

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 2012 Bonds is excluded from the gross income of the owners of the Series 2012 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 2012 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 2012 Bonds and net gains from the sale of the Series 2012 Bonds are exempt from the tax imposed by the New Jersey Gross Income Tax. In the case of certain corporate holders of the Series 2012 Bonds, interest on the Series 2012 Bonds will be included in the calculation of the alternative minimum tax as a result of the inclusion of interest on the Series 2012 Bonds in "adjusted current earnings" of certain corporations. See "TAX MATTERS" herein.

**\$97,800,000**  
**COUNTY OF MONMOUTH**  
**New Jersey**  
**General Obligation Bonds, Series 2012**  
**Consisting of**  
**\$77,000,000 General Improvement Bonds, Series 2012**  
**\$5,000,000 Open Space Bonds, Series 2012**  
**\$6,300,000 Reclamation Center Utility Bonds, Series 2012**  
**\$1,000,000 County Vocational School Bonds, Series 2012**  
**(New Jersey School Bond Reserve Act, P.L. 1980, c. 72)**  
**\$4,250,000 County College Bonds, Series 2012**  
**and**  
**\$4,250,000 County College Bonds, Series 2012**  
**(County College Bond Act, P.L. 1971, c. 12)**

**Dated: Date of Delivery**

**Due: January 15, as shown on the inside front cover**

The \$97,800,000 General Obligation Bonds, Series 2012, consisting of \$77,000,000 General Improvement Bonds, Series 2012, \$5,000,000 Open Space Bonds, Series 2012, \$6,300,000 Reclamation Center Utility Bonds, Series 2012, \$1,000,000 County Vocational School Bonds, Series 2012 (New Jersey School Bond Reserve Act, P.L. 1980, c.72), \$4,250,000 County College Bonds, Series 2012 and \$4,250,000 County College Bonds, Series 2012 (County College Bond Act, P.L. 1971, c. 12) (collectively, the "Series 2012 Bonds") will be issued by the County of Monmouth, New Jersey (the "County") in fully registered form and, when issued, 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 2012 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 each or any integral multiple thereof. Provided DTC or its nominee Cede is the registered owner of the Series 2010 Bonds, principal of, redemption premium, if any, and interest (payable semi-annually on January 15, 2013 and on each July 15 and January 15 thereafter until maturity or prior redemption), on the Series 2012 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 2012 Bonds. See "OTHER INFORMATION - The DTC Book-Entry-Only System."

The Series 2012 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, as amended, various ordinances and a resolution of the County, to permanently finance specified general improvements and to pay the costs of issuance with respect to the Series 2012 Bonds.

The full faith and credit of the County are irrevocably pledged for the payment of the principal of, redemption premium, if any, and interest on the Series 2012 Bonds. The Series 2012 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 2012 Bonds are subject to redemption prior to maturity as set forth herein.

The issuance of the Series 2012 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 2012 Bonds will be available for delivery to DTC on or about June 28, 2012, in New York, New York, or at such other place and time as may be agreed to by the County.

**COUNTY OF MONMOUTH  
STATE OF NEW JERSEY**

**\$77,000,000 GENERAL IMPROVEMENT BONDS, SERIES 2012**

<u>Maturing January 15</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Maturing January 15</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
2013	\$2,850,000	4.00%	0.20%	2021	\$5,700,000	4.00%	1.92%
2014	3,320,000	4.00	0.37	2022	5,700,000	3.00	2.06
2015	3,840,000	4.00	0.54	2023*	5,700,000	3.00	2.33
2016	4,380,000	4.00	0.72	2024*	5,700,000	3.00	2.65
2017	5,610,000	4.00	0.94	2025*	5,700,000	3.00	2.90
2018	5,700,000	4.00	1.25	2026*	5,700,000	4.00	2.75
2019	5,700,000	4.00	1.48	2027	5,700,000	3.00	3.00
2020	5,700,000	4.00	1.72				

**\$5,000,000 OPEN SPACE BONDS, SERIES 2012**

<u>Maturing January 15</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Maturing January 15</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
2013	\$200,000	4.00%	0.20%	2021	\$400,000	4.00%	1.92%
2014	200,000	4.00	0.37	2022	400,000	3.00	2.06
2015	200,000	4.00	0.54	2023*	400,000	3.00	2.33
2016	200,000	4.00	0.72	2024*	400,000	3.00	2.65
2017	200,000	4.00	0.94	2025*	400,000	3.00	2.90
2018	400,000	4.00	1.25	2026*	400,000	4.00	2.75
2019	400,000	4.00	1.48	2027	400,000	3.00	3.00
2020	400,000	4.00	1.72				

**\$6,300,000 RECLAMATION CENTER UTILITY BONDS, SERIES 2012**

<u>Maturing January 15</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Maturing January 15</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
2013	\$420,000	4.00%	0.20%	2021	\$420,000	4.00%	1.92%
2014	420,000	4.00	0.37	2022	420,000	3.00	2.06
2015	420,000	4.00	0.54	2023*	420,000	3.00	2.33
2016	420,000	4.00	0.72	2024*	420,000	3.00	2.65
2017	420,000	4.00	0.94	2025*	420,000	3.00	2.90
2018	420,000	4.00	1.25	2026*	420,000	4.00	2.75
2019	420,000	4.00	1.48	2027	420,000	3.00	3.00
2020	420,000	4.00	1.72				

**\$1,000,000 COUNTY VOCATIONAL SCHOOL BONDS, SERIES 2012  
(NEW JERSEY SCHOOL BOND RESERVE ACT, P.L. 1980, c. 72)**

<u>Maturing January 15</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Maturing January 15</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
2013	\$100,000	4.00%	0.20%	2018	\$100,000	4.00%	1.25%
2014	100,000	4.00	0.37	2019	100,000	4.00	1.48
2015	100,000	4.00	0.54	2020	100,000	4.00	1.72
2016	100,000	4.00	0.72	2021	100,000	4.00	1.92
2017	100,000	4.00	0.94	2022	100,000	3.00	2.06

**\$4,250,000 COUNTY COLLEGE BONDS, SERIES 2012**

<u>Maturing January 15</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Maturing January 15</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
2013	\$425,000	4.00%	0.20%	2018	\$425,000	4.00%	1.25%
2014	425,000	4.00	0.37	2019	425,000	4.00	1.48
2015	425,000	4.00	0.54	2020	425,000	4.00	1.72
2016	425,000	4.00	0.72	2021	425,000	4.00	1.92
2017	425,000	4.00	0.94	2022	425,000	3.00	2.06

**\$4,250,000 COUNTY COLLEGE BONDS, SERIES 2012  
(COUNTY COLLEGE BOND ACT, P.L. 1971, c. 12)**

<u>Maturing January 15</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Maturing January 15</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
2013	\$425,000	4.00%	0.20%	2018	\$425,000	4.00%	1.25%
2014	425,000	4.00	0.37	2019	425,000	4.00	1.48
2015	425,000	4.00	0.54	2020	425,000	4.00	1.72
2016	425,000	4.00	0.72	2021	425,000	4.00	1.92
2017	425,000	4.00	0.94	2022	425,000	3.00	2.06

\* Priced to call on January 15, 2022.

**COUNTY OF MONMOUTH**  
**STATE OF NEW JERSEY**

BOARD OF CHOSEN FREEHOLDERS

John P. Curley	Director of the Board
Thomas A. Arnone	Deputy Director
Lillian G. Burry	Freeholder
Gary J. Rich, Sr.	Freeholder
Serena DiMaso, Esq.	Freeholder

COUNTY OFFICIALS

Teri O'Connor	County Administrator
Craig R. Marshall	Director of Finance and County Treasurer
Andrea I. Bazer, Esq.	County Counsel
Marion Masnick	Clerk of the Board of Chosen Freeholders

PROFESSIONALS

Gibbons P.C.	Bond Counsel
Hutchins, Farrell, Meyer & Allison, P.A.	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 2012 Bonds, other than those contained in this Official Statement, in connection with the offering of the Series 2012 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 2012 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 2012 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 2012 Bonds. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder shall under any circumstances create any implication that there has been no change in the affairs of the County since the date hereof or any earlier date as of which any information contained herein is given.

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

**COUNTY OF MONMOUTH, NEW JERSEY**

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

**Relating to its  
\$97,800,000 General Obligation Bonds, Series 2012  
Consisting of  
\$77,000,000 General Improvement Bonds, Series 2012  
\$5,000,000 Open Space Bonds, Series 2012  
\$6,300,000 Reclamation Center Utility Bonds, Series 2012  
\$1,000,000 County Vocational School Bonds, Series 2012  
(New Jersey School Bond Reserve Act, P.L. 1980, c. 72)  
\$4,250,000 County College Bonds, Series 2012  
and  
\$4,250,000 County College Bonds, Series 2012  
(County College Bond Act, P.L. 1971, c. 12)**

**I. DESCRIPTION OF THE SERIES 2012 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 \$97,800,000 aggregate principal amount of the County’s General Obligation Bonds, Series 2012, consisting of \$77,000,000 General Improvement Bonds, Series 2012, \$5,000,000 Open Space Bonds, Series 2012, \$6,300,000 Reclamation Center Utility Bonds, Series 2012, \$1,000,000 County Vocational School Bonds, Series 2012 (New Jersey School Bond Reserve Act, P.L. 1980, c.72), \$4,250,000 County College Bonds, Series 2012 and \$4,250,000 County College Bonds, Series 2012 (County College Bond Act, P.L. 1971, c. 12) (collectively, the “Series 2012 Bonds”), dated the date of delivery.

The Series 2012 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, as amended. The Series 2012 Bonds have been authorized by various ordinances duly adopted by the County and a resolution of the County adopted at meeting of the Board of Freeholders of the County (the “County Board”) on May 24, 2012. The Series 2012 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 2012 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 2010A Bonds will be dated the date of delivery, and will mature on January 15 in the years and in the amounts set forth on the inside cover page hereof. The Series 2012 Bonds will bear interest payable semi-annually on January 15, 2013 and on each July 15 and January 15 thereafter until maturity or optional redemption.

## **Denomination and Place of Payment**

The Series 2012 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 2012 Bonds under its book-entry-only system (the “DTC Book-Entry-Only System”). An individual purchaser (the “Beneficial Owner”) may purchase a Series 2012 Bond in book-entry form (without certificates) in denominations of \$5,000 each or any integral multiple thereof.

Provided Cede is the registered owner of the Series 2012 Bonds, the principal, redemption premium, if any, and interest on, the Series 2012 Bonds will be paid to DTC or Cede, as its nominee, and credited to the participants of DTC as listed on the records of DTC as of each next preceding January 1 and July 1 (the “Record Dates” for the payment of interest on the Series 2012 Bonds). See “OTHER INFORMATION - The DTC Book-Entry-Only System” herein.

