at MCCI		358,560.00
Bayshore Ferry - Food/Beverage Concession		3,703.10
Bayshore Ferry - Rent		136,301.96
MCPO - Impound Yard Lease		25,000.00
MCPO - County Emergency Response Team		41,024.42
MCDSS:		
Fed. Parent Locator Fees		18.00
Miscellaneous Unanticipated Revenue		54,037.43
Jury Duty/Employee S & W Reimbursement		80.00
Total Amount of Miscellaneous Revenues Not Anticipated	A-4	16,885,667.16
County Added and Omitted Taxes	A-7	3,795,499.67
	A-1	\$20,681,166.83

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

COUNTY OF MONMOUTH

Exhibit A-3

Sheet 1 of 18

STATEMENT OF EXPENDITURES - CURRENT FUND

YEAR ENDED DECEMBER 31, 2006

REGULATORY BASIS

	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
General Government					
Office of The County Administrator:					
Salaries and Wages	\$ 467,786.00	527,786.00	507,961.24	19,824.76	
Other Expenses	191,355.00	191,355.00	130,582.65	60,772.35	
Research, Technical and Consulting Services:					
Other Expenses	1,350,000.00	1,350,000.00	484,321.95	865,678.05	
Purchasing Department:					
Salaries and Wages	683,650.00	707,650.00	706,602.11	1,047.89	
Other Expenses	29,852.00	33,852.00	29,980.71	3,871.29	
Public Information:					
Salaries and Wages	151,143.00	159,143.00	158,520.91	622.09	
Other Expenses	29,075.00	29,075.00	18,298.80	10,776.20	
Personnel Department:					
Salaries and Wages	1,007,146.00	1,036,146.00	1,036,117.63	28.37	
Other Expenses	86,965.00	86,965.00	75,328.13	11,636.87	
Youth Employment Program:					
Salaries and Wages	369,600.00	369,600.00	367,554.88	2,045.12	
Board of Chosen Freeholders:					
Salaries and Wages	151,000.00	151,000.00	144,117.18	6,882.82	
Other Expenses	4,144.00	4,144.00	405.00	3,739.00	
Clerk of the Board:					
Salaries and Wages	545,791.00	545,791.00	544,344.21	1,446.79	
Other Expenses	81,950.00	81,950.00	56,445.31	25,504.69	

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

COUNTY OF MONMOUTH

Exhibit A-3

Sheet 2 of 18

STATEMENT OF EXPENDITURES - CURRENT FUND

YEAR ENDED DECEMBER 31, 2006

REGULATORY BASIS

	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
General Government (Continued)					
County Clerk-Elections:					
Salaries and Wages	158,954.00	158,954.00	139,363.32	19,590.68	
Other Expenses	44,800.00	44,800.00	19,258.21	25,541.79	
Office of the County Clerk:					
Salaries and Wages	2,565,224.00	2,500,224.00	2,479,628.72	20,595.28	
Other Expenses	336,335.00	336,335.00	246,646.84	89,688.16	
Superintendent of Elections:					
Salaries and Wages	1,359,969.00	1,425,969.00	1,411,965.05	14,003.95	
Other Expenses	360,200.00	360,200.00	303,526.45	56,673.55	
Board of Elections:					
Salaries and Wages	1,113,951.00	1,122,951.00	1,116,084.43	6,866.57	
Other Expenses	172,115.00	172,115.00	127,703.27	44,411.73	
Finance Department:					
Salaries and Wages	1,106,849.00	1,164,849.00	1,159,824.85	5,024.15	
Other Expenses	380,250.00	380,250.00	347,255.55	32,994.45	
Indirect Cost Allocation Plan - Other Expenses	25,000.00	25,000.00	17,500.00	7,500.00	
Audit Services - Other Expenses	140,000.00	140,000.00		140,000.00	
Department of Information Services:					
Salaries and Wages	2,388,794.00	2,408,794.00	2,397,113.27	11,680.73	
Other Expenses	2,848,101.00	2,848,101.00	2,706,971.38	141,129.62	
Board of Taxation:					
Salaries and Wages	312,276.00	338,276.00	336,528.35	1,747.65	
Other Expenses	15,343.00	15,343.00	10,500.75	4,842.25	
Office of the County Counsel:					
Other Expenses	2,300,000.00	2,550,000.00	2,548,808.20	1,191.80	

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 3 of 18

YEAR ENDED DECEMBER 31, 2006

REGULATORY BASIS

	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
General Government (Continued)					
Office of County Adjuster:					
Salaries and Wages	112,851.00	114,851.00	114,609.50	241.50	
Other Expenses	157,577.00	187,577.00	185,596.60	1,980.40	
County Surrogate:					
Salaries and Wages	738,153.00	744,153.00	740,312.56	3,840.44	
Other Expenses	12,433.00	12,433.00	10,813.07	1,619.93	
County Engineer:					
Salaries and Wages	3,552,651.00	3,613,651.00	3,602,053.29	11,597.71	
Other Expenses	322,426.00	322,426.00	220,220.47	102,205.53	
Economic Development & Tourism:					
Salaries and Wages	390,506.00	398,506.00	396,489.39	2,016.61	
Other Expenses	71,760.00	71,760.00	63,561.89	8,198.11	
Historical Commission:					
Salaries and Wages	24,000.00	24,000.00	23,933.94	66.06	
Other Expenses	314,670.00	314,670.00	289,840.18	24,829.82	
Total - General Government Functions	26,474,645.00	27,070,645.00	25,276,690.24	1,793,954.76	
Land Use Administration					
Planning Board (N.J.S. 40A:27-3):					
Salaries and Wages	1,523,328.00	1,416,328.00	1,416,119.08	208.92	
Other Expenses	150,390.00	150,390.00	135,972.17	14,417.83	
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	1,678,318.00	1,571,318.00	1,556,691.25	14,626.75	

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

COUNTY OF MONMOUTH

Exhibit A-3

Sheet 4 of 18

STATEMENT OF EXPENDITURES - CURRENT FUND

YEAR ENDED DECEMBER 31, 2006

REGULATORY BASIS

<u>Code Enforcement and Administration</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
Weights and Measures:					
Salaries and Wages	391,005.00	391,005.00	364,138.19	26,866.81	
Other Expenses	2,675.00	2,675.00	2,055.11	619.89	
Total Code Enforcement and Administration	393,680.00	393,680.00	366,193.30	27,486.70	
<u>Insurance</u>					
Other Insurance Premiums:					
Other Expenses	4,300,000.00	4,300,000.00	3,852,665.76	447,334.24	
Worker's Compensation:					
Other Expenses	4,700,000.00	4,700,000.00	3,702,503.02	997,496.98	
Group Insurance Plan:					
Other Expenses	40,785,000.00	40,785,000.00	37,013,328.25	3,771,671.75	
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	49,985,000.00	49,985,000.00	44,768,497.03	5,216,502.97	
<u>Public Safety Functions</u>					
Sheriff's Office - Police Radio:					
Salaries and Wages	2,954,171.00	3,110,171.00	3,110,074.43	96.57	
Other Expenses	314,567.00	314,567.00	281,041.22	33,525.78	
Police Computer:					
Salaries and Wages	435,818.00	487,818.00	449,469.93	38,348.07	
Other Expenses	425,780.00	425,780.00	329,846.75	95,933.25	
Office of Emergency Management:					
Salaries and Wages	274,718.00	274,718.00	252,301.03	22,416.97	
Other Expenses	7,632.00	7,632.00	3,809.11	3,822.89	

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 5 of 18

YEAR ENDED DECEMBER 31, 2006

REGULATORY BASIS

	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
Public Safety Functions (Continued)					
Department of Consumer Affairs:					
Salaries and Wages	256,296.00	256,296.00	254,031.74	2,264.26	
Other Expenses	4,821.00	4,821.00	3,853.71	967.29	
Medical Examiner:					
Salaries and Wages	771,728.00	801,728.00	785,102.35	16,625.65	
Other Expenses	269,021.00	269,021.00	226,492.58	42,528.42	
Aid to Volunteer Rescue and Ambulance Squads (N.J.S. 40:5-2):					
Other Expenses	17,400.00	17,400.00	15,000.00	2,400.00	
Sheriff's Office:					
Salaries and Wages	9,283,647.00	10,369,647.00	10,368,952.14	694.86	
Other Expenses	181,387.00	204,387.00	183,723.18	20,663.82	
Office of the County Prosecutor:					
Salaries and Wages	19,827,697.00	19,367,697.00	19,364,606.04	3,090.96	
Other Expenses	1,441,551.00	1,441,551.00	1,222,424.25	219,126.75	
Correctional Institution:					
Salaries and Wages	29,781,703.00	32,221,703.00	32,178,413.20	43,289.80	
Other Expenses	11,523,913.00	11,523,913.00	11,258,335.10	265,577.90	
Youth Detention Center:					
Salaries and Wages	3,739,075.00	3,731,075.00	3,730,749.75	325.25	
Other Expenses	394,782.00	394,782.00	179,019.35	215,762.65	
Fire Marshall (N.J.S. 40A:14-1):					
Salaries and Wages	635,902.00	635,902.00	573,497.46	62,404.54	
Other Expenses	60,323.00	60,323.00	56,398.52	3,924.48	
Police Academy and Firing Range:					
Salaries and Wages	394,491.00	429,491.00	399,722.19	29,768.81	
Other Expenses	55,199.00	55,199.00	47,275.83	7,923.17	
Total Public Safety Functions	83,051,622.00	86,405,622.00	85,274,139.86	1,131,482.14	