## **Optional Redemption Provisions**

The Series 2012 Bonds maturing on or prior to January 15, 2022 shall not be subject to redemption prior to their respective maturity dates. The Series 2012 Bonds maturing on or after January 15, 2023 shall be subject to redemption prior to their respective maturity dates, on or after January 15, 2022 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 2012 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 Series 2012 Bonds, Notices of Redemption shall be sent to such depository and shall not be sent to the beneficial owners of the Series 2012 Bonds, nor shall the notice be published as provided herein and will be done in accordance with DTC procedures. Any failure of such depository to advise any of its participants or any failure of any participant to notify any beneficial owner of any Notice of Redemption shall not affect the validity of the redemption proceedings. If the County determines to redeem a portion of the Series 2012 Bonds of a



maturity, such Series 2012 Bonds shall be selected by the County by lot. If Notice of Redemption has been given as described herein, the Series 2012 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 2012 Bonds redeemed.

### **Authorization**

The Series 2012 Bonds have been authorized and are to be issued in accordance with the Local Bond Law 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 2012 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 2012 Bonds by the County.

### **Security for the Series 2012 Bonds**

The Series 2012 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 2012 Bonds.

### **Additional Security for the County Vocational School Bonds, Series 2012 (New Jersey School Bond Reserve Act, P.L. 1980, c.72)**

The County Vocational School Bonds, Series 2012 (New Jersey School Bond Reserve Act, P.L. 1980, c.72) will be secured by the School Bond Reserve ("School Bond Reserve") established in the Fund for the Support of Free Public Schools of the State of New Jersey (the "Fund") and in accordance with the New Jersey School Bond Reserve Act, P.L. 1980, c. 72, approved July 16, 1980 (the "School Bond Reserve Act" and codified at N.J.S.A. 18A:56-17 et. seq.). The School Bond Reserve shall consist of two accounts, the old school bond reserve account and the new school bond reserve account. The old school bond reserve account shall be funded in an amount equal to at least one and one-half (1 1/2 %) per cent of the aggregate issued and outstanding bonded indebtedness of counties, municipalities or school districts for school purposes for all such indebtedness issued prior to July 1, 2003, exclusive of bonds the debt service for which is provided by the State, provided such amounts do not exceed the moneys available in the old school bond reserve account. The new school bond reserve account shall be funded in an amount equal to at least one (1%) per cent of the aggregate issued and outstanding bonded indebtedness of counties, municipalities or school districts for school purposes for all such indebtedness issued on and after July 1, 2003, exclusive of bonds the debt service for which is provided by State appropriations.

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

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

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

**Additional Security for the County College Bonds, Series 2012 (County College Bond Act, P.L. 1971, c. 12)**

The County College Bonds, Series 2012 (County College Bond Act, P.L. 1971, c. 12) are entitled to the benefits of the provisions of the County College Bond Act, P.L. 1971, c.12 (N.J.S.A. 18A:64A-22.1 *et seq.*) (the “County College Bond Act”). Under the provisions of the Act, the State shall appropriate and pay annually on behalf of the County an amount equal to the amount of principal and interest due on the County College Bonds, Series 2012 (County College Bond Act, P.L. 1971, c. 12). The amount paid by the State pursuant to the Act are paid directly to the paying agent for the County College Bonds, Series 2012 (County College Bond Act, P.L. 1971, c. 12) and therefore must be used for the payment of the principal of and interest on the County College Bonds, Series 2012 (County College Bond Act, P.L. 1971, c. 12). Any obligations issued by the County that are entitled to the benefits of the provisions of the County College Bond Act are not debts or liabilities of the State, but are dependent for repayment upon appropriations by law from time to time.

**Purpose of the Issue**

The proceeds of the Series 2012 Bonds will be used to finance the acquisition and undertaking 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 2012 Bonds Authorized</u>	<u>Amount of Series 2012 Bonds Issued</u>	<u>Adoption Dates</u>
Various Improvements (Ord. No. 98-01)	\$30,900,000	\$ 300,000	March 19, 1998
Various Improvements (Ord. No. 02-02)	43,910,000	500,000	February 14, 2002
Various Improvements (Ord. No. 05-03)	51,465,000	115,000	March 10, 2005
Various Improvements (Ord. No. 07-03)	47,550,000	425,000	April 26, 2007
Various Improvements (Ord. No. 08-03)	71,055,000	6,256,475	May 22, 2008
Various Improvements (Ord. No. 09-02)	81,417,000	18,779,000	June 11, 2009
Vocational School Improvements (Ord. No. 10-01)	2,000,000	250,000	June 24, 2010
Various Improvements (Ord. No. 10-02)	47,500,000	22,689,000	June 24, 2010
Trunked Radio System (Ord. No. 10-05)	27,343,025	14,995,525	June 24, 2010
Reclamation Center Improvements (Ord. No. 10-06)	4,000,000	2,600,000	June 24, 2010
Open Space (Ord. No. 12-01)	20,000,000	5,000,000	May 10, 2012
County College Improvements (Ord. No. 12-02)	8,500,000	8,500,000	May 10, 2012
Vocational School Improvements (Ord. No. 12-03)	2,500,000	500,000	May 10, 2012
Reclamation Center Improvements (Ord. No. 12-04)	9,700,000	3,700,000	May 10, 2012
Various Improvements (Ord. No. 12-05)	32,690,000	9,440,000	May 10, 2012
Various Improvements (Ord. No. 12-07)	3,750,000	3,750,000	May 10, 2012
<b>TOTAL</b>	<b>\$484,280,025</b>	<b>\$97,800,000</b>	

## II. COUNTY OF MONMOUTH, NEW JERSEY, GENERAL INFORMATION

### Description of the County

The County of Monmouth (the “County”), with a land area of 472 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 27 miles of Atlantic Ocean Beachfront and on the north by 26 miles of Raritan and Sandy Hook Bay Shorelines. The County consists of fifty-three (53) municipalities, whose populations range from 194 to 66,522 (2010 Census).

### 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>
John P. Curley	Director of the Board	January 2013
Thomas A. Arnone	Deputy Director	January 2014
Lillian G. Burry	Freeholder	January 2015
Gary J. Rich, Sr.	Freeholder	January 2015
Serena DiMaso, Esq.	Freeholder	January 2013

### County Officials

Teri O’Connor	County Administrator
Craig R. Marshall	Director of Finance and County Treasurer
Andrea I. Bazer, Esq.	County Counsel
Marion Masnick	Clerk of the Board of Chosen Freeholders

### 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 (2007-2011)” 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 411,417 tons during 2011 and, at current monthly deliveries, is expected to accept a similar amount during 2012. Much of the waste has been shredded since the MCRC opened in 1976, making more efficient use of the available capacity. A 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 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, a network of local and regional bus services, ferry service to New York City, and the Monmouth County Executive Airport. The Monmouth County Executive Airport has all weather flight capabilities and serves as a base for business travel.

## 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 et seq., commonly referred to as the “CAP Law”, places a limit on county tax levies. 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. 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. However, N.J.S.A. 40A:4-45.14 limits increases in county tax levies to a maximum of 3.5% only when the governing body acts to increase capped tax levies to that limit. The cost-of-living adjustment for 2012 is 3.5%. In addition, new legislation was enacted during 2007 known as the tax levy CAP under N.J.S.A. 40A:4-45.44 et seq. (“the Property Tax Act”) requiring the calculation of another limitation (a 4% limitation) on county and municipal tax levies, with certain exceptions and subject to a number of adjustments. The Property Tax Act has now been amended by the provisions of P.L. 2010, c. 44 (the “Amendment”). The Amendment reduces the tax levy cap from 4% to 2%, limits exclusions only to capital expenditures, including debt service, certain increases in pension contributions and accrued liability for pension contributions in excess of 2%, certain healthcare cost increases in excess of 2% and extraordinary costs related to a declared emergency. Waivers from the Division of Local Government Services or the Local Finance Board are no longer available under the Amendment.

### 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>
2008	\$ 91,600,065,288	71.89	\$127,408,793,979	0.225699847
2009	106,245,689,388	82.34	129,032,178,878	0.228990766
2010	108,110,362,547	85.98	125,737,957,896	0.241558487
2011	106,195,811,067	87.67	121,128,479,054	0.251651163
2012	103,713,568,700	88.73	116,890,083,775	0.260599447

Source: Abstract of Ratables County of Monmouth

**DISTRIBUTION OF ASSESSED VALUATION**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Vacant Land	\$ 1,939,743,990	\$ 2,032,658,100	\$ 1,904,978,160	\$ 1,805,921,460	\$ 1,673,185,900
Residential	75,608,544,008	87,639,645,250	89,448,262,850	88,182,251,391	86,172,534,370
Farm Regular	664,923,650	775,852,100	974,029,200	908,951,600	871,894,200
Farm Qualified	29,084,900	28,127,200	29,521,400	29,655,000	29,528,600
Commercial	10,347,047,120	12,457,546,650	12,481,857,180	12,064,274,320	11,864,907,850
Industrial	1,041,586,900	1,127,627,600	1,159,465,800	1,138,740,500	1,108,813,300
Apartments	<u>1,811,064,800</u>	<u>1,957,642,900</u>	<u>1,884,147,000</u>	<u>1,864,675,800</u>	<u>1,852,308,000</u>
	<u>\$91,441,995,368</u>	<u>\$106,019,099,800</u>	<u>\$107,882,261,590</u>	<u>\$105,994,470,071</u>	<u>\$103,573,172,220</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, 2011**