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

COUNTY OF MONMOUTH

Exhibit A-3

Sheet 6 of 18

STATEMENT OF EXPENDITURES - CURRENT FUND

YEAR ENDED DECEMBER 31, 2006

REGULATORY BASIS

	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
Public Safety Functions (Continued)					
County Road Maintenance:					
Salaries and Wages	5,489,940.00	5,162,940.00	5,162,616.59	323.41	
Other Expenses	1,448,694.00	1,748,694.00	1,571,818.53	176,875.47	
County Bridge Maintenance:					
Salaries and Wages	1,959,211.00	2,065,211.00	2,024,118.43	41,092.57	
Other Expenses	180,355.00	180,355.00	159,256.35	21,098.65	
Director of Public Works and Engineering:					
Salaries and Wages	472,943.00	472,943.00	419,757.38	53,185.62	
Other Expenses	588.00	588.00	189.78	398.22	
Shade Tree Commission:					
Salaries and Wages	1,166,781.00	1,211,781.00	1,192,156.99	19,624.01	
Other Expenses	183,221.00	183,221.00	141,084.77	42,136.23	
Central Mail Room:					
Salaries and Wages	205,104.00	205,104.00	196,605.92	8,498.08	
Other Expenses	1,040,400.00	1,040,400.00	985,702.89	54,697.11	
Buildings and Grounds:					
Salaries and Wages	6,495,531.00	6,310,531.00	6,309,792.06	738.94	
Other Expenses	6,936,382.00	6,936,382.00	6,450,953.17	485,428.83	
Central Motor Pool:					
Salaries and Wages	1,496,682.00	1,496,682.00	1,421,917.12	74,764.88	
Other Expenses	1,590,236.00	1,590,236.00	1,477,674.65	112,561.35	
Mosquito Extermination Commission (N.J.S. 26:9-13 et seq):					
Other Expenses	2,035,271.00	2,035,271.00	2,034,742.48	528.52	
Total Public Works Functions	30,701,339.00	30,640,339.00	29,548,387.11	1,091,951.89	

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

COUNTY OF MONMOUTH

Exhibit A-3

Sheet 7 of 18

STATEMENT OF EXPENDITURES - CURRENT FUND

YEAR ENDED DECEMBER 31, 2006

REGULATORY BASIS

	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
Human Services and Health Functions					
Division of Social Services Administration:					
Salaries and Wages	22,294,843.00	22,294,843.00	21,265,706.23	1,029,136.77	
Other Expenses	20,986,183.00	20,986,183.00	18,697,300.12	2,288,882.88	
Assistance for Dependent Children - County Share:					
Other Expenses	476,556.00	476,556.00	423,906.00	52,650.00	
Assistance for Social Security Recipients:					
Other Expenses	842,094.00	842,094.00	842,094.00		
Monmouth County Department of Health Care Facilities:					
Salaries and Wages	639,387.00	674,387.00	673,938.15	448.85	
Other Expenses	5,279,779.00	5,279,779.00	5,144,940.42	134,838.58	
Monmouth County Care Centers - Geraldine L. Thompson Division:					
Salaries and Wages	7,431,696.00	7,431,696.00	7,431,117.25	578.75	
Monmouth County Care Centers - John L. Montgomery Division:					
Salaries and Wages	9,124,238.00	9,124,238.00	9,123,235.64	1,002.36	
Division of Mental Health (N.J.S. 40A:5-29):					
Salaries and Wages	215,280.00	225,280.00	223,559.21	1,720.79	
Other Expenses	1,827,784.00	1,827,784.00	1,812,207.92	15,576.08	
Department of Children and Families:					
Other Expenses	2,599,412.00	2,599,412.00	2,599,412.00		
Department of Human Services:					
Salaries and Wages	316,185.00	331,185.00	328,346.23	2,838.77	
Other Expenses	19,850.00	19,850.00	15,757.91	4,092.09	
Department of Transportation Subsidy - Interim Emergency Bus Subsidy Law (N.J.S. 27-1A):					
Other Expenses	40,000.00	40,000.00	17,689.00	22,311.00	

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 8 of 18

YEAR ENDED DECEMBER 31, 2006

REGULATORY BASIS

	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
Human Services and Health Functions (Continued)					
Division on Planning and Resource Development:					
Salaries and Wages	83,000.00	87,000.00	76,361.96	10,638.04	
Other Expenses	4,073.00	4,073.00	2,508.71	1,564.29	
Public Health Service (N.J.S. 40A:13-1):					
Other Expenses	1,641,391.00	1,641,391.00	1,569,688.60	71,702.40	
Office of Disabilities:					
Salaries and Wages	77,721.00	77,721.00	57,345.12	20,375.88	
Other Expenses	4,775.00	4,775.00	4,082.87	692.13	
Aid to Disabilities (N.J.S. 40:23-8.11):					
Other Expenses	312,943.00	312,943.00	312,943.00		
Division of Alcohol and Drug Abuse Services (N.J.S. 40:9B-4):					
Salaries and Wages	166,084.00	173,084.00	172,471.07	612.93	
Other Expenses	707,624.00	707,624.00	705,801.94	1,822.06	
Intoxicated Driver Resource Center:					
Salaries and Wages	132,079.00	140,079.00	139,634.68	444.32	
Other Expenses	20,108.00	20,108.00	17,870.31	2,237.69	
Maintenance of Patients in State Institutions for Mental Diseases (N.J.S. 30:4 -79) County Share:					
Other Expenses	1,205,315.00	1,205,315.00	1,205,315.00		
Maintenance of Patients in State Institutions for Mental Diseases (N.J.S. 30:4 -79) State Share:					
Other Expenses	5,072,234.00	5,072,234.00	5,072,234.00		
Maintenance of Patients in State Institutions for Developmental Disabilities (N.J.S. 30:4-79):					
Other Expenses	11,851,815.00	11,851,815.00	11,851,815.00		
War Veterans Burial and Grave Decorations:					
Salaries and Wages	12,550.00	12,550.00	11,033.22	1,516.78	
Other Expenses	27,300.00	27,300.00	24,213.60	3,086.40	

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

COUNTY OF MONMOUTH

Exhibit A-3

Sheet 9 of 18

STATEMENT OF EXPENDITURES - CURRENT FUND

YEAR ENDED DECEMBER 31, 2006

REGULATORY BASIS

	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
Human Services and Health Functions (Continued)					
Office on Aging:					
Salaries and Wages	190,601.00	198,601.00	197,963.72	637.28	
Other Expenses	12,659.00	12,659.00	10,939.88	1,719.12	
Division of Transportation:					
Salaries and Wages	602,468.00	498,468.00	497,862.33	605.67	
Other Expenses	1,286,647.00	1,221,647.00	1,075,796.24	145,850.76	
Monmouth County Department of Health:					
Other Expenses	1,550,000.00	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	154,287.00	154,287.00	154,287.00		
Total Human Services and Health Functions	<u>97,226,461.00</u>	<u>97,144,461.00</u>	<u>93,326,878.33</u>	<u>3,817,582.67</u>	
Park and Recreation Functions					
Department of Parks and Recreation:					
Salaries and Wages	16,363,294.00	16,959,294.00	16,916,552.13	42,741.87	
Other Expenses	2,136,548.00	2,136,548.00	1,970,061.22	166,486.78	
Total Park and Recreation Functions	<u>18,499,842.00</u>	<u>19,095,842.00</u>	<u>18,886,613.35</u>	<u>209,228.65</u>	
Education Functions					
Aid to Monmouth County Audio Visual Aids Commission:					
Other Expenses	6,722.00	6,722.00	6,722.00		
M.C. Community College Brookdale (N.J.S. 18A-64A):					
Other Expenses	26,413,789.00	26,413,789.00	26,413,789.00		
Reimbursement for Residents Attending Out of County Two Year Colleges (N.J.S. 18A-64A):					
Other Expenses	400,000.00	400,000.00	37,199.12	362,800.88	

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, 2006

REGULATORY BASIS

	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
Education Functions (Continued)					
Cooperative Extension Service:					
Salaries and Wages	311,386.00	332,386.00	331,832.34	553.66	
Other Expenses	116,700.00	116,700.00	60,778.75	55,921.25	
Vocational Schools:					
Other Expenses	13,605,120.00	13,605,120.00	13,605,120.00		
Superintendent of Schools:					
Salaries and Wages	402,178.00	418,178.00	414,643.02	3,534.98	
Other Expenses	19,528.00	19,528.00	9,745.04	9,782.96	
Total Education Functions	41,275,423.00	41,312,423.00	40,879,829.27	432,593.73	

Other Common Operating Functions (Unclassified)

Prior Years Bills:					
Monmouth Medical Center - 2002	642.50	642.50	642.50		
Monmouth Medical Center - 2003	18,463.00	18,463.00	18,463.00		
Central Jersey Emergency Medical - 2003	443.00	443.00	443.00		
Century Office Products - 2004	270.00	270.00	270.00		
Security Services & Technologies - 2004	825.00	825.00	825.00		
PMK Group Inc. - 2002	9,540.84	9,540.84	9,540.84		
PMK Group Inc. - 2003	10,500.00	10,500.00	10,500.00		
PMK Group Inc. - 2003	12,848.93	12,848.93	12,848.93		
PMK Group 2003	2,260.60	2,260.60	2,260.60		
PMK Group 2003	1,936.88	1,936.88	1,936.88		
Accumulated leave Compensation:					
Salaries and Wages	700,000.00	700,000.00	700,000.00		
Provision for Salary Adjustments and New Employees:					
Salaries and Wages	7,124,000.00	7,124,000.00	7,124,000.00		
Total-Other Common Operating Functions (Unclassified)	7,881,730.75	7,881,730.75	7,881,730.75		