<u>Owner of Record</u>	<u>Property Location</u>	<u>2011 Total Assessed Value</u>	<u>2011 Tax Rate Per \$100</u>	<u>Total 2011 Taxes</u>
<b>1 Freehold Mall</b>				
Freemall Associates	Freehold Township	\$ 2,926,600	1.960	\$ 57,361.36
Freemall Associates, LLC	Freehold Township	314,699,800	1.960	6,168,116.08
Galyans Sports & Outdoor –Dick’s	Freehold Township	13,000,000	1.960	254,800.00
American Multi-Cinema, Inc.	Freehold Township	16,500,000	1.960	323,400.00
Freemall Associates – Bob’s	Freehold Township	10,971,200	1.960	215,035.52
LT Propco LLC - Lord & Taylor	Freehold Township	10,534,600	1.960	206,478.16
JC Penney Properties, Inc.	Freehold Township	12,689,600	1.960	248,716.16
Trustees of SRC Facilities -Sears	Freehold Township	11,952,500	1.960	234,269.00
Nordstrom, Inc.	Freehold Township	13,959,500	1.960	273,606.20
TRU 2005 RE I LLC, c/o Toys “R” Us	Freehold Township	6,500,000	1.960	127,400.00
Office Depot, Inc.- Office Depot	Freehold Township	2,800,000	1.960	54,880.00
HD Development – Home Depot	Freehold Township	11,250,000	1.960	220,500.00
EF Partners, LLC- Lin & Mar	Freehold Township	8,638,000	1.960	169,304.80
State St. Bank – XMAS/Raymoor	Freehold Township	14,630,400	1.960	286,755.84
Macys East, Inc.	Freehold Township	20,763,400	1.960	<u>406,962.64</u>
				\$ 9,247,585.76
<b>2 AT&amp;T Corporate Park</b>				
199 Laurel Assoc. c/o Steiner Equity Group	Middletown	\$ 885,000	2.087	\$ 18,469.95
200 Laurel c/o ATT Lease Adm	Middletown	211,354,700	2.087	4,410,972.59
Four Ponds c/o CB R Ellis Inc.	Middletown	50,000,000	2.087	<u>1,043,500.00</u>
				\$ 5,472,942.54
<b>3 Monmouth Mall</b>				
Sacco of Monmouth, LLC	Eatontown	\$ 23,812,600	2.085	\$ 496,492.71
Eatontown Monmouth Mall LLC	Eatontown	167,000,000	2.085	3,481,950.00
LT Propco LLC - Lord & Taylor	Eatontown	15,497,600	2.085	323,124.96
Macy’s East Federated Dept. Stores	Eatontown	24,980,900	2.085	520,851.77
JC Penney 1150-0 Property Tax Office	Eatontown	20,015,200	2.085	<u>417,316.92</u>
				\$ 5,239,736.36
<b>4 Assisted Living Facility</b>				
Tinton Falls Campus, LLC c/o Seabrook	Tinton Falls	\$ 193,746,400	1.808	<u>\$ 3,502,934.91</u>
				\$ 3,502,934.91
<b>5 Jersey Shore Premium Outlets</b>				
CPG Tinton Falls Urban Renewal, LLC	Tinton Falls	\$ 142,895,800	1.808	<u>\$ 2,583,556.06</u>
				\$ 2,583,556.06
<b>6 New Jersey Sports &amp; Exposition Authority</b>				
	Oceanport	\$ 87,409,400	2.041	<u>\$ 1,784,025.85</u>
				\$ 1,784,025.85
<b>7 Seaview Square Mall</b>				
Seaview Square, LLC c/o Linque Mngmt Co	Ocean Township	\$ 60,000,000	2.082	\$ 1,249,200.00
Sears, Roebuck & Co. D/768Tax, B2107A	Ocean Township	22,517,600	2.082	<u>468,816.43</u>
				\$ 1,718,016.43

**LIST OF MONMOUTH COUNTY TWELVE LARGEST TAXPAYERS  
DECEMBER 31, 2011**

<u>Owner of Record</u>	<u>Property Location</u>	<u>2011 Total Assessed Value</u>	<u>2011 Tax Rate Per \$100</u>	<u>Total 2011 Taxes</u>
<b>8 Pier Village</b>				
Pier Village	Long Branch	\$ 87,500,900	1.898	<u>\$ 1,660,767.08</u> \$ 1,660,767.08
<b>9 Bellcore Research Facility</b>				
One Rvr.Assoc. c/o Mack-Cali Realty Corp.	Middletown	\$ 63,443,400	2.087	<u>\$ 1,324,063.76</u> \$ 1,324,063.76
<b>10 Shopping Center</b>				
Caydenzar c/o Denholtz Associates	Holmdel	\$ 6,460,000	1.961	\$ 126,680.60
Holmdel Commons, LLC c/o Kimco Rlty	Holmdel	51,911,100	1.961	<u>1,017,976.67</u> \$ 1,144,657.27
<b>11 Ocean Place Hilton</b>				
Ocean Place Development, LLC	Long Branch	\$ 55,384,000	1.898	<u>\$ 1,051,188.32</u> \$ 1,051,188.32
<b>12 Office Complex</b>				
Four Ponds – Avaya Inc.	Middletown	\$ 50,000,000	2.087	<u>\$ 1,043,500.00</u> \$ 1,043,500.00

Source: Monmouth County Board of Taxation (April 4, 2012).

**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 (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 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 Hutchins, Farrell, Meyer & Allison, PA, the County’s independent auditor, for the calendar year ending December 31, 2010 appears in Appendix B to this Official Statement.

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>(Unaudited) 2011</u>
Revenues and Other Additions:					
Fund Balance Utilized	\$ 48,500,000	\$ 48,500,000	\$ 44,850,000	\$ 44,850,000	\$ 43,865,000
Miscellaneous Revenue					
Anticipated	170,535,152	167,216,523	181,481,812	177,442,518	152,302,044
Miscellaneous Revenue Not					
Anticipated	21,588,882	26,436,981	18,269,648	17,691,672	13,119,952
Receipts from Current Taxes	286,504,000	286,504,000	294,784,152	302,475,000	302,475,000
Other Credits to Revenue	139,088	466,658	377,604	5,147,336	83,469
Unexpended Balance of					
Appropriations Lapsed	14,160,639	14,544,598	15,443,964	17,555,455	23,789,107
<b>Total Revenues and Other Additions</b>	<b>\$541,427,764</b>	<b>\$543,668,760</b>	<b>\$555,207,180</b>	<b>\$565,161,981</b>	<b>\$535,634,572</b>
Expenditures:					
Budget Appropriations*	\$491,497,123	\$498,848,289	\$510,241,780	\$527,255,337	\$491,500,000
Other Charges	--	--	--	--	7,652,297
<b>Total Expenditures</b>	<b>\$491,497,123</b>	<b>\$498,848,289</b>	<b>\$510,241,780</b>	<b>\$527,255,337</b>	<b>\$499,152,297</b>
Excess in Revenue	49,930,640	44,820,471	44,965,400	37,906,644	36,482,275
Adjustment to Income Before					
Surplus: Emergency	--	25,000	--	--	--
Authorization					
Fund Balance, January 1	85,872,728	87,303,368	83,648,839	83,764,239	76,820,883
	135,803,368	132,148,839	128,614,239	121,670,883	113,303,158
Decreased by:					
Utilized as Anticipated Revenue	48,500,000	48,500,000	44,850,000	44,850,000	43,865,000
<b>Fund Balance, December 31</b>	<b>\$87,303,368</b>	<b>\$83,648,839</b>	<b>\$83,764,239</b>	<b>\$76,820,883</b>	<b>\$69,438,158</b>
Fund Balance, as a percentage					
of Total Expenditures	17.76%	16.77%	16.42%	14.57%	13.91%
* Paid or Charged	\$473,278,798	\$484,870,147	\$491,805,602	\$503,825,317	\$464,642,498
Appropriation Reserves	18,214,953	13,974,235	18,435,267	23,430,020	26,857,502
Current Appropriations Cancelled	3,371	3,907	911	-	-
	\$491,497,123	\$498,848,289	\$510,241,780	\$527,255,337	\$491,500,000

Current Fund operating results reflect a policy of conservatively estimating revenues and closely controlling expenditures. As a result, fund balances have generally been utilized less than the budgeted amounts. Fund balance, as a percentage of expenditures, has ranged in recent years from 17.76% in 2007 to 13.91% in 2011, while the tax levy has remained stable.

## FIVE YEAR SUMMARY OF CURRENT FUND BUDGET AND ACTUAL RESULTS

	2007		2008		2009		2010		2011	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Revenues:										(Unaudited)
County Clerk	\$ 17,755,000	\$ 16,252,266	\$ 15,700,000	\$14,992,200	\$ 11,500,000	\$10,753,379	\$10,716,000	\$9,924,290	\$ 9,920,140	\$9,570,851
Interest on Investments	10,500,000	16,521,581	11,500,000	9,878,267	9,750,000	8,492,624	4,000,000	1,884,814	1,200,000	1,110,415
Parks & Recreation	6,500,000	7,027,329	7,000,000	7,076,760	7,037,586	6,993,015	6,985,324	7,006,135	6,880,126	6,745,981
Medical Homes	23,400,000	24,256,251	23,350,000	23,831,125	23,700,000	26,755,503	24,215,000	23,905,124	23,550,000	24,122,932
Division of Social Services	23,500,000	26,768,972	26,500,000	28,075,031	25,000,000	26,374,976	25,735,927	23,568,151	23,100,440	24,595,899
State of N.J. - Social Service	18,746,227	18,746,227	21,130,952	21,130,952	22,812,837	22,812,837	22,662,478	22,662,478	22,808,216	22,808,216
Reimbursement										
State of N.J. - Inmate Reimbursement	2,450,000	2,337,289	2,300,000	897,201	800,000	1,968,933	1,900,000	805,499	600,000	255,181
State of N.J. - Remaining Aid	3,505,193	3,853,644	3,285,241	3,629,368	3,180,055	3,565,036	2,500,277	2,868,522	2,416,840	2,813,131
State & Federal Grants	30,584,642	30,584,642	28,336,524	28,336,524	34,772,930	34,772,930	45,100,548	45,100,548	40,973,020	40,973,020
Miscellaneous Revenue	19,552,062	45,775,835	24,716,572	55,806,076	32,054,220	57,262,227	36,114,783	57,408,629	42,554,496	61,269,647
Fund Balance Utilized	48,500,000	48,500,000	48,500,000	48,500,000	44,850,000	44,850,000	44,850,000	44,850,000	43,865,000	43,865,000
County Tax Levy	<u>286,504,000</u>	<u>286,504,000</u>	<u>286,504,000</u>	<u>286,504,000</u>	<u>294,784,152</u>	<u>294,784,152</u>	<u>302,475,000</u>	<u>302,475,000</u>	<u>302,475,000</u>	<u>302,475,000</u>
TOTAL REVENUES	\$491,497,124	\$527,128,036	\$498,823,289	\$528,657,504	\$510,241,780	\$539,385,612	\$527,255,337	\$542,459,189	\$520,343,278	\$540,605,274
Appropriations:										
General Government	\$ 28,233,385	\$ 26,558,715	\$ 29,339,837	\$ 27,747,235	\$ 27,215,648	\$ 25,421,336	\$26,218,181	\$24,279,751	\$25,079,957	\$23,445,798
Public Works & Engineering	32,707,198	31,619,731	33,532,094	32,091,766	33,421,054	30,153,932	31,942,821	29,941,850	31,990,245	30,394,920
Health & Human Services	97,464,230	92,398,083	102,235,679	96,904,251	97,187,221	93,338,383	99,054,796	89,552,383	95,618,386	87,423,312
Education	43,236,284	43,081,350	45,125,696	44,974,986	45,953,658	45,800,239	45,889,060	45,572,282	39,646,019	39,521,149
Parks & Recreation	19,019,919	18,852,243	19,376,519	19,132,523	19,495,627	18,601,108	19,164,312	18,471,393	19,183,732	18,742,016
State & Federal Grants	31,884,642	31,645,980	29,636,524	29,479,291	36,072,930	35,768,902	46,400,548	45,779,701	42,273,020	41,769,879
Capital Improvements	13,046,000	9,994,599	7,679,495	6,890,688	3,100,000	2,455,313	2,750,000	2,597,744	250,000	94,118
Debt Service	47,976,840	47,973,468	47,569,624	47,565,718	48,095,712	48,094,801	49,717,468	49,717,468	50,853,005	50,853,005
Statutory Expenditures	22,500,000	21,829,599	28,025,000	27,723,180	32,450,000	31,503,798	34,750,000	33,796,045	39,100,000	38,552,339
Unclassified/Contingent	1,162,641	1,071,923	1,050,525	1,043,839	1,105,010	962,485	490,380	353,823	1,508,721	613,054
Public Safety	89,949,605	88,473,764	92,305,832	91,092,722	94,337,616	91,084,296	94,481,664	92,557,242	94,845,929	92,347,829
Land Use Administration	1,624,869	1,593,017	1,731,971	1,659,455	1,668,905	1,576,040	1,663,175	1,551,196	1,650,168	1,527,398
Code Enforcement	383,060	351,973	346,660	340,983	351,449	335,094	374,732	351,032	399,159	377,291
Insurance	51,189,000	47,374,460	48,310,000	46,196,843	57,336,950	54,891,245	61,750,000	57,279,604	65,921,736	56,154,023
Utility Expenses	11,119,451	10,459,893	12,582,833	12,026,667	12,425,000	11,793,630	12,608,200	12,023,802	12,023,200	11,669,646
Deferred Charges	-0-	-0-	-0-	-0-	25,000	25,000	-0-	-0-	-0-	-0-
TOTAL APPROPRIATIONS	\$491,497,124	\$473,278,798	\$498,848,289	\$484,870,147	\$510,241,780	\$491,805,602	\$527,255,337	\$503,825,317	\$520,343,278	\$493,485,776
Excess in Revenues		\$53,849,238		\$43,787,357		\$47,580,010		\$38,633,873		\$47,119,498
Appropriation Reserve		<u>18,214,953</u>		<u>13,974,236</u>		<u>18,435,266</u>		<u>23,430,020</u>		<u>26,857,502</u>
Excess in Revenues, Net		\$35,634,285		\$29,813,121		\$29,144,744		\$15,203,852		\$20,261,996
Other Credits/(Debits) to Income:										
Unexpended Balance of Previous Year										
Appropriation Reserve		\$14,160,639		\$14,544,598		\$15,443,964		\$17,555,455		\$23,789,107
Emergency Authorization		-0-		25,000		-0-		-0-		-0-
Other		<u>135,716</u>		<u>462,752</u>		<u>376,692</u>		<u>5,147,336</u>		<u>(7,568,828)</u>
Total Excess in Revenues, Net + Other Credits to Income		\$49,930,640		\$44,845,471		\$44,965,400		\$37,906,643		\$36,482,275
Fund Balance, Beginning of Year		<u>37,372,728</u>		<u>38,803,368</u>		<u>38,798,839</u>		<u>38,914,239</u>		<u>32,955,883</u>
Fund Balance, End of Year		\$87,303,368		\$83,648,839		\$83,764,239		\$76,820,883		\$69,438,158

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

	<u>2011<sup>(1)</sup></u>	<u>2012<sup>(2)</sup></u>
Anticipated Revenues:		
Fund Balance Utilized	\$ 43,865,000	\$ 43,865,000
State Aid	45,475,495	45,094,162
State and Federal Grants	12,129,742	10,479,635
Miscellaneous Revenue	87,554,763	85,436,203
County Tax Levy	<u>302,475,000</u>	<u>302,475,000</u>
Total Anticipated Revenues	<u>\$491,500,000</u>	<u>\$487,350,000</u>
Appropriations:		
Operations	\$401,146,995	\$397,889,262
Capital Improvements	250,000	2,250,000
Debt Service	50,853,005	50,670,738
Pension Contributions and Social Security Taxes	39,250,000	36,540,000
Deferred Charges	_____ -	_____ -
Total Appropriations	<u>\$491,500,000</u>	<u>\$487,350,000</u>

- (1) The 2011 County Budget was adopted by the Board of Chosen Freeholders on March 24, 2011.  
(2) The 2012 County Budget was adopted by the Board of Chosen Freeholders on March 22, 2012.

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>(Unaudited) 2011</u>
<b><u>REVENUES</u></b>					
Fund Balance	\$17,500,000	\$28,000,000	\$22,500,000	\$19,700,000	\$19,500,000
Grant	--	1,129,849	--	--	800,000
Utility Fees	30,658,261	28,888,585	27,446,895	26,825,140	27,084,755
Miscellaneous Revenue	--	--		747,400	--
Anticipated			--		
Miscellaneous Revenue Not Anticipated	4,752,620	3,666,176	2,818,022	1,956,751	1,967,930
Other Income	272,069	261,647	51,736	161,663	19,347
Unexpended Appropriations	6,672,856	7,057,989	10,804,154	7,553,844	7,903,418
Total Revenue	<u>\$59,855,808</u>	<u>\$69,004,246</u>	<u>\$63,620,807</u>	<u>\$56,944,798</u>	<u>\$57,275,450</u>
<b><u>EXPENDITURES</u></b>					
Operations with Reserves	\$35,191,310	\$49,490,491	\$38,038,833	\$36,179,822	\$35,898,343
Other Expenditures and Commitments	--	--	--	--	--
Total Expenditures	<u>\$35,191,310</u>	<u>\$49,490,491</u>	<u>\$38,038,833</u>	<u>\$36,179,822</u>	<u>\$35,898,343</u>
Net Revenues	<u>\$24,664,498</u>	<u>\$19,513,755</u>	<u>\$25,581,974</u>	<u>\$20,764,976</u>	<u>\$21,377,107</u>
Debt Service	<u>3,808,689</u>	<u>3,639,358</u>	<u>3,461,167</u>	<u>3,267,578</u>	<u>1,901,657</u>
Change in Fund Balance	\$20,855,808	\$15,874,397	\$22,120,807	\$17,497,398	\$19,475,450
Fund Balance, January 1	<u>\$40,316,772</u>	<u>\$43,672,580</u>	<u>\$31,546,977</u>	<u>\$31,167,784</u>	<u>\$28,965,182</u>
	\$61,172,580	\$59,546,977	\$53,667,784	\$48,665,182	\$48,440,632
Utilized as Revenue	<u>17,500,000</u>	<u>28,000,000</u>	<u>22,500,000</u>	<u>19,700,000</u>	<u>19,500,000</u>
Fund Balance, December 31	<u><u>\$43,672,580</u></u>	<u><u>\$31,546,977</u></u>	<u><u>\$31,167,784</u></u>	<u><u>\$28,965,182</u></u>	<u><u>\$28,940,632</u></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 March 22, 2012 calls for expenditures of \$376,835,000 through the year 2017. Of this \$376,835,000 total, \$19,595,000 is anticipated to be paid from cash and Federal and State grants; the remaining \$357,240,000 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 March 31, 2012, is presented in the table below:

<u>Type of Security</u>	<u>Amount</u>	<u>Percent</u>
Bank Money Market Accounts	\$328,733,407	100%
Taxable Bond/Tax Anticipation Notes <sup>(1)</sup>	0	0

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

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

### **Pension Funds**

County employees, who are eligible for a pension plan, are enrolled in one of three pension systems administered by the Division of Pensions; Treasury Department of the State of New Jersey. The three plans are: The Public Employees' Retirement System, the Police and Firemen's Retirement System, and the Defined Contribution Retirement Program (DCRP) of New Jersey. During 2007, the State through the enactment of P.L. 2007, c. 92 created the DCRP for certain public employees and established its membership requirements. The Division annually charges counties and other participating governmental units for their respective contributions to the plans based upon actuarial methods, except for the new DCRP which is a percentage set by legislation. 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 \$18,518,477 for 2009, \$21,005,541 for 2010 and \$22,902,265 for 2011.

### **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.

## **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 May 31, 2012 is 0.3954% 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 AS OF MAY 31, 2012**

**GROSS DEBT:**

General Bonds Issued and Outstanding	\$296,523,500.00
Open Space Bonds Issued and Outstanding	35,750,000.00
Self-Liquidating Utility	9,460,000.00
County College Bonds Issued and Outstanding	7,441,500.00
County Vocational Bonds Issued and Outstanding	563,105.97
NJDEP-Green Trust Program	2,092,026.46
Installment Purchase Agreement Notes Payable	<u>2,655,000.00</u>
	<b>\$354,485,132.43</b>

**BONDS/NOTES AUTHORIZED:**

<b>General Improvements:</b>		
Notes Issued	-0-	
Authorized but not Issued	\$505,447,500.00	
<b>Open Space:</b>		
Notes Issued	-0-	
Authorized but not Issued	20,000,000.00	
<b>Self-Liquidating Utility:</b>		
Notes Issued	-0-	
Authorized but not Issued	12,700,000.00	<u>538,147,500.00</u>

**TOTAL GROSS DEBT** **\$892,632,632.43**

**LESS: STATUTORY DEDUCTIONS:**

Guaranty Equipment Lease Program - M.C.I.A.	34,195,000.00 <sup>(1)</sup>	
Gov't Loan Refunding Revenue Bonds - M.C.I.A.	96,514,000.00 <sup>(1)</sup>	
Guaranteed Pooled Loan Program - M.C.I.A.	109,995,000.00 <sup>(1)</sup>	
Guaranty Lease Revenue Bonds - BCC - M.C.I.A.	47,170,000.00 <sup>(1)</sup>	
Guaranty Renewable Energy Lease Rev Bond-M.C.I.A.	38,056,000.00 <sup>(1)</sup>	
County College Bonds	9,691,500.00 <sup>(2)</sup>	
Self-Liquidating Utility	22,160,000.00 <sup>(3)</sup>	
Open Space Acquisition Bonds	55,750,000.00 <sup>(4)</sup>	
IPA Cash on Hand (Market Value)	786,979.65 <sup>(5)</sup>	
		<b>414,318,479.65</b>

**STATUTORY NET DEBT** **\$478,314,152.78**

Three-Year Average (2009-2011) Equalized Valuation of Real Property (Pursuant to N.J.S.A. 15:1-35.1)	<b>\$120,975,432,892.00</b>
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Net Debt Expressed as a Percentage of Average Equalized Valuation of Real Property	<b>0.3954%</b>
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Debt Limitation Per N.J.S.A. 40A:2-6 (Counties) 2% of Three-Year Average Equalized Valuation	<b>\$2,419,508,659.64</b>
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**Total Net Debt** **478,314,152.78**

**Remaining Net Debt Capacity** **\$1,941,194,506.86**

(1) The County has unconditionally guaranteed \$34,195,000 M.C.I.A. Capital Equipment Pooled Lease Revenue Bonds, \$96,514,000 M.C.I.A. Governmental Loan Refunding Revenue Bonds, \$109,995,000 M.C.I.A. Governmental Pooled Loan Revenue Bonds, \$47,170,000 M.C.I.A. Lease Revenue Bonds For Brookdale Community College and \$38,056,000 M.C.I.A. Renewable Energy Lease Revenue Bonds. The guaranty is an allowable deduction from gross debt pursuant to the Local Bond Law and the County Improvement Authorities Law (N.J.S.A. 40:37A-80).