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

COUNTY OF MONMOUTH

Exhibit A-3

Sheet 11 of 18

STATEMENT OF EXPENDITURES - CURRENT FUND

YEAR ENDED DECEMBER 31, 2006

REGULATORY BASIS

	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
Utility Expenses and Bulk Purchases					
Utilities:					
Other Expenses	10,575,475.00	10,575,475.00	9,634,311.43	941,163.57	
Total Utility Expenses and Bulk Purchases	10,575,475.00	10,575,475.00	9,634,311.43	941,163.57	
Subtotal Operations	367,743,535.75	364,952,535.75	350,275,961.92	14,676,573.83	
Public and Private Programs Offset by Revenues					
State of New Jersey Department of Health and Senior Services					
Monmouth County Office on Aging Comprehensive					
Area Plan Grant	4,351,904.00	4,351,904.00	4,351,904.00		
CAP/NJEH Medicaid Case Management	800,000.00	800,000.00	800,000.00		
Alcoholism Services Plan - CY 2006, 06-535-ADA-C-0	1,070,057.00	1,070,057.00	1,070,057.00		
National Association of Area Agencies on Aging					
Monmouth County Office on Aging (MCOOA Aging Services					
Network Community Based Enrollment Campaign (ASNCBEC)	31,193.50	31,193.50	31,193.50		
State of New Jersey Governor's Council on Alcohol and Drug Abuse					
Alliance Prevention - CY 2006	684,596.00	684,596.00	684,596.00		
State of New Jersey Department of Community Affairs					
Recreational Opportunities Individuals W/ Disabilities - CY 2006	28,242.00	28,242.00	28,242.00		
Prevention of Homelessness (Linkages) - FFY 2006	50,000.00	50,000.00	50,000.00		
Smart Future Grant #05-0039-00	75,000.00	75,000.00	75,000.00		
State of New Jersey - New Jersey Transit Corporation					
FTA-JARC Route 35 Shuttle, FY 2004	120,000.00	120,000.00	120,000.00		
FTA-JARC Route 836 Shuttle, FY 2004	130,000.00	130,000.00	130,000.00		
FTA-Section 5311 - FY 2007	210,596.00	210,596.00	210,596.00		

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

IND

	Paid or Charged	Reserved	Unexpended Balance Cancelled
5.71	2,030,435.71		
9.30	1,029.30		
1.70	11,301.70		
0.00	6,300.00		
7.50	154,777.50		
4.00	389,824.00		
0.00	502,000.00		
0.00	700,000.00		
2.00	71,022.00		
7.00	83,087.00		
11.00	7,621.00		
15.00	272,575.00		
15.39	464,325.39		
74.00	832,574.00		
30.00	6,000.00		
58.00	592,358.00		
30.00	42,830.00		

COUNTY OF MONMOUTH

STATEMENT OF EXPENDITURES - CURRENT FUND

YEAR ENDED DECEMBER 31, 2006

REGULATORY BASIS

	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
State of New Jersey - Office of the Attorney General					
DLPS - Attorney Identification Program	11,000.00	11,000.00	11,000.00		
DCJ - Victim Assistance, FFY 2004	60,000.00	60,000.00	60,000.00		
DCJ - Victim Assistance, VOCA, SFY 2007, V-07-06	270,025.00	270,025.00	270,025.00		
DCJ - SART/SANE, VS-42-06	65,414.00	65,414.00	65,414.00		
DCJ - Multi-Jurisdictional Narcotics Task Force- CY 2006	200,028.00	200,028.00	200,028.00		
DCJ - LLEBG - Meagen's Law, FFY 05, JAG-1-17LL-05	24,452.00	24,452.00	24,452.00		
DCJ - Sex Offender Registry Grant, ML-13-06	19,920.00	19,920.00	19,920.00		
DCJ - LEOTEF - SFY 2005	32,915.00	32,915.00	32,915.00		
DCJ - Community Justice Program, #DE-16-C8-04	95,237.00	95,237.00	95,237.00		
DSP - OHSP - Homeland Security Grant Program (HSGP), FFY 2005	60,109.31	60,109.31	60,109.31		
DSP - OHSP - Homeland Security Grant Program (HSGP), FY 2005	327,972.00	327,972.00	327,972.00		
DSP - CERT, CY 2006	4,500.00	4,500.00	4,500.00		
DSP - PDM Planning Grant, FY 2006	345,375.00	345,375.00	345,375.00		
DHTS - Safe Cargo Project, OP05-45-01-04	3,000.00	3,000.00	3,000.00		
JJC - State/Community Partnership, CY 2006	562,358.00	562,358.00	562,358.00		
JJC - Juvenile Detention Alternatives Initiative, FY 07	75,000.00	75,000.00	75,000.00		
JJC - Family Court - CY 2006, FC--06-13	268,507.00	268,507.00	268,507.00		
JJC - JAIBG, FFY 2005 Year 8, 54-13	65,099.00	65,099.00	65,099.00		
JJC - MCYDC, State Facilities Education Act, SFY 2007	90,000.00	90,000.00	90,000.00		
State of New Jersey - Department of Environmental Protection					
Clean Communities Program CY 2006	67,393.28	67,393.28	67,393.28		
Recycling Program - REC-94-13 Project Income	4,990.00	4,990.00	4,990.00		
DPF - Green Communities Grant of NJ, Forestry Program	3,000.00	3,000.00	3,000.00		
DPF - 06 Comm. Stewardship Incentive Prog. Tree Planting	25,000.00	25,000.00	25,000.00		

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, 2006

REGULATORY BASIS

	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
<u>Department of Labor and Workforce Development</u>					
<u>Act - (WIA) (04A,B,D & F) - PY 2004</u>	12,858.00	12,858.00	12,858.00		
<u>Act - (WIA) (05A,B,D & F) -PY 2005</u>	13,750.40	13,750.40	13,750.40		
<u>Act (WIA) (06A,B,D & F) - PY 2006</u>	1,934,387.00	1,934,387.00	1,934,387.00		
<u>Partnership Program (WDPP) (06C) - PY 2006</u>	88,733.00	88,733.00	88,733.00		
<u>ment Board (WIB) (05G) - PY 2005</u>	40,000.00	40,000.00	40,000.00		
<u>ersey (WFNJ) (05I) - PY2005</u>	147,526.00	147,526.00	147,526.00		
<u>ersey (WFNJ) (06I) - PY2006</u>	2,570,228.00	2,570,228.00	2,570,228.00		
<u>g Link (WLL) (05K) - SFY 2006</u>	141,856.00	141,856.00	141,856.00		
<u>g Link (WLL) (06K) - SFY 2006</u>	172,879.00	172,879.00	172,879.00		
<u>Division of Archive and Records Management</u>					
<u>gram</u>	2,131,100.00	2,131,100.00	2,131,100.00		
<u>Office of Information Technology</u>					
<u>linator, FY 2006, 06-CC-13-000</u>	25,000.00	25,000.00	25,000.00		
<u>P General Assistance, FY 2006</u>	300,000.00	300,000.00	300,000.00		
<u>Historical Commission</u>					
<u>Project</u>	10,000.00	10,000.00	10,000.00		
<u>Soybean Board</u>					
<u>Project, 2006</u>	2,550.00	2,550.00	2,550.00		
<u>of Housing and Urban Development</u>					
<u>bridge - HOPWA - FY2006</u>	430,810.00	430,810.00	430,810.00		
<u>Department of Justice</u>					
<u>acy Center (CAC), 2006 -JL-FX-K009</u>	98,723.00	98,723.00	98,723.00		
<u>Vest Partnership (BVP), FY 2005</u>	4,880.71	4,880.71	4,880.71		

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

MONTH
ES - CURRENT FUND
PER 31, 2006

BASIS

	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
00	12,800.00	12,800.00		
80	4,311.80	4,311.80		
00	2,500.00	2,500.00		
00	340,000.00	340,000.00		
00	50.00	50.00		
00	4,500.00	4,500.00		
00	7,500.00	7,500.00		
46	217,583.46		217,583.46	
06	25,115,470.06	24,897,886.60	217,583.46	
81	390,068,005.81	375,173,848.52	14,894,157.29	
00	200,000.00	191,508.28	8,491.72	
81	390,268,005.81	375,365,356.80	14,902,649.01	
00	167,610,055.00	165,918,869.15	1,691,185.85	
81	222,657,950.81	209,446,487.65	13,211,463.16	
81	390,268,005.81	375,365,356.80	14,902,649.01	