(2) The County College Bonds are an allowable deduction pursuant to the County College Bond Act (N.J.S.A. 18A:64A-22.4).

(3) 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)).

(4) The Open Space Acquisition Bonds are an allowable deduction pursuant to Local Bond Law (N.J.S.A. 40A:2-44(h)).

(5) The cash on hand to retire the IPA Notes Payable is an allowable deduction pursuant to the Local Bond Law (N.J.S.A. 40A:2-44(f)).

**COUNTY OF MONMOUTH  
SCHEDULE OF DEBT SERVICE**

**DECEMBER 31, 2011**

<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>
2012	\$37,120,000.00	\$1,705,000.00	\$ 877,993.62	\$1,027,719.01	\$ 40,730,712.63	\$14,442,818.83	\$ 55,173,531.46	\$ 1,660,000.00	\$ 388,430.00	\$ 57,221,961.46
2013	36,095,000.00	1,240,000.00	885,112.36	751,278.66	38,971,391.02	12,876,634.01	51,848,025.03	1,555,000.00	310,817.50	53,713,842.53
2014	35,845,000.00	1,245,000.00	600,000.00	346,625.85	38,036,625.85	11,450,278.95	49,486,904.80	1,680,000.00	244,930.00	51,411,834.80
2015	34,050,000.00	1,240,000.00	600,000.00	162,069.11	36,052,069.11	9,886,183.63	45,938,252.74	1,680,000.00	171,330.00	47,789,582.74
2016	34,680,000.00	785,000.00	-	-	35,465,000.00	8,435,140.02	43,900,140.02	1,715,000.00	106,892.50	45,722,032.52
2017	29,220,000.00	785,000.00	-	-	30,005,000.00	7,018,252.52	37,023,252.52	1,705,000.00	44,605.00	38,772,857.52
2018	27,320,000.00	335,000.00	-	-	27,655,000.00	5,822,815.02	33,477,815.02	80,000.00	9,400.00	33,567,215.02
2019	24,663,500.00	336,500.00	-	-	25,000,000.00	4,817,915.02	29,817,915.02	80,000.00	6,560.00	29,904,475.02
2020	24,830,000.00	220,000.00	-	-	25,050,000.00	3,791,782.50	28,841,782.50	80,000.00	3,360.00	28,925,142.50
2021	20,660,000.00	-	-	-	20,660,000.00	2,778,596.25	23,438,596.25	-	-	23,438,596.25
2022	17,890,000.00	-	-	-	17,890,000.00	1,953,505.00	19,843,505.00	-	-	19,843,505.00
2023	11,600,000.00	-	-	-	11,600,000.00	1,171,827.50	12,771,827.50	-	-	12,771,827.50
2024	9,420,000.00	-	-	-	9,420,000.00	644,902.50	10,064,902.50	-	-	10,064,902.50
2025	4,145,000.00	-	-	-	4,145,000.00	198,960.00	4,343,960.00	-	-	4,343,960.00
	<u>\$347,538,500.00</u>	<u>\$7,891,500.00</u>	<u>\$2,963,105.98</u>	<u>\$2,287,692.63</u>	<u>\$360,680,798.61</u>	<u>\$85,289,611.75</u>	<u>\$445,970,410.36</u>	<u>\$10,235,000.00</u>	<u>\$1,286,325.00</u>	<u>\$457,491,735.37</u>

## DEBT ANALYSIS

	<u>December 31, 2007<sup>(1)</sup></u>	<u>December 31, 2008<sup>(1)</sup></u>	<u>December 31, 2009<sup>(1)</sup></u>	<u>December 31, 2010<sup>(1)</sup></u>	<u>December 31, 2011<sup>(2)</sup></u>
Full Valuation Per Capita	\$193,985.00	\$207,067.00	\$205,213.00	\$204,352.00	\$192,152.00
County Net Debt as a Percentage of Full Value	0.31%	0.33%	0.37%	0.39%	0.38%
County Net Debt Per Capita	\$609.83	\$675.91	\$759.85	\$793.33	\$724.76
Overlapping Net Debt as a Percentage of Full Value	1.62%	1.57%	1.60%	1.57%	1.61%
Overlapping Net Debt Per Capita	\$3,146.44	\$3,245.74	\$3,282.60	\$3,210.57	\$3,084.18

<sup>(1)</sup> Per capita figures for 2007 through 2010 utilizing 2000 Census Data.

<sup>(2)</sup> Per capita figures for 2011 utilizing 2010 Census Data.

**COUNTY OF MONMOUTH**  
**GROSS DEBT AND NET DEBT OF CONSTITUENT MUNICIPALITIES**  
**December 31, 2010**

MUNICIPALITY	GROSS DEBT			DEDUCTIONS			NET STATUTORY DEBT	AVERAGE EQUALIZED VALUATIONS	STATUTORY % OF NET DEBT
	SCHOOL	UTILITY	OTHER	SCHOOL	UTILITY	OTHER			
Aberdeen Township	\$18,452,165.00	\$13,724,743.00	\$23,657,872.00	\$18,452,165.00	\$13,724,743.00	\$0	\$23,657,872.00	\$2,174,339,442.00	1.0880%
Allenhurst Borough	0	122,400.00	2,856,901.00	0	122,400.00	0	2,856,901.00	601,756,310.00	0.4748
Allentown Borough	7,999,995.92	4,389,333.68	2,328,143.18	7,999,995.92	4,389,333.68	8,014.74	2,320,128.44	212,759,164.67	1.0905
Asbury Park City	7,299,100.00	42,147,370.47	13,338,567.84	7,299,100.00	42,147,370.47	97.00	13,338,470.84	1,367,323,069.67	0.9755
Atlantic Highlands Borough	8,094,843.47	10,765,394.55	17,717,385.75	8,094,843.47	6,323,905.29	4,832.75	22,154,042.26	843,538,551.00	2.6263
Avon-By-The-Sea Borough	6,690,000.00	2,801,405.80	5,200,286.00	6,690,000.00	2,801,405.80	0	5,200,286.00	1,027,265,918.00	0.5062
Belmar Borough	3,488,728.00	3,984,763.26	11,234,220.31	3,488,728.00	3,984,763.26	801,380.00	10,432,840.31	1,759,345,148.00	0.5930
Bradley Beach Borough	1,763,000.00	1,966,993.00	6,790,385.73	1,763,000.00	1,966,993.00	5,600.00	6,784,785.73	1,168,850,025.00	0.5805
Brielle Borough	4,400,000.00	1,090,340.50	1,944,306.05	4,400,000.00	1,090,340.50	0	1,944,306.05	1,581,058,879.00	0.1230
Colts Neck Township	23,841,973.27	0	11,366,470.53	23,841,973.27	0	3,467,042.30	7,899,428.23	3,328,038,422.00	0.2374
Deal Borough	0	843,391.99	4,963,406.92	0	843,391.99	0	4,963,406.92	2,877,649,785.00	0.1725
Eatontown Borough	28,398,427.00	0	15,909,393.00	28,398,427.00	0	5,763,863.00	10,145,530.00	2,514,865,095.00	0.4034
Englishtown Borough	2,145,119.81	945,000.00	1,115,000.00	2,145,119.81	945,000.00	0	1,115,000.00	242,010,526.00	0.4607
Fair Haven Borough	10,947,078.00	0	7,773,343.00	10,947,078.00	0	128,000.00	7,645,343.00	1,563,022,176.00	0.4891
Farmingdale Borough	0	1,451,661.87	341,395.56	0	1,451,661.87	0	341,395.56	150,508,601.00	0.2268
Freehold Borough	8,563,902.14	2,796,400.00	9,193,000.00	8,563,902.14	2,796,400.00	1,670,794.21	7,522,205.79	1,213,738,643.00	0.6198
Freehold Township	61,941,292.98	19,009,372.84	52,671,928.01	61,941,292.98	19,009,372.84	776,000.00	51,895,928.01	6,553,215,965.00	0.7919
Hazlet Township	7,150,000.00	1,189,610.97	15,860,451.81	7,150,000.00	1,189,610.97	820,462.71	15,039,989.10	2,565,658,207.00	0.5862
Highlands Borough*	4,145,082.21	311,000.00	5,769,310.00	4,145,082.21	311,000.00	103,000.00	5,666,310.00	786,430,008.00	0.7205



MUNICIPALITY	GROSS DEBT			DEDUCTIONS			NET STATUTORY DEBT	AVERAGE EQUALIZED VALUATIONS	STATUTORY % OF NET DEBT
	SCHOOL	UTILITY	OTHER	SCHOOL	UTILITY	OTHER			
Holmdel Township	23,360,000.00	897,061.00	31,191,378.86	23,360,000.00	318,495.96	13,014,973.72	18,754,970.18	4,463,721,142.00	0.4202
Howell Township	62,400,914.52	13,355,000.00	71,564,953.07	62,400,914.52	13,355,000.00	17,132,200.00	54,432,753.07	6,918,152,965.00	0.7868
Interlaken Borough	0	0	533,053.19	0	0	0	533,053.19	291,596,350.00	0.1828
Keansburg Borough	3,460,000.00	12,548,000.00	9,655,412.99	3,460,000.00	12,548,000.00	0	9,655,412.99	763,692,588.00	1.2643
Keyport Borough	6,905,000.00	3,674,600.00	13,095,974.27	6,905,000.00	3,547,165.40	164,706.70	13,058,702.17	760,403,772.00	1.7173
Lake Como Borough*	0	0	269,555.00	0	0	0	269,555.00	384,098,564.00	0.0702
Little Silver Borough	10,661,033.89	0	4,779,355.31	10,661,033.89	0	0	4,779,355.31	1,655,549,484.00	0.2887
Loch Arbour Village	753,190.16	0	1,323,790.68	753,190.16	0	35,725.00	1,288,065.68	187,635,196.00	0.6865
Long Branch City	0	0	46,690,547.84	0	0	1,357,899.77	45,332,648.07	5,156,436,019.00	0.8791
Manalapan Township	56,725,297.00	258,779.00	20,574,221.00	56,725,297.00	258,779.00	3,644,000.00	16,930,221.00	6,399,697,969.00	0.2645
Manasquan Borough	9,822,000.00	8,181,557.84	8,863,029.95	9,822,000.00	8,181,557.84	0	8,863,029.95	2,187,801,611	0.4051
Marlboro Township	43,564,998.15	21,886,250.00	30,635,912.91	43,564,998.15	21,886,250.00	2,552,331.71	28,083,581.20	7,583,507,070.00	0.3703
Matawan Borough	8,986,781.85	15,280,093.46	18,306,165.23	8,986,781.85	15,280,093.46	4,560,000.00	13,746,165.23	1,058,971,350	1.2981
Middletown Township	64,035,000.00	1,300,900.00	73,703,623.00	64,035,000.00	840,300.00	0	74,164,223.00	11,936,682,944.00	0.6213
Millstone Borough	42,465,000.00	0	21,791,660.72	42,465,000.00	0	294,470.42	21,497,190.30	2,031,153,349.00	1.0584
Monmouth Beach Borough	6,543,140.74	0	4,387,538.00	6,543,140.74	0	118,288.00	4,269,250.00	1,410,480,089.00	0.3027
Neptune City Borough	8,360,000.00	346,500.00	2,922,511.00	8,360,000.00	0	0	3,269,011.00	560,060,458.00	0.5837
Neptune Township	5,516,000.00	8,101,188.29	24,279,231.27	5,516,000.00	6,053,617.09	0	26,326,802.47	3,948,679,091.00	0.6667
Ocean Township	24,119,443.53	0	24,321,366.89	24,119,443.53	0	475,429.68	23,845,937.21	5,421,315,437.33	0.4399