COUNTY OF MONMOUTH

Exhibit A-3

Sheet 16 of 18

STATEMENT OF EXPENDITURES - CURRENT FUND

YEAR ENDED DECEMBER 31, 2006

REGULATORY BASIS

	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
CAPITAL IMPROVEMENTS					
Capital Improvement Fund	2,750,000.00	2,750,000.00	2,750,000.00		
Acquisition of Information Processing Equipment	2,000,000.00	2,000,000.00	1,687,826.98	312,173.02	
Acquisition of Trucks, Heavy Equipment, and Machinery:					
Central Motor Pool	85,000.00	85,000.00	30,391.00	54,609.00	
Shade Tree Commission	35,000.00	35,000.00	35,000.00		
Road Maintenance (Highway)	1,585,000.00	1,585,000.00	1,216,031.00	368,969.00	
Acquisition of Passenger Buses - Transportation	140,000.00	231,000.00	230,219.00	781.00	
Bridge Department	350,000.00	350,000.00	69,195.00	280,805.00	
Buildings and Grounds	114,000.00	114,000.00	95,000.00	19,000.00	
County Engineer	143,000.00	143,000.00	141,700.00	1,300.00	
Capital Improvements:					
Road Overlay	2,700,000.00	2,700,000.00	2,700,000.00		
Parks and Recreation	1,639,000.00	1,639,000.00	1,571,669.68	67,330.32	
Buildings and Grounds	1,325,000.00	1,325,000.00	931,155.60	393,844.40	
Total Capital Improvements	12,866,000.00	12,957,000.00	11,458,188.26	1,498,811.74	
COUNTY DEBT SERVICE					
Payment of Bond Principal					
State Aid - County College Bonds (N.J.S. 18A:64A-22.6)	2,955,000.00	2,955,000.00	2,955,000.00		
Vocational School Bonds	242,720.31	242,720.31	242,720.30		
Other Bonds	26,005,000.00	26,005,000.00	26,005,000.00		0.01
Payment of Bond Anticipation Notes					
Interest on Bonds					
State Aid - County College Bonds (N.J.S. 18A:64A-22.6)	697,368.96	697,368.96	697,368.96		
Vocational School Bonds	75,274.90	75,274.90	75,274.90		
Other Bonds	10,604,626.53	10,604,626.53	10,604,626.53		

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

COUNTY OF MONMOUTH

Exhibit A-3

Sheet 17 of 18

STATEMENT OF EXPENDITURES - CURRENT FUND

YEAR ENDED DECEMBER 31, 2006

REGULATORY BASIS

	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
PERSONNEL SERVICE (Cont'd)					
<u>Salaries</u>					
for Principal and Interest	1,798,788.16	1,798,788.16	1,798,788.16		
<u>City Improvement Authority Lease</u>					
<u>Instructional Facilities</u>	4,017,910.00	4,017,910.00	4,017,909.69		0.31
<u>Post Service</u>	46,396,688.86	46,396,688.86	46,396,688.54		0.32
MARGES AND STATUTORY					
PERSONNEL SERVICE					
<u>Authorizations - Accumulated Leave Compensation 05</u>	300,000.00	300,000.00	300,000.00		
EXPENSES					
<u>Retirement</u>					
<u>Employees' Retirement System</u>	1,925,000.00	2,825,000.00	2,773,069.91	51,930.09	
<u>System (O.A.S.I.)</u>	13,300,000.00	13,300,000.00	12,122,310.07	1,177,689.93	
<u>Women's Retirement System</u>	3,175,000.00	4,975,000.00	4,936,585.31	38,414.69	
<u>and Retirement Fund</u>	75,000.00	75,000.00	75,000.00		
<u>Charges and Statutory Expenditures - County</u>	18,775,000.00	21,475,000.00	20,206,965.29	1,268,034.71	
<u>Appropriations</u>	\$471,096,694.67	471,096,694.67	453,427,198.89	17,669,495.46	0.32

Ref.

A-1

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A-1

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

COUNTY OF MONMOUTH
STATEMENT OF EXPENDITURES - CURRENT FUND
YEAR ENDED DECEMBER 31, 2006

Exhibit A-3
 Sheet 18 of 18

REGULATORY BASIS

<u>Analysis of Paid or Charged</u>	<u>Ref.</u>	
Committed	A	\$ 33,015,042.64
Appropriation Reserves PERS & PFRS	A	3,900,000.00
State Aid County College Bonds	A-2,8	3,652,368.96
Deferred Charges-Emergency Appropriations	A-9A	300,000.00
Appropriation Reserves - S & W	A-13	1,688,512.39
Disbursed	A-4	<u>410,871,274.90</u>
		<u><u>\$ 453,427,198.89</u></u>

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

COUNTY OF MONMOUTH**GRANT FUND**

Exhibit AA

BALANCE SHEET**REGULATORY BASIS**

	<u>Ref.</u>	<u>Balance Dec. 31, 2006</u>	<u>Balance Dec. 31, 2005</u>
<u>Assets</u>			
Cash and Cash Equivalents	AA-1	\$ 19,416,125.46	27,316,711.12
Grant Revenues Receivable	AA-4	25,702,656.54	24,513,108.49
Total Assets		<u>\$ 45,118,782.00</u>	<u>51,829,819.61</u>
<u>Liabilities and Reserves</u>			
Appropriated Reserves for Federal and State Grants	AA-2	\$ 44,870,069.30	51,687,828.21
Unappropriated Reserves and Prepaid Grants	AA-3	248,712.70	141,991.40
Total Liabilities and Reserves		<u>\$ 45,118,782.00</u>	<u>51,829,819.61</u>

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

COUNTY OF MONMOUTH

Exhibit B

TRUST FUND**BALANCE SHEET****REGULATORY BASIS**

	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2006</u>	<u>Balance</u> <u>Dec. 31, 2005</u>
<u>Assets</u>			
Cash and Cash Equivalents	B-1	\$ 97,149,143.25	79,210,695.32
Total Cash and Cash Equivalents		<u>97,149,143.25</u>	<u>79,210,695.32</u>
U.S. HUD Receivables:			
Relocation Assistance Program	B-2	7,433,669.11	7,603,586.59
Community Development Block Grants	B-3	4,940,795.80	6,262,772.25
Home Investment Grant	B-4	6,985,287.48	6,773,517.68
Shelter Plus Care Grant	B-5	1,860,405.00	182.00
Homeward Bound Grant	B-6	456,853.00	793,631.00
Emergency Shelter Grants	B-7	126,691.18	172,256.00
Taxes Receivable for Library, Health and Open Space Funds	B-8	347,688.67	410,412.96
Due from County Clerk	B-17	25,232.00	47,626.00
		<u>22,176,622.24</u>	<u>22,063,984.48</u>
Total Receivables and Other Assets		<u>\$ 119,325,765.49</u>	<u>101,274,679.80</u>
<u>Liabilities and Reserves</u>			
Reserve for Taxes Receivable for Library, Health and Open Space	B-8	\$ 347,688.67	410,412.96
Reserve for U.S. HUD Grants:			
Relocation Assistance Program	B-9	9,696,312.05	9,461,689.38
Community Development Block Grants	B-10	6,287,660.82	6,850,688.53
Home Investment Grants	B-11	7,331,946.36	7,060,541.32
Shelter Plus Care	B-12	1,855,081.00	1,137.00
Homeward Bound	B-13	425,440.00	793,631.00
Reserve for:			
Contractors' 2% Retainage	N/C	18,616.72	18,616.72
Temporary Assistance to Needy Families	B-14	404,374.61	578,813.22
Other Trust Funds	B-15	92,905,227.58	76,017,291.64
Due from County Clerk	B-17	25,232.00	47,626.00
Retirees Health Benefits	B-16	28,185.68	34,232.03
Total Liabilities and Reserves		<u>\$ 119,325,765.49</u>	<u>101,274,679.80</u>

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****REGULATORY BASIS**

	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2006</u>	<u>Balance</u> <u>Dec. 31, 2005</u>
<u>Assets</u>			
Cash and Cash Equivalents	C-2	\$ 91,756,632.01	87,304,943.42
Accounts Receivable:			
Municipal Easements	C-7	4,149,897.87	3,236,005.18
State of New Jersey - State Agencies	C-4	17,014,728.48	13,781,222.40
State of New Jersey - County College - Capital Projects, Chapter 12, P.L. 1971	C-6	12,690,000.00	17,415,000.00
		<u>33,854,626.35</u>	<u>34,432,227.58</u>
Deferred Charges to Future Taxation:			
Funded	C-8	295,801,152.10	285,209,583.39
Unfunded	C-9	115,790,000.00	110,535,000.00
		<u>411,591,152.10</u>	<u>395,744,583.39</u>
Total Assets		<u>\$ 537,202,410.46</u>	<u>517,481,754.39</u>

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

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

	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2006</u>	<u>Balance</u> <u>Dec. 31, 2005</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Serial Bonds	C-10	\$ 285,440,000.00	273,000,000.00
County College Serial Bonds - Chapter 12, P.L. 1971 State Share	C-11	12,690,000.00	15,645,000.00
New Jersey Economic Development Authority Public School Facilities Loan Program	C-12	1,859,420.91	2,102,141.22
Green Trust Loan Program: Other Program Agreements	C-13	8,501,731.20	10,107,442.17
Reserve for Scrip Redemption	C-5	1,509.63	1,509.63
Improvement Authorizations: Funded	C-14	98,214,482.76	93,207,784.52
Unfunded	C-14	115,790,000.00	112,116,366.08
Contractors' Retainage	C-15	73,191.61	73,191.61
Interest Due State of N.J.	C-16	246,560.55	126,982.53
Retained For Expenditures	C-17		2,500,000.00
Capital Improvement Fund	C-18	1,926,766.72	736,766.72
Reserved for Insurance Reimbursement	C-19	6,471,173.70	
		<u>531,214,837.08</u>	<u>509,617,184.48</u>
Fund Balance	C-1	<u>5,987,573.38</u>	<u>7,864,569.91</u>
		<u>\$ 537,202,410.46</u>	<u>517,481,754.39</u>

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

COUNTY OF MONMOUTH
GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE
REGULATORY BASIS

Exhibit C-1

Balance December 31, 2005	<u>Ref.</u> C	\$ 7,864,569.91
Increased by:		
Improvement Authorizations Cancelled	1,114,578.28	
Premium on Sale of Bonds	1,068,425.20	
State of New Jersey - Remote Tally Reimbursement	<u>265,000.00</u>	
		<u>2,448,003.48</u>
		10,312,573.39
Decreased by:		
Green Acres Trust Loan	0.01	
Improvement Authorizations Funded	<u>4,325,000.00</u>	
		<u>4,325,000.01</u>
Balance December 31, 2006		<u><u>\$ 5,987,573.38</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

REGULATORY BASIS

	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2006</u>	<u>Balance</u> <u>Dec. 31, 2005</u>
<u>Assets</u>			
<u>Operating Fund</u>			
Cash and Cash Equivalents	D-5	\$ 66,501,887.57	61,642,462.15
Change Funds		1,350.00	1,350.00
		<u>66,503,237.57</u>	<u>61,643,812.15</u>
Receivables with Full Reserves:			
Receivable from Haulers	D-6	709,945.80	904,747.97
Total Receivables		<u>709,945.80</u>	<u>904,747.97</u>
Prepaid Host Community Benefit Tax	D-9	110,747.63	8,201.37
Total Operating Fund		<u>67,323,931.00</u>	<u>62,556,761.49</u>
<u>Capital Fund</u>			
Cash and Cash Equivalents	D-15	7,114,026.60	10,977,529.60
		<u>7,114,026.60</u>	<u>10,977,529.60</u>
Fixed Capital	D-18	811,120.00	811,120.00
Fixed Capital Authorized but not Completed	D-16	43,420,000.00	43,420,000.00
		<u>44,231,120.00</u>	<u>44,231,120.00</u>
Total Capital Fund		<u>51,345,146.60</u>	<u>55,208,649.60</u>
<u>Utility Grant Fund</u>			
Cash	D-21	988,319.14	1,304,814.91
Receivable with Full Reserve - Grant Receivable	D-22	2,061.86	2,061.86
Total Utility Grant Fund		<u>990,381.00</u>	<u>1,306,876.77</u>
Total Assets		<u>\$ 119,659,458.60</u>	<u>119,072,287.86</u>

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

COUNTY OF MONMOUTHRECLAMATION CENTER UTILITY FUND

Exhibit D

Sheet 2 of 2

BALANCE SHEETREGULATORY BASIS

	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2006</u>	<u>Balance</u> <u>Dec. 31, 2005</u>
<u>Liabilities, Reserves and Fund Balance</u>			
<u>Operating Fund</u>			
Appropriation Reserves	D-4	\$ 5,967,407.90	4,317,556.10
Appropriation Reserves Committed	D-4	6,361,673.18	6,707,288.63
Landfill Closure Tax	D-8	5,237,404.68	8,230,007.01
Accrued Interest on Bonds and Notes	D-10	410,505.21	536,362.48
Prepaid Utility Fees	D-12	858,691.41	703,319.87
Reserve for:			
Environmental Impairment Liability	D-11	7,000,000.00	7,000,000.00
Receivable - Haulers	D-6	709,945.80	904,747.97
Reserve for Accounts Payable	D-14	461,530.54	50,268.71
Fund Balance	D-1	40,316,772.28	34,107,210.72
Total Operating Fund		<u>67,323,931.00</u>	<u>62,556,761.49</u>
<u>Capital Fund</u>			
Serial Bonds	D-19	21,830,000.00	24,595,000.00
Improvement Authorizations:			
Funded	D-17	1,823,989.08	5,698,669.16
Deferred Reserve for Amortization	D-20	21,590,000.00	18,825,000.00
Reserve for Amortization	D-18	811,120.00	811,120.00
Fund Balance	D-2	5,290,037.52	5,278,860.44
Total Capital Fund		<u>51,345,146.60</u>	<u>55,208,649.60</u>
<u>Utility Grant Fund</u>			
Appropriated Reserves Payable Committed	D-23	44,553.02	61,764.45
Appropriated Reserves Payable	D-23	945,827.98	1,245,112.32
Total Utility Grant Fund		<u>990,381.00</u>	<u>1,306,876.77</u>
Total Liabilities and Reserves		<u>\$ 119,659,458.60</u>	<u>119,072,287.86</u>

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

RECLAMATION CENTER UTILITY FUND

STATEMENTS OF OPERATIONS AND

CHANGE IN FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	<u>Year 2006</u>	<u>Year 2005</u>
<u>Revenue and Other Income Realized</u>			
Operating Surplus Anticipated	D-3	\$ 17,500,000.00	17,100,000.00
Reclamation Center Utility Fees	D-3	31,505,608.36	30,363,009.12
Solid Waste Management Grants	D-3		650,948.00
Miscellaneous Revenue not Anticipated	D-3	4,166,300.25	2,851,984.59
Appropriations Cancelled	D-4		7,500,000.00
Unexpended Balance of Appropriation Reserves	D-13	4,284,270.82	4,741,091.05
NJDEP Release of Landfill Tax Escrow	D-8	3,748,858.51	33,352.83
Accounts Payable Cancelled	D-14	2,751.84	11,661,325.00
Reserve for Receivables - Prepaid Closure Taxes	D-7	1,771.78	
Total Revenue and Other Income		<u>61,209,561.56</u>	<u>74,901,710.59</u>
<u>Expenditures and Other Charges</u>			
Reserve for Receivables - Prepaid Tax			4,232.06
Appropriations	D-4	<u>37,500,000.00</u>	<u>46,650,948.00</u>
		<u>37,500,000.00</u>	<u>46,655,180.06</u>
Excess in Revenue		23,709,561.56	28,246,530.53
Fund Balance, Beginning of Year	D-1	<u>34,107,210.72</u>	<u>22,960,680.19</u>
		57,816,772.28	51,207,210.72
Less: Utilized as Revenue	D-1	<u>17,500,000.00</u>	<u>17,100,000.00</u>
Fund Balance, End of Year	D	<u>\$ 40,316,772.28</u>	<u>34,107,210.72</u>

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

COUNTY OF MONMOUTHRECLAMATION CENTER UTILITY FUND

Exhibit D-2

STATEMENT OF CAPITAL FUND BALANCE - REGULATORY BASIS

Balance December 31, 2005	<u>Ref.</u> D	\$ 5,278,860.44
Increased by:		
Funded Improvement Authorizations Cancelled	D-17	<u>11,177.08</u>
Balance December 31, 2006	D	<u>\$ 5,290,037.52</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 - REGULATORY BASIS

YEAR ENDED DECEMBER 31, 2006

	<u>Ref.</u>	<u>Anticipated Revenue</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Operating Surplus Anticipated	D-1	\$ 17,500,000.00	17,500,000.00	
<u>Miscellaneous Revenues</u>				
Utility Fees	D-1,5	30,000,000.00	31,505,608.36	1,505,608.36
<u>Non-Budget Revenues</u>				
Unanticipated Revenues	D-5		4,166,300.25	4,166,300.25
Total General Revenues		\$ 47,500,000.00	53,171,908.61	5,671,908.61
<u>Analysis of Non-Budget Revenue</u>				
Interest on Investments and Deposits			\$ 3,552,261.91	
Gas Utility Fees			445,570.56	
Grass Clippings			27,365.90	
Rentals			3,660.00	
Recycling Commissions			135,285.63	
Utility Reimbursements			2,156.25	
Total Non-Budget Revenues			\$ 4,166,300.25	

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

COUNTY OF MONMOUTH

RECLAMATION CENTER UTILITY FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

YEAR ENDED DECEMBER 31, 2006

	<u>Budget</u>	<u>Cancelled</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
Operating:					
Salaries and Wages	\$ 6,000,000.00		6,000,000.00	5,529,010.27	470,989.73
Other Expenses	36,577,026.83	9,500,000.00	27,077,026.83	21,759,574.30	5,317,452.53
Capital Improvements:					
Capital Outlay	1,099,036.00	500,000.00	599,036.00	420,070.36	178,965.64
Debt Service:					
Payment of Bond Principal	2,765,000.00		2,765,000.00	2,765,000.00	
Interest on Bonds	1,058,937.17		1,058,937.17	1,058,937.17	
	<u>\$ 47,500,000.00</u>	<u>10,000,000.00</u>	<u>37,500,000.00</u>	<u>31,532,592.10</u>	<u>5,967,407.90</u>

Analysis of Paid or Charged

Committed

Paid

Ref.