MUNICIPALITY	GROSS DEBT			DEDUCTIONS			NET STATUTORY DEBT	AVERAGE EQUALIZED VALUATIONS	STATUTORY % OF NET DEBT
	SCHOOL	UTILITY	OTHER	SCHOOL	UTILITY	OTHER			
Oceanport Borough	5,688,734.00	0	30,110,260.00	5,688,734.00	0	749,332.00	29,360,928.00	1,272,774,810.00	2.3068
Red Bank Borough	7,233,877.58	10,159,695.58	13,904,922.78	7,233,877.58	10,159,695.58	557,416.19	13,347,506.59	2,299,510,342.66	0.5804
Roosevelt Borough	223,000.00	3,148,102.09	235,500.00	223,000.00	3,148,102.09	0	235,500.00	95,468,016.00	0.2467
Rumson Borough	13,134,922.34	0	17,421,001.52	13,134,922.34	0	250,000.00	17,171,001.52	3,598,967,564.00	0.4771
Sea Bright Borough	2,191,654.15	453,500.00	4,997,200.00	2,191,654.15	453,500.00	121,949.13	4,875,250.87	787,159,093.00	0.6193
Sea Girt Borough	222,000.00	9,023,354.25	4,190,417.00	222,000.00	6,432,302.45	57,095.90	6,724,372.90	1,978,954,140.00	0.3398
Shrewsbury Borough	5,557,458.53	0	9,156,738.22	5,557,458.53	0	0	9,156,738.22	1,189,194,252.00	0.7700
Shrewsbury Township	363,404.37	0	1,048,878.49	363,404.37	0	0	1,048,878.49	74,660,884.00	1.4049
Spring Lake Borough	1,595,000.00	7,600,730.00	5,851,261.00	1,595,000.00	7,600,730.00	371,478.09	5,479,782.91	3,471,867,776.00	0.1578
Spring Lake Heights Borough	4,773,828.00	978,883.00	1,431,688.00	4,773,828.00	978,883.00	0	1,431,688.00	1,160,160,228.00	0.1234
Tinton Falls Borough	15,429,103.70	0	22,673,506.11	15,429,103.70	0	3,640,580.69	19,032,925.42	3,169,877,734.00	0.6004
Union Beach Borough*	0	1,937,233.05	8,863,506.88	0	0	0	10,800,739.93	664,382,292.67	1.6257
Upper Freehold Township	49,698,004.08	0	23,920,668.45	49,698,004.08	0	6,024,356.22	17,896,312.23	1,321,713,905.67	1.3540
Wall Township	32,610,000.00	14,292,323.00	40,019,573.00	32,610,000.00	14,292,323.00	0	40,019,573.00	6,512,113,896.00	0.6145
West Long Branch Borough	7,090,471.00	0	12,295,822.00	7,090,471.00	0	377,100.00	11,918,722.00	1,378,274,265.00	0.8648
<b>TOTAL</b>	<b>\$728,809,965.39</b>	<b>\$240,962,932.49</b>	<b>\$815,041,991.32</b>	<b>\$728,809,965.39</b>	<b>\$228,432,487.54</b>	<b>\$69,048,419.93</b>	<b>\$758,524,016.34</b>	<b>\$124,626,088,582.67</b>	<b>0.6086</b>

\* Towns with a fiscal year ending 06/30/11

## OTHER COUNTY OBLIGATIONS

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

The \$16,180,000 Capital Equipment Pooled Lease Revenue Bonds, Series 2003, the \$21,905,000 Capital Equipment Pooled Lease Revenue Bonds, Series 2005, the \$19,940,000 Capital Equipment Pooled Lease Revenue Bonds, Series 2007, the \$7,490,000 Capital Equipment Pooled Lease Revenue Bonds, Series 2009, and the \$11,510,000 Capital Equipment Pooled Lease Revenue Bonds, Series 2011 (the “Pooled Lease 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 May 31, 2012, \$34,195,000 of the bonds were outstanding.

#### Maturities of Pooled Lease Bonds Outstanding May 31, 2012

<u>Date</u>	<u>Amount</u>
10/1/12	\$8,845,000
10/1/13	7,390,000
10/1/14	6,160,000
10/1/15	4,870,000
10/1/16	3,175,000
10/1/17	1,830,000
10/1/18	635,000
10/1/19	585,000
10/1/20	345,000
10/1/21	360,000

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

The \$21,670,000 Governmental Loan Refunding Revenue Bonds, Series 2006, the \$14,470,000 Governmental Pooled Loan Refunding Revenue Bonds, Series 2011, and the \$62,315,000 Governmental Pooled Loan Refunding Revenue Bonds, Series 2012 (the “Pooled Loan Refunding Bonds”) are limited obligations of the Authority issued to (a) currently refund the Authority’s Pooled Governmental Loan Program Bonds, 1986 Series, (b) refund a portion of the Authority’s Governmental Loan Revenue Bonds, Series 1995, Series 1998, Series 2000, Series 2001 and Series 2002, and (c) refund a portion of the Authority’s Governmental Loan Revenue Bonds, Series 1995, Series 1998, Series 2001, Series 2002, Series 2002 (Howell Township Board of Education Improvement Project), Series 2003, Series 2004, and Series 2005, and the Borough of Allentown’s General Obligation Bonds, Series 1978, the Township of Colts Neck’s General Obligation Bonds, Series 2002A, and the Borough of Keyport’s General Obligation Bonds, Series 2003, respectively, and are secured by a pledge of certain property, which includes the Authority’s right to receive payments of principal and interest on bonds (the “Refunding Borrower Bonds”) issued by certain governmental units located within the County (the “Refunding Borrowers”) to refinance various capital improvements of the Refunding Borrowers. The principal and interest on each Refunding Borrower Bond is a direct and general obligation of each respective Refunding Borrower. Payment of principal and interest on the Pooled Loan Refunding Bond is unconditionally and irrevocably guaranteed by the County. As of May 31, 2012, \$79,490,000 of the bonds were outstanding.

Maturities of  
Pooled Loan Refunding Bonds  
Outstanding May 31, 2012

<u>Date</u>	<u>Amount</u>
8/1/2012	\$ 580,000
12/1/2012	2,925,000
2/1/2013	695,000
8/1/2013	570,000
12/1/2013	4,975,000
2/1/2014	690,000
8/1/2014	430,000
12/1/2014	5,730,000
2/1/2015	490,000
8/1/2015	290,000
12/1/2015	7,735,000
2/1/2016	270,000
8/1/2016	195,000
12/1/2016	9,165,000
12/1/2017	8,820,000
12/1/2018	7,050,000
12/1/2019	6,425,000
12/1/2020	5,435,000
12/1/2021	4,825,000
12/1/2022	5,750,000
12/1/2023	3,100,000
12/1/2024	2,020,000
12/1/2025	1,325,000

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

The \$40,075,000 Governmental Loan Revenue Bonds, Series 2008, the \$14,180,000 Governmental Loan Revenue Bonds, Series 2009, the \$9,355,000 Governmental Loan Revenue Bonds, Series 2010 Atlantic Highlands Project, the \$40,325,000 Governmental Loan Revenue Bonds, Series 2011 and the \$14,850,000 Governmental Pooled Loan Revenue Bonds, Series 2011B (the “Loan Revenue 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 Loan Revenue Bonds is unconditionally and irrevocably guaranteed by the County. As of May 31, 2012, \$109,995,000 of the bonds is outstanding.

Maturities of Loan Revenue Bonds

<u>Outstanding May 31, 2012</u>			
<u>Date</u>	<u>Amount</u>	<u>Date</u>	<u>Amount</u>
12/1/12	\$3,650,000	02/1/22	\$ 470,000
1/15/13	1,720,000	12/1/22	4,175,000
02/1/13	345,000	1/15/23	1,815,000
12/1/13	3,730,000	02/1/23	500,000
1/15/14	1,800,000	12/1/23	3,685,000
02/1/14	350,000	1/15/24	1,905,000
12/1/14	3,870,000	02/1/24	515,000
1/15/15	1,835,000	12/1/24	2,440,000
02/1/15	360,000	1/15/25	2,005,000
12/1/15	4,295,000	02/1/25	540,000
1/15/16	1,875,000	12/1/25	1,955,000
02/1/16	375,000	1/15/26	2,110,000
12/1/16	4,480,000	02/1/26	570,000
1/15/17	1,950,000	12/1/26	2,010,000
02/1/17	385,000	1/15/27	2,035,000
12/1/17	4,545,000	02/1/27	595,000
1/15/18	2,045,000	12/1/27	1,535,000
02/1/18	400,000	1/18/28	2,150,000
12/1/18	4,740,000	02/1/28	630,000
1/15/19	2,160,000	12/1/28	1,560,000
02/1/19	415,000	1/15/29	2,250,000
12/1/19	4,895,000	02/1/29	655,000
1/15/20	2,275,000	12/1/29	705,000
02/1/20	430,000	1/15/30	2,360,000
12/1/20	5,125,000	02/1/30	685,000
1/15/21	2,200,000	12/1/30	340,000
02/1/21	445,000	1/15/31	2,005,000
12/1/21	4,600,000	12/1/31	360,000
1/15/22	1,655,000	1/15/32	485,000

**Monmouth County Improvement Authority**  
**Lease Revenue Bonds**  
**Brookdale Community College Project**

The \$27,850,000 Lease Revenue Bonds, Series 2008 (Monmouth County Guaranteed) (Brookdale Community College Project), the \$11,250,000 Lease Revenue Bonds, Series 2009 (Monmouth County Guaranteed) (Brookdale Community College Refunding Project), and the \$7,660,000 Lease Revenue Refunding Bonds, Series 2012 (Monmouth County Guaranteed) (Brookdale Community College Project) (the “Brookdale Bonds”) are limited obligations of the Authority secured primarily by those revenues of the Authority which are derived by the Authority from rentals to be paid by Brookdale Community College (the “College”) pursuant to a lease agreement, as well as a pledge of certain other property, to provide funds for various improvements to the facilities of the College. Payment of principal and interest on the Brookdale Bonds is unconditionally and irrevocably guaranteed by the County. As of May 31, 2012, \$44,830,000 of the bonds were outstanding.