D

D-5

\$ 6,361,673.18

25,170,918.92

\$ 31,532,592.10

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

COUNTY OF MONMOUTH**GENERAL FIXED ASSETS ACCOUNT GROUP**

Exhibit E

BALANCE SHEET**REGULATORY BASIS**

	Balance Dec. 31, 2006	Balance Dec. 31, 2005
<u>Assets</u>		
Land	\$ 261,936,130.03	239,150,826.03
Buildings	278,209,131.00	277,009,370.00
Furniture, Fixtures and Equipment	40,225,099.29	31,725,458.50
Vehicles	<u>63,036,557.87</u>	<u>62,385,864.87</u>
Total General Fixed Assets	<u>\$ 643,406,918.19</u>	<u>610,271,519.40</u>
<u>Liabilities</u>		
Investment in General Fixed Assets	<u>\$ 643,406,918.19</u>	<u>610,271,519.40</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

REGULATORY BASIS

	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2006</u>	<u>Balance</u> <u>Dec. 31, 2005</u>
<u>Assets</u>			
<u>General Fund</u>			
Cash	F-1	\$ 49,245.35	32,680.35
<u>Trust Fund</u>			
Cash	F-4	27,740,473.40	26,665,416.06
Total Assets		<u>\$ 27,789,718.75</u>	<u>26,698,096.41</u>
<u>Liabilities and Reserves</u>			
<u>General Fund</u>			
Reserve for Lawyer's Deposits	F-3	\$ 49,245.35	32,680.35
<u>Trust Fund</u>			
Reserve for Awards and Legacies to Minors and Incompetents	F-4	27,740,473.40	26,665,416.06
Total Liabilities and Reserves		<u>\$ 27,789,718.75</u>	<u>26,698,096.41</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****REGULATORY BASIS**

	<u>Ref.</u>	<u>Balance Dec. 31, 2006</u>	<u>Balance Dec. 31, 2005</u>
<u>Assets</u>			
General Account:			
Cash	G-1	\$ 6,862,031.37	4,401,183.47
Appropriation Account:			
Cash	G-1	3,080.84	2,998.05
Total Assets		<u>\$ 6,865,112.21</u>	<u>4,404,181.52</u>
<u>Liabilities and Reserves</u>			
General Account:			
Deposits on Sheriff Sales	G-2	\$ 6,811,223.25	3,049,520.23
Summons and Complaints	G-3	3,489.58	38,970.94
Wage Execution Account	G-4	32,694.43	72,171.92
General Writs (Levies)	G-5	14,624.11	710,520.38
Due to County	G-8		530,000.00
		<u>6,862,031.37</u>	<u>4,401,183.47</u>
<u>Appropriation Account</u>			
Reserve for Witness Fees	G-6	3,080.84	2,998.05
Total Liabilities and Reserves		<u>\$ 6,865,112.21</u>	<u>4,404,181.52</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

REGULATORY BASIS

<u>Assets</u>	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2006</u>	<u>Balance</u> <u>Dec. 31, 2005</u>
Cash	H-1	\$ 5,398.74	6,105.53
Accounts Receivable - Patients	H-2	<u>170,695.72</u>	<u>168,947.38</u>
Total Assets		<u>\$ 176,094.46</u>	<u>175,052.91</u>
<u>Liabilities and Reserves</u>			
Balance Due County Treasurer	H-1	\$ 5,398.74	6,105.53
Reserve for Patients' Receivables	H-2	<u>170,695.72</u>	<u>168,947.38</u>
Total Liabilities and Reserves		<u>\$ 176,094.46</u>	<u>175,052.91</u>

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

COUNTY OF MONMOUTH

MONMOUTH COUNTY CARE CENTER

JOHN L. MONTGOMERY DIVISION

BALANCE SHEET

REGULATORY BASIS

	Geriatric Unit		Young Adult Care		Total	
	Balance Dec. 31, 2006	Balance Dec. 31, 2005	Balance Dec. 31, 2006	Balance Dec. 31, 2005	Balance Dec. 31, 2006	Balance Dec. 31, 2005
Assets						
Cash - General Account	\$ 19,802.11	104,247.99	1,648.60	107,716.80	21,450.71	211,964.79
Accounts Receivable	1,799,310.59	1,482,731.58	486,352.62	484,529.00	2,285,663.21	1,967,260.58
Due From County Treasurer	48,868.18		1,924.60		50,792.78	
	1,867,980.88	1,586,979.57	489,925.82	592,245.80	2,357,906.70	2,179,225.37
Patients Trust Accounts	66,142.34	67,689.54	2,820.61	3,602.57	68,962.95	71,292.11
	\$ 1,934,123.22	1,654,669.11	492,746.43	595,848.37	2,426,869.65	2,250,517.48
Liabilities and Reserves						
Reserves for:						
Patients Care Receivables	\$ 1,799,310.59	1,482,731.58	486,352.62	484,529.00	2,285,663.21	1,967,260.58
Trust Accounts	66,142.34	67,689.54	2,820.61	3,602.57	68,962.95	71,292.11
Due To:						
Patients	20,286.29	20,957.56	3,573.20	5,151.20	23,859.49	26,108.76
Medicare	48,384.00				48,384.00	
Social Security						1,224.00
County Treasurer		83,290.43		101,341.60		184,632.03
	\$ 1,934,123.22	1,654,669.11	492,746.43	595,848.37	2,426,869.65	2,250,517.48

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 SHEETREGULATORY BASIS

<u>Assets</u>	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2006</u>	<u>Balance</u> <u>Dec. 31, 2005</u>
Cash - General Account	J-1	\$ 55,959.69	699,890.13
Accounts Receivable	J-2	1,735,570.61	1,163,872.27
Patient Trust Account	J-3	44,952.45	43,634.74
Due From County Treasurer	J-4		5,077.25
		<hr/>	<hr/>
Total Assets		<u>\$ 1,836,482.75</u>	<u>1,912,474.39</u>
<u>Liabilities and Reserves</u>			
Reserves for:			
Patients Care	J-2	\$ 1,735,570.61	1,163,872.27
Trust Accounts	J-3	44,952.45	43,634.74
Due to County Treasurer	J-5	26,915.09	699,890.13
Accounts Payable	J-4	29,044.60	5,077.25
		<hr/>	<hr/>
Total Liabilities and Reserves		<u>\$ 1,836,482.75</u>	<u>1,912,474.39</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**REGULATORY BASIS**

	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2006</u>	<u>Balance</u> <u>Dec. 31, 2005</u>
<u>Assets</u>			
Cash		\$ 333,178.05	321,326.40
Change Fund		52,875.00	53,075.00
Total Assets	K-1	<u>\$ 386,053.05</u>	<u>374,401.40</u>
<u>Liabilities and Reserves</u>			
Service Charges Payable		\$	7,976.91
Reserve for:			
Checking Account		1,500.00	2,500.00
Change Fund		52,875.00	53,075.00
Lost and Found		87.03	49.00
Interest - Sales Tax		9.99	9.99
Boat Contract Security		<u>331,581.03</u>	<u>310,790.50</u>
Total Liabilities and Reserves	K-1	<u>\$ 386,053.05</u>	<u>374,401.40</u>

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

COUNTY OF MONMOUTH
YOUTH DETENTION CENTER

Exhibit L

BALANCE SHEET
REGULATORY BASIS

	Balance Dec. 31, 2006	Balance Dec. 31, 2005
<u>Assets</u>		
Cash	\$ 2,204.18	1,807.19
Total Assets	<u>\$ 2,204.18</u>	<u>1,807.19</u>
<u>Liabilities and Reserves</u>		
Due to:		
Residents Inmates	\$ 1,980.49	1,700.43
County - Interest	223.69	106.76
Total Liabilities and Reserves	<u>\$ 2,204.18</u>	<u>1,807.19</u>

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

COUNTY OF MONMOUTH
OFFICE OF THE PROSECUTOR

Exhibit M

BALANCE SHEET

REGULATORY BASIS

	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2006</u>	<u>Balance</u> <u>Dec. 31, 2005</u>
<u>Assets</u>			
Cash - Emergency fund	M-1	\$ 210.99	
Cash - Extradition Fund	M-1	53.49	106.40
Total Assets		<u>\$ 264.48</u>	<u>106.40</u>
<u>Liabilities</u>			
Due to County Treasurer	M-1	<u>\$ 264.48</u>	<u>106.40</u>
Total Liabilities		<u>\$ 264.48</u>	<u>106.40</u>

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

COUNTY OF MONMOUTH
DEPARTMENT OF CORRECTIONS

Exhibit N

BALANCE SHEET

REGULATORY BASIS

	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2006</u>	<u>Balance</u> <u>Dec. 31, 2005</u>
<u>Assets</u>			
Inmates' Checking Account		\$ 218,969.65	193,762.99
Due from County		22,461.55	19,587.40
Accounts Receivable - Inmates		<u>2,642,495.24</u>	<u>2,376,520.89</u>
Total Assets	N	<u>\$ 2,883,926.44</u>	<u>2,589,871.28</u>
 <u>Liabilities</u>			
Due to:			
State of New Jersey		\$ 6,122.27	6,318.51
County:			
Postage		100.98	100.39
Medical		1,011.03	1,915.11
Processing Fees		18,848.71	15,890.32
Commission		24,725.26	22,715.70
Miscellaneous		1,527.25	1,549.15
Commissary Company		36,497.72	40,469.42
Accounts Payable-Inmate Accounts		152,597.98	124,391.79
Reserve for Receivable - Inmates		<u>2,642,495.24</u>	<u>2,376,520.89</u>
Total Liabilities	N	<u>\$ 2,883,926.44</u>	<u>2,589,871.28</u>

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**REGULATORY BASIS**

	<u>Ref.</u>	<u>Balance Dec. 31, 2006</u>	<u>Balance Dec. 31, 2005</u>
<u>Assets</u>			
Registry Department:			
Cash	O-1	\$ 3,994,320.37	6,287,033.94
Accounts Receivable - Lawyer's	O-3	<u>25,936.28</u>	<u>25,508.28</u>
Total Assets		<u>\$ 4,020,256.65</u>	<u>6,312,542.22</u>
<u>Liabilities and Reserves</u>			
Registry Department:			
Reserve for:			
Compensating Balances	O	\$ 27,051.28	83,415.22
Cash Drawers	O	500.00	500.00
Due To:			
County Treasurer:			
Current Fund	O-2	3,559,725.70	5,823,612.47
Current Fund Interest	O-2a	12,016.27	15,767.95
Trust Fund	O-2c	25,232.00	45,626.00
State for Trade Names	O-4	3,437.50	4,162.50
Lawyer's Deposits	O-3a	<u>392,293.90</u>	<u>339,458.08</u>
Total Liabilities and Reserves		<u>\$ 4,020,256.65</u>	<u>6,312,542.22</u>

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

COUNTY OF MONMOUTH

Exhibit P

REGULATORY BASIS

<u>Ref.</u>	Balance Dec. 31, 2006	Balance Dec. 31, 2005
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TUBERCULOSIS CONTROL PROGRAMBALANCE SHEETAssets

Cash - General Account	P-1	\$ 820.72	1,125.84
Accounts Receivable	P-2	468.00	336.00
Total Assets		<u>\$ 1,288.72</u>	<u>1,461.84</u>

Liabilities and Reserves

Due County - General	P-3	\$ 820.72	1,125.84
Reserve for Accounts Receivable	P	468.00	336.00
Total Liabilities and Reserves		<u>\$ 1,288.72</u>	<u>1,461.84</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, 2006

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. Some prisoners are held on behalf of the State of New Jersey (NJDOC), U.S. Marshals Service (USMS), Immigration Customs Enforcement (ICE) and the City of Philadelphia due to overcrowding at their facilities. Reimbursements are received from these entities to cover the costs associated with providing secured housing. There is a commissary and account system so that inmates may purchase "comfort" items not normally provided, which include hygiene, clothing and snack foods. The commissary services are contracted out and the Department of Corrections receives a commission at a specified percentage based upon total sales. 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 judgments.

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

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, 2006 was \$486,573,662.56. Of this amount, \$2,608,168.40 was covered by Federal deposit insurance, \$483,962,103.16 was covered by a collateral pool maintained by the depositories as required by New Jersey Statute, and \$3,391.00 is cash on hand. The book balance at December 31, 2006 was \$472,976,882.10.

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 no investments in qualified securities at December 31, 2006.

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.	\$ 483,568,673.19
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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-
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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.	3,004,989.37
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NOTE 2: DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

D. Categories of Credit Risk (Continued)

As of December 31, 2006, 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

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, 2006</u>
County College:					
General Improvements	Serial Bonds	08-01-97	08-01-07	4.20-5.00%	\$ 730,000
General Improvements	Serial Bonds	07-15-99	07-15-09	4.75-4.80%	2,160,000
General Improvements	Serial Bonds	07-15-01	07-15-11	4.00-4.20%	3,010,000
General Improvements	Serial Bonds	07-15-02	07-15-12	3.25-4.00%	2,715,000
General Improvements	Serial Bonds	04-19-05	01-15-15	3.00-5.00%	<u>4,075,000</u>
					<u>\$ 12,690,000</u>

<u>Description</u>	<u>Type</u>	<u>of Issue</u>	<u>Maturity</u>	<u>Rate</u>	<u>Dec. 31, 2006</u>
Open Space Preservation	Serial Bonds	06-29-05	12-01-20	3.00-5.00%	<u>\$28,445,000</u>
					<u>\$28,445,000</u>

<u>Description</u>	<u>Type</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Rate</u>	<u>Balance Dec. 31, 2006</u>
Green Acres Trust Loan Program:					
Valley Stream\	Installments	12-20-96	06-20-06	2%	\$ 4,896,827
Monmouth Scout Camp	Installments	09-06-97	09-06-07	2%	
Clayton Park		01-21-00	01-21-13	2%	1,158,802
Bayshore Park		11-13-99	05-13-13	2%	<u>2,446,102</u>
					<u>8,501,731</u>

Economic Development:					
Authority Facilities Loan					
Assistance Program Installments		07-01-93	7-15-13	1.50%	929,710
		07-01-93	7-15-13	5.288%	<u>929,711</u>
					<u>1,859,421</u>

Total General Capital Fund Long-Term Debt Issued and Outstanding					<u>\$ 308,491,152</u>
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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, 2006</u>
Reclamation Utility Bonds	Serial Bonds	07-15-02	07-15-17	3.25-4.35 %	\$ 7,400,000
Reclamation Utility Bonds	Serial Bonds	04-27-04	09-01-10	5.25-5.00%	7,830,000
Reclamation Utility Bonds	Serial Bonds	04-19-05	01-15-17	3.00-5.00%	<u>6,600,000</u>

Total Reclamation Utility Debt Issued and Outstanding					<u>\$ 21,830,000</u>
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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:

Year	General Capital Fund			Reclamation Capital Fund		
	Principal	Interest	Total	Principal	Interest	Total
2007	\$ 33,566,005	13,051,554	46,617,559	2,860,000	996,000	3,856,000
2008	31,771,139	11,511,139	43,282,278	2,830,000	859,850	3,689,850
2009	31,066,579	10,142,927	41,209,506	2,790,000	721,275	3,511,275
2010	29,852,947	8,838,191	38,691,138	2,750,000	587,125	3,337,125
2011	30,478,683	7,600,870	38,079,553	1,200,000	461,200	1,661,200
2012	27,400,713	6,294,273	33,694,986	1,550,000	406,700	1,956,700
2013	24,906,391	5,082,225	29,988,616	1,550,000	340,950	1,890,950
2014	22,216,626	4,019,721	26,236,347	1,550,000	271,450	1,821,450
2015	20,202,069	3,062,826	23,264,895	1,550,000	201,150	1,751,150
2016	17,555,000	2,197,906	19,752,906	1,600,000	128,800	1,728,800
2017	11,915,000	1,503,490	13,418,490	1,600,000	54,800	1,654,800
2018	10,005,000	1,013,865	11,018,865			
2019	7,305,000	647,328	7,952,328			
2020	7,405,000	328,057	7,733,057			
2021	2,845,000	60,456	2,905,456			
	<u>\$ 308,491,152</u>	<u>75,354,828</u>	<u>383,845,980</u>	<u>21,830,000</u>	<u>5,029,300</u>	<u>26,859,300</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, 2006, the County had authorized but not issued bonds and notes as follows:

General Capital Fund	\$ 115,790,000
Monmouth County Improvement Authority – Guarantee	<u>60,360,000</u>
Net Bonds and Notes Authorized but Not Issued	<u>\$ 176,150,000</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, 2006 was 0.3606% and its remaining borrowing power in dollars was \$102,692,222,432.89.

NOTE 5: FUND BALANCE APPROPRIATED

The following current fund balances were appropriated as revenue in the County's budgets for the years 2005, 2006 and 2007:

<u>Year</u>	<u>Amount</u>
2005	\$ 42,000,000
2006	48,000,000
2007	48,500,000

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>
2006	70,973,256,180	105,034,059,265	.300
2005	65,515,271,859	90,137,099,466	.299
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

(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

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 \$139,012.00 and \$997,189.00, respectively, which is also part of the unfunded liability.

While the County does not accrue this liability, the unfunded liability at December 31, 2006 is \$6,298,907.00 based on the eligible employees.

NOTE 9: DEFERRED COMPENSATION PLAN

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

NOTE 10: COUNTY HEALTH CARE PROGRAM

- A. Indemnity Plan with IAA
- 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>
2007	\$ 4,020,250
2008	4,022,750
2009/2011	<u>12,057,500</u>
	20,100,500
Less: Interest	<u>(2,695,500)</u>
	<u>\$ 17,405,000</u>

The interest rates on the correctional institute vary from 4.2% to 5.0%. 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, 2006, the bonds included the following issues:

<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Rate</u>	<u>Balance Dec. 31, 2006</u>
8-01-91	\$ 5,435,000	6.40-6.60	\$ 75,000
8-15-97	11,390,000	4.625-6.00	255,000
8-30-99	20,590,000	4.10-5.00	4,070,000
10-31-01	16,885,000	4.15-5.00	4,805,000
8-01-03	16,180,000	3.45-5.00	10,070,000
10-01-05	21,905,000	3.25-5.00	19,470,000

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 \$48,653.50.

For its April 19, 2005 bond issue of \$27,035,000 the County has determined that there is an arbitrage liability of \$190,685.41.

For its August 1, 1997 bond issue of \$33,000,000 the County has determined that there is an arbitrage liability of \$59,404.32.

For its August 1, 1998 bond issue of \$30,160,000 the County has determined that there is arbitrage liability of \$32,459.14.

For its July 15, 1999 bond issue of \$30,000,000 the County has determined that there is an arbitrage liability of \$43,003.57. A reserve has been set-up for the total of \$374,205.94.

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	10,000	1,000,000
Public Officials	2,000,000	10,000,000
Prosecutor's Liability*	1,250	3,000,000
Helicopter/Aviation	1,000/1,000	5,000,000
Environmental Impairment	15,000	3,000,000
Property	Various	75,000,000/25,000,000
Workers Compensation	250,000	Statutory
Surety Bonds:		
W. Claire French, Count Clerk		50,000
Bob Lahey, Superintendent of Buildings And Grounds		5,000
Joseph W. Oxley, Sheriff		50,000
Marie Muhler, Surrogate		50,000
Mark E. Acker, Treasurer		1,500,000

* In force to 3/28/06; afterward covered by the State.