Maturities of Brookdale Bonds  
Outstanding May 31, 2012

<u>Date</u>	<u>Amount</u>
08/01/12	\$1,330,000
08/01/13	1,295,000
08/01/14	1,330,000
08/01/15	1,375,000
08/01/16	1,430,000
08/01/17	1,485,000
08/01/18	1,560,000
08/01/19	1,620,000
08/01/20	1,695,000
08/01/21	1,760,000
08/01/22	1,840,000
08/01/23	1,915,000*
08/01/24	1,985,000*
08/01/25	2,075,000*
08/01/26	2,170,000*
08/01/27	1,605,000*
08/01/28	1,690,000*
08/01/29	1,775,000*
08/01/30	1,870,000*
08/01/31	1,965,000*
08/01/32	1,310,000*
08/01/33	1,390,000*
08/01/34	1,475,000*
08/01/35	1,570,000*
08/01/36	1,665,000*
08/01/37	1,770,000*
08/01/38	1,880,000*

\* Includes sinking fund payments.

## 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 2.45% from 2000 to 2010 (630,380).

### 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>
2007	215,692	0.2%
2008	215,111	(0.3)
2009	204,745	(4.8)
2010	203,666	(0.5)
2011	205,124	0.7

Note: 2011 Data listed above is an average of (preliminary) private employment monthly data from January-September. Other monthly data had not been input yet on the Bureau of Labor Statistics Website.

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 58.75%, with retail trade next at 17.7% and finance, insurance and real estate at 6.54%. A breakdown of the data follows:

**EMPLOYMENT BY INDUSTRIAL SECTOR**

<u>Sector</u>	<u>Number Employed 2010</u>	<u>Percentage of Total</u>	<u>Number Employed 2011</u>	<u>Percentage of Total</u>
Services	118,564	58.44%	118,810	58.75%
Retail Trade	35,686	17.59	35,792	17.7
Manufacturing	8,480	4.18	8,806	4.35
Finance, Insurance and Real Estate	13,746	6.78	13,320	6.54
Construction	10,802	5.32	10,494	5.19
Wholesale Trade	8,293	4.09	7,938	3.92
Utilities	1,439	0.71	1,419	0.70
Transportation and Warehousing	4,930	2.43	4,991	2.47
Agriculture	807	0.40	754	0.37
Unclassified Entities	<u>120</u>	<u>0.06</u>	<u>10</u>	<u>0.00</u>
Total	202,867	100.00%	202,243	100.00%

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Source: New Jersey Department of Labor and Workforce Development.

Note: The 2011 data is an average of industrial employment data from the first two quarters of 2011. Annual data at the county level has not been released.



## MAJOR EMPLOYERS - MONMOUTH COUNTY

The leading industries in the County by number of employees as of September 2011 are as follows:

<u>Employer</u>	<u>Municipality</u>	<u>Number Of Employees</u>
Meridian Health Care (1)	Various Locations	7,500
Saker Shoprites Inc. (2)	Various Locations	6,800
AT&T	Various Locations	4,100
County of Monmouth	Various Locations	3,020
Centra State Healthcare Systems	Freehold Township	2,354
Monmouth Medical Center	Long Branch	2,100
Visiting Nurse Assn of Central NJ	Red Bank	1,700
K. Hovnanian Enterprises	Red Bank	1,629
Naval Weapons Station Earle	Colts Neck & Middletown	1,300
Monmouth University	West Long Branch	1,290
Bayshore Community Health Services	Holmdel	1,200
Vonage	Holmdel	1,059

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Source: Monmouth County Department of Economic Development and Tourism - September 2011

NOTES:

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

**COUNTY OF MONMOUTH**  
**LABOR FORCE DATA**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Labor Force	332,600	334,600	335,842	333,608	333,080
Employment	320,200	318,300	307,367	304,853	304,740
Unemployment	12,400	16,200	28,476	28,755	28,339
Unemployment Rate	3.7%	4.9%	8.5%	8.6%	8.5%
New Jersey					
Unemployment Rate	4.3%	5.5%	9.2%	9.4%	9.3%
United States					
Unemployment Rate	4.6%	5.8%	9.3%	9.6%	8.9%

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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 \$76,823 in 2000 and \$102,074 in 2010, as opposed to \$65,370 in 2000 and \$84,904 in 2010 for New Jersey and \$50,046 in 2000 and \$62,982 in 2010 for the nation.

**Average Per Capita Personal Income**

<u>Year</u>	<u>Monmouth</u> <u>County</u>	<u>Percentage of</u> <u>United States</u>	<u>New Jersey</u>	<u>Percentage of</u> <u>United States</u>	<u>U.S.A.</u>
2006	\$53,716	142.4%	\$47,500	125.9%	\$37,725
2007	57,690	146.0	50,256	127.2	39,506
2008	59,334	144.9	52,141	127.3	40,947
2009	55,764	143.6	49,549	127.6	38,846
2010	56,955	142.6	51,139	128.0	39,937

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

## Housing and Construction Values

The U.S. Census Bureau estimates 2010 census housing units in the County at 258,532, compared to the 2000 census housing units of 240,884, an increase of 7.3%. 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>
2007	2,054	25,389	8.1%
2008	1,526	18,369	8.3
2009	964	12,421	7.8
2010	915	13,535	6.8
2011	863	13,005	6.6

### RESIDENTIAL CONSTRUCTION VALUES

(Thousands)

<u>Year</u>	<u>County of Monmouth</u>	<u>State of New Jersey</u>	<u>Monmouth's Percentage of State Construction Value</u>
2007	\$340,905	\$3,674,659	9.3%
2008	283,210	2,801,255	10.1
2009	171,208	2,070,885	8.3
2010	164,153	2,036,521	8.1
2011	167,793	1,999,407	8.4

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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>
2007	\$117,766,271	\$18,674,698	\$55,292,323	\$31,897,548	\$223,630,840
2008	71,633,111	6,129,443	42,780,116	82,751,909	203,294,579
2009	72,277,166	1,534,279	18,804,292	73,435,087	166,050,824
2010	82,214,099	884,975	29,211,787	47,023,660	159,334,521
2011	54,941,533	1,298,803	23,420,311	67,155,765	146,816,412

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Source: Monmouth County Department of Economic Development and Tourism.

## VI. LEGAL MATTERS

### Legality of the Bonds

The legality of the Series 2012 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 2012 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 2012 Bonds and the interest thereon without limitation as to rate or amount.

### Tax Matters

*Exclusion of Interest on the Series 2012 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 2012 Bonds in order to assure that interest on the Series 2012 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 2012 Bonds to be included in gross income for Federal income tax purposes, retroactive to the date of the issuance of the Series 2012 Bonds. The County has covenanted to comply with the provisions of the Code applicable to the Series 2012 Bonds and has covenanted not to take any action or permit any action that would cause the interest on the Series 2012 Bonds to be included in gross income under Section 103 of the Code or cause interest on the Series 2012 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 2012 Bonds is excluded from the gross income of the owners of the Series 2012 Bonds for Federal income tax purposes pursuant to Section 103 of the Code and interest on the Series 2012 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 2012 Bonds, interest on the Series 2012 Bonds will be included in the calculation of the alternative minimum tax as a result of the inclusion of interest on the Series 2012 Bonds in “adjusted current earnings” of certain corporations.

Prospective purchasers of the Series 2012 Bonds should be aware that ownership of, accrual of or receipt of interest on or disposition of tax-exempt obligations, such as the Series 2012 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 2012 Bonds from gross income pursuant to Section 103 of the Code and interest on the Series 2012 Bonds not constituting an item of tax preference under Section 57 of the Code. Prospective purchasers of the Series 2012 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 2012 Bonds.

*State Taxation.* Bond Counsel is of the opinion that, under existing law, interest on the Series 2012 Bonds and net gains from the sale of the Series 2012 Bonds are exempt from the tax imposed by the New Jersey Gross Income Tax Act.

*Miscellaneous.* Amendments to federal and state tax laws are proposed from time to time and could be enacted, and court decisions and administrative interpretations may be rendered, in the future. There can be no assurance that any such future amendments or actions will not adversely affect the value of the Series 2012 Bonds, the exclusion of interest on the Series 2012 Bonds from gross income, alternative minimum taxable income, state taxable income, or any combination from the date of issuance of the Series 2012 Bonds or any other date, or that such changes will not result in other adverse federal or state tax consequences.

**ALL POTENTIAL PURCHASERS OF THE SERIES 2012 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 2012 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 2012 Bonds, and such Series 2012 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 2012 Bonds offered for sale or the levy or collection of any taxes to pay interest or principal of the Series 2012 Bonds, or in any manner questioning the authority of proceedings for the issuance of the Series 2012 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 Hutchins, Farrell, Meyer & Allison, P.A., 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, Inc., Moody's Investors Service, Inc., and Standard & Poor's Rating Service, a division of The McGraw-Hill Companies Inc., have assigned the Series 2012 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 2012 Bonds.

### **The DTC Book-Entry-Only System**

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Series 2012 Bonds. The Series 2012 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 2010 Bond certificate will be issued for each issue of the Series 2012 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 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions, in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of the Depository Trust & Clearing Corporation ("DTCC"). DTCC, is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S.

and non-U.S. securities brokers and dealers, banks, 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 rating of AA+. 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](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

Purchases of Series 2012 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2012 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2010 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 2012 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 2012 Bonds, except in the event that use of the book-entry system for the Series 2012 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2012 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 2012 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 2012 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2012 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 2012 Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Series 2012 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the bond documents. For example, Beneficial Owners of Series 2012 Bonds may wish to ascertain that the nominee holding the Series 2012 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 2012 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 2012 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 2012 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and principal and interest payments on the Series 2012 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 and principal and interest payments to Cede & Co., (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of the Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2012 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 2012 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 2012 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 the Municipal Securities Rulemaking Board (the "MSRB") (the "Continuing Disclosure Requirements").

On the date of delivery of the Series 2012 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 2012 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, 2011 (which ended on December 31, 2011) (the “Annual Report”), and to provide notices of the occurrence of certain enumerated events. The Annual Report will be filed by the County with the MSRB through the internet facilities of the Electronic Municipal Market Access system (“EMMA”). The notices of enumerated events will be filed by the County with the MSRB through the internet facilities of EMMA. The specific nature of the information to be contained in the Annual Report or the notices of enumerated 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, Craig R. Marshall, County of Monmouth, Hall of Records, One East Main Street, 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 2012 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/ Craig R. Marshall  
Director of Finance

Dated: June 20, 2012

**APPENDIX A**

**COUNTY OF MONMOUTH**

**REPORT ON AUDITS OF FINANCIAL STATEMENTS**

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# Hutchins, Farrell, Meyer & Allison, P.A.

Certified Public Accountants • Business & Financial Advisors

Robert H. Hutchins, CPA, CVA, CFF  
Eugene M. Farrell, CPA, RMA, CFP  
Robert W. Allison, CPA, RMA  
Alan E. Meyer, CPA/ABV, CFF  
Joann DiLieto, CPA

Patrice R. Antonucci, CPA  
Glenn G. VanPell, CPA  
Karen D. Davis, CPA, CVA  
Crystal L. Fitzpatrick, CPA  
Hélène T. Morizzo, CPA

Monmouth County Office

912 Highway 33 • Suite 2  
Freehold, NJ 07728  
(732) 409-0800  
Fax: (732) 866-9312

Ocean County Office

512 Main Street • PO Box 1778  
Toms River, NJ 08754  
(732) 240-5600  
Fax: (732) 505-8358

## INDEPENDENT AUDITOR'S REPORT ON CONDENSED FINANCIAL STATEMENTS

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

We have audited, in accordance with auditing standards generally accepted in the United States of America, the Balance Sheets – Regulatory Accounting Basis of the Current Fund, Trust Fund, General Capital Fund, Reclamation Center Utility Fund and the General Fixed Asset Account Group of the County of Monmouth as of December 31, 2010, and the related Statements of Operations and Changes in Fund Balance – Regulatory Accounting Basis of the Current Fund and Reclamation Center Utility Fund for the year ended December 31, 2010 (none of which are presented separately herein). In our report dated June 6, 2011, we expressed our opinion on those financial statements, which (as described in Note 1) were prepared in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the information set forth in the accompanying condensed financial statements is fairly stated in all material respects in relation to the financial statements from which it has been derived.

*Hutchins, Farrell, Meyer & Allison, P.A.*

Independent Auditors



Robert W. Allison  
Registered Municipal Accountant  
(#483)

June 6, 2011

COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

COMPARATIVE BALANCE SHEET - REGULATORY BASIS

December 31, 2010 and 2009

<u>Assets</u>	<u>2010</u>	<u>2009</u>	<u>Liabilities, Reserves, and Fund Balance</u>	<u>2010</u>	<u>2009</u>
Cash and Cash Equivalents	\$ 139,160,822.52	\$ 143,783,421.01	Appropriation Reserves	\$ 23,430,020.43	\$ 18,435,266.55
Change Funds	630.00	630.00	Encumbrances Payable	32,772,639.65	32,995,464.96
	<u>139,161,452.52</u>	<u>143,784,051.01</u>	Accounts Payable	2,711,831.27	5,511,941.83
Receivables and Other Assets With			Due To State of New Jersey -		
Full Reserves:			Realty Transfer Fees	3,317,195.80	2,958,531.15
Added and Omitted Taxes Receivable	1,169,354.49	1,422,339.72	Contractors Retainage	19,653.00	19,653.00
Revenue Accounts Receivable	2,302,731.78	2,016,116.48	Reserve for Arbitrage Rebates	<u>89,229.64</u>	<u>98,954.22</u>
	<u>3,472,086.27</u>	<u>3,438,456.20</u>		62,340,569.79	60,019,811.71
	<u>142,633,538.79</u>	<u>147,222,507.21</u>	Reserve for Receivables	3,472,086.27	3,438,456.20
			Fund Balance	<u>76,820,882.73</u>	<u>83,764,239.30</u>
Federal and State Grant Fund:				142,633,538.79	147,222,507.21
Cash and Cash Equivalents	263,239.35	12,493,310.08	Encumbrances Payable	19,371,199.68	
Grants Receivable	<u>53,809,984.78</u>	<u>35,593,560.84</u>	Reserve for Grants - Appropriated	34,536,719.06	47,903,340.28
	<u>54,073,224.13</u>	<u>48,086,870.92</u>	Reserve for Grants - Unappropriated	165,305.39	183,530.64
Total Assets	<u>\$ 196,706,762.92</u>	<u>\$ 195,309,378.13</u>	Total Liabilities, Reserves and Fund Balance	<u>54,073,224.13</u>	<u>48,086,870.92</u>
				\$ 196,706,762.92	\$ 195,309,378.13

See accompanying notes.

COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

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

Years ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
<u>Revenue and Other Income Realized</u>		
Fund Balance Utilized	\$ 44,850,000.00	\$ 44,850,000.00
Miscellaneous Revenue Anticipated	177,442,518.06	181,481,812.51
Receipts From Current Taxes	302,475,000.00	294,784,152.00
Non-Budget Revenue	17,691,671.68	18,269,647.54
Other Credits To Income:		
Unexpended Balance of Appropriation Reserves	17,555,455.21	15,443,963.76
Current Appropriations Cancelled		911.45
Cancelled Accounts Payable	<u>5,147,335.58</u>	<u>376,692.36</u>
	<u>565,161,980.53</u>	<u>555,207,179.62</u>
<u>Expenditures</u>		
Budget Appropriations:		
Operations:		
Salaries and Wages	178,286,445.80	178,260,241.00
Other Expenses	261,751,423.21	248,310,826.67
Capital Improvements	2,750,000.00	3,100,000.00
Debt Service	49,717,468.09	48,095,712.12
Deferred Charges and Statutory Expenditures	<u>34,750,000.00</u>	<u>32,475,000.00</u>
	<u>527,255,337.10</u>	<u>510,241,779.79</u>
Excess in Revenue	37,906,643.43	44,965,399.83
Fund Balance, January 1	<u>83,764,239.30</u>	<u>83,648,839.47</u>
	121,670,882.73	128,614,239.30
Decreased By:		
Utilized as Anticipated Revenue	<u>44,850,000.00</u>	<u>44,850,000.00</u>
Fund Balance, December 31	<u>\$ 76,820,882.73</u>	<u>\$ 83,764,239.30</u>

See accompanying notes.

COUNTY OF MONMOUTH, NEW JERSEY

TRUST FUND

COMPARATIVE BALANCE SHEET - REGULATORY BASIS

December 31, 2010 and 2009

<u>Assets</u>	<u>2010</u>	<u>2009</u>	<u>Reserves</u>	<u>2010</u>	<u>2009</u>
Cash and Cash Equivalents	\$ 117,258,781.11	\$ 120,332,476.45			
U.S. HUD Receivables:					
Relocation Assistance Program	5,184,182.31	5,307,219.42	Reserve for Taxes Receivable for	\$ 130,805.62	\$ 166,056.84
Community Development Block	5,112,411.02	4,517,229.51	Library, Health and Open Space		
Home Investment Grant	6,060,951.66	5,002,556.38	Reserve for U.S. HUD Grants:		
Shelter Plus Care Grant	1,396,853.00	1,305,424.00	Relocation Assistance Program	11,765,894.00	10,343,629.28
Health Grants	1,861,463.51	1,737,398.92	Community Development Block Grants	5,134,559.75	4,791,930.04
Homeward Bound Grant	803,206.00	552,753.00	ARRA Grant Reserves	236,352.28	2,026,179.71
Emergency Shelter Grants	65,571.85	122,305.68	Home Investment Grants	6,149,024.32	5,681,632.39
ARRA Grants	156,117.51	2,004,879.71	Shelter Plus Care	1,342,095.00	1,268,237.00
Taxes Receivable for Library, Health			Homeward Bound	649,645.00	515,858.00
and Open Space Funds	130,805.62	166,056.84	Reserve for:		
	<u>20,771,562.48</u>	<u>20,715,823.46</u>	Temporary Assistance To Needy Families	182,283.68	196,366.91
	<u>\$ 138,030,343.59</u>	<u>\$ 141,048,299.91</u>	Other Trust Funds	112,415,932.87	116,040,603.19
Total Receivables and Other Assets	<u>\$ 138,030,343.59</u>	<u>\$ 141,048,299.91</u>	Retirees Health Benefits	<u>23,751.07</u>	<u>17,806.55</u>
			Total Reserves	<u>\$ 138,030,343.59</u>	<u>\$ 141,048,299.91</u>



COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

COMPARATIVE BALANCE SHEET - REGULATORY BASIS

December 31, 2010 and 2009

Assets	2010	2009	Liabilities, Reserves and Fund Balance	2010	2009
Cash and Cash Equivalents	\$ 119,285,244.74	\$ 107,424,823.92	General Serial Bonds	\$ 380,238,500.00	\$ 367,683,500.00
Accounts Receivable:			County College Serial Bonds - Chapter 12, P.L. 1971:		
Municipal Easements	5,474,169.11	6,450,773.92	County Share	2,000,000.00	
Open Space Trust Fund	1,804,217.00	1,900,000.00	State Share	7,971,500.00	10,041,500.00
State of New Jersey - State Agencies	9,813,745.75	12,768,464.36	New Jersey Economic Development Authority:		
State of New Jersey - County College:			Public School Facilities Loan Program	834,320.06	1,099,236.17
Capital Projects, Chapter 12, P.L. 1971	7,971,500.00	10,041,500.00	Vocational School Bonds	2,400,000.00	
	<u>25,063,631.86</u>	<u>31,160,738.28</u>	Green Trust Loan Program:		
			Other Program Agreements	3,295,161.50	4,583,192.44
			IPA Note Payable	2,655,000.00	2,655,000.00
			Reserve for Scrip Redemption	1,508.63	1,508.63
			Improvement Authorizations:		
			Funded	124,362,904.53	115,295,846.14
			Unfunded	135,827,500.00	133,327,500.00
			Interest Due State of New Jersey	8,210.01	1,798.00
			Capital Improvement Fund	147,261.72	27,261.72
			Reserve for:		
			Installment Purchase Agreement	415,366.95	284,816.20
			Insurance - Open Space Fund	1,804,217.00	1,900,000.00
Deferred Charges To Future Taxation:					
Funded	391,422,981.56	376,020,928.61			
Unfunded	135,827,500.00	133,327,500.00			
	<u>527,250,481.56</u>	<u>509,348,428.61</u>	Fund Balance	661,951,450.40	636,901,159.30
Total Assets	\$ 671,599,358.16	\$ 647,933,990.81	Total Liabilities, Reserves