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

minimum threshold. Based upon this threshold, the Division's fixed assets, comprised solely of

NOTE 21: CHANGE ORDERS

Monmouth County approved the following change orders during 2006:

1. Reso. #06-238 for Viebridge, Inc. – Authorizing additional expenditure (over 20%) for maintenance and technical services for the Telecare Connections Program of the Monmouth County Office on Aging for the period of 01/01/05 through 12/31/06.
2. Reso. #06-291 for A. Montone Construction, Inc. – Authorizing change order #2 for the pedestrian walkways project at various Monmouth County Roadways and municipalities.
3. Reso. #06-779 for Aculabs, Inc. – Authorizing increase in the amount of laboratory services for the Monmouth County Care Centers for the period of January 1, 2006 through December 31, 2006.
4. Reso. #06-940 for Partners Healthcare, L.L.C. – Authorizing additional expenditure (over 20%) for pharmacy services for the residents of the Monmouth County Care Centers for the period of January 1, 2006 through December 31, 2006.

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 22: 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 23: FASB PRONOUNCEMENTS POLICY

The County adheres to all FASB policies unless otherwise indicated.

NOTE 24: CORRECTIONAL CENTER INMATE ACCOUNTS RECEIVABLE BALANCES

These are recorded on the financials of the Correctional Center balances for inmate accounts receivable which represent charges to inmates for processing fees. These accounts receivable have been brought forward for many years and the balance increases each year. The collection of these accounts in relation to the overall balance is highly doubtful. The County does not desire to establish a write-off policy as they want to be able to collect any balances they can if the opportunity arises.

NOTE 25: AUDIT REQUIREMENTS OF OMB CIRCULAR A-133 AND STATE OMB CIRCULAR 04-04

Another auditor audited the compliance requirements of OMB Circular A-133 and State OMB Circular 04-04 for the year ended December 31, 2006. They have issued a separate report, and as such, we do not express an opinion on those compliance requirements.

APPENDIX B

FORM OF CONTINUING DISCLOSURE CERTIFICATE

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CONTINUING DISCLOSURE CERTIFICATE

THIS CONTINUING DISCLOSURE CERTIFICATE is made as of September 26, 2007 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 September 26, 2007 in the aggregate principal amount of \$74,470,000 (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 August 23, 2007 ; 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 September 4, 2007 (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 September 12, 2007, the Issuer accepted the bid of Merrill Lynch & Co., 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 September 12, 2007 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, 2007, 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

\$74,470,000

**COUNTY OF MONMOUTH
NEW JERSEY**

GENERAL OBLIGATION BONDS, SERIES 2007

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 September 12, 2007 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 \$74,470,000 General Obligation Bonds, Series 2007, consisting of: \$50,000,000 General Improvement Bonds, Series 2007 (the "Series 2007A Bonds"), \$4,470,000 County College Bonds, Series 2007 (County College Bonds Act, P.L. 1971, c. 12) (the "Series 2007B Bonds") and \$20,000,000 Open Space Bonds, Series 2007 (the "Series 2007C Bonds" and, together with the Series 2007A Bonds and the Series 2007B Bonds, collectively, 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 September 26, 2007) and will bear interest at the rate per annum specified by the successful bidder therefor in accordance herewith, payable on March 15, 2008 and semi-annually thereafter on the fifteenth day of September and March in each year until maturity.

Principal Amortization

Principal of the Bonds will be paid annually (at maturity, unless designated as mandatory sinking fund payments in the manner prescribed herein), subject to prior optional redemption, on September 15 of each of the following years and in the following aggregate amounts:

\$50,000,000 General Improvement Bonds, Series 2007, maturing in the principal amount of \$430,000 in the year 2008; \$110,000 in the years 2009 to 20011, inclusive; \$4,475,000 in the years 2012 to 2019, inclusive; and \$4,480,000 in the years 2020 to 2022, inclusive.

\$4,470,000 County College Bonds, Series 2007 (County College Bond Act, P.L. 1971, C. 12), maturing in the principal amount of \$445,000 in the years 2008 to 2013, inclusive; and \$450,000 in the years 20014 to 2017, inclusive.

\$20,000,000 Open Space Bonds, Series 2007, maturing in the principal amount of \$950,000 in the year 2008; \$1,010,000 in the year 2009; \$1,050,000 in the year 2010; \$1,100,000 in the year 2011; \$1,140,000 in the year 2012; \$1,190,000 in the year 2013;

\$1,240,000 in the year 2014; \$1,300,000 in the year 2015; \$1,360,000 in the year 2016; \$1,420,000 in the year 2017; \$1,490,000 in the year 2018; \$1,570,000 in the year 2019; \$1,640,000 in the year 2020; \$1,730,000 in the year 2021; and, \$1,810,000 in the year 2022.

The combined maturity schedule for the Bonds is as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Year</u>	<u>Principal Amount</u>
2008	\$1,825,000	2016	\$6,285,000
2009	1,565,000	2017	6,345,000
2010	1,605,000	2018	5,965,000
2011	1,655,000	2019	6,045,000
2012	6,060,000	2020	6,120,000
2013	6,110,000	2021	6,210,000
2014	6,165,000	2022	6,290,000
2015	6,225,000		

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 in the Bonds.

Optional Redemption Provisions

The Bonds maturing on or prior to September 15, 2017 shall not be subject to redemption prior to their respective maturity dates. The Bonds maturing on or after September 15, 2018 shall be subject to redemption prior to their respective maturity dates, on or after September 15, 2017 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.

County College Bond Act

The Series 2007B Bonds are entitled to the benefits of the County College Bond Act (N.J.S.A. 18A:64A-22.1 et seq.). Under the provisions of the County College Bond Act, the State shall appropriate annually and pay an amount equal to the amount of principal and interest due on the bonds entitled to the provisions of the County College Bond Act. The amounts paid by the State pursuant to said Act are paid directly to the paying agent for the bonds and therefore must be used for the payment of the principal of and interest on said bonds. Any bonds or notes entitled to the benefits of the County College Bond Act shall not be deemed to be a debt or liability of the State or a pledge of the faith and credit of the State, but are dependent for repayment upon appropriations provided by law from time to time.

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 March 1 and September 1, respectively (the "Record Dates" for payment of interest on the Bonds), which participants will in turn credit such payments to the beneficial owners of the Bonds.

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

Individual purchases of beneficial ownership interests in the Bonds will be made in book-entry form (without certificates) in the denomination of \$5,000 each or any integral multiple thereof. It shall be the obligation of the successful bidder to furnish to DTC an underwriter's questionnaire and the denomination of the Bonds not less than seventy-two (72) hours prior to the delivery of the Bonds and to furnish to bond counsel, referenced below, the initial public offering prices of the Bonds not less than forty-eight (48) hours prior to 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 September 12, 2007, 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 and a quarter percent (5.25%). No bond of any maturity may be reoffered at a price less than one hundred percent (100%) 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, September 26, 2007 at the offices of Gibbons 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 \$1,489,400 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 10:30 a.m. New York City time on 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 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. One series of CUSIP numbers will be assigned to the Series 2007A Bonds and Series 2007C Bonds and a separate series of CUSIP numbers will be assigned to the Series 2007B Bonds.

Undertakings of the Successful Bidder

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

The successful bidder shall within thirty (30) minutes after being notified of the award of the Bonds, advise the County in writing (via facsimile transmission) of the respective 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 HAVE MADE A BONA FIDE PUBLIC OFFERING OF 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 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: September 4, 2007

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APPENDIX D

**FORM OF OPINION OF GIBBONS P.C., BOND COUNSEL
TO THE COUNTY OF MONMOUTH, NEW JERSEY**

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September __, 2007

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 \$74,470,000 General Obligation Bonds, Series 2007 dated the date of delivery, consisting of \$50,000,000 General Improvement Bonds, Series 2007 (the "Series 2007A Bonds"), \$4,470,000 County College Bonds, Series 2007 (County College Bond Act, P.L. 1971, c. 12) (the "Series 2007B Bonds") and \$20,000,000 Open Space Bonds, Series 2007 (the "Series 2007C Bonds" and, together with the Series 2007A Bonds and the Series 2007B Bonds, the "Series 2007 Bonds").

The Bonds are issued pursuant to the Local Bond Law, constituting Chapter 2 of Title 40A of the New Jersey Statutes (the "Local Bond Law"), and where appropriate, Title 18A, Education, of the New Jersey Statutes (the "Education Law"), a resolution of the Board of Chosen Freeholders adopted on August 23, 2007 (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 September 15 in the principal amounts as set forth below:

<u>Year</u>	<u>Principal Amount</u>	<u>Year</u>	<u>Principal Amount</u>
2008	\$1,925,000	2016	\$6,275,000
2009	1,565,000	2017	6,335,000
2010	1,605,000	2018	5,955,000
2011	1,645,000	2019	6,035,000
2012	6,050,000	2020	6,120,000
2013	6,100,000	2021	6,200,000
2014	6,165,000	2022	6,280,000
2015	6,215,000		

The Bonds are subject to redemption prior to maturity.

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

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

1. The aforementioned proceedings and proofs show lawful authority for the issuance and sale of the Bonds pursuant to the Local Bond Law, the Education Law and other applicable provisions of law, and that the Bonds have been duly authorized, executed and delivered and are valid and legally binding obligations of the County. The Series 2007B Bonds are entitled to the benefits of the provisions of the County College Bond Act, N.J.S.A. 18A:64A-22.1, et seq.

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

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

4. Under existing law, interest on the Bonds and net gains on the sale 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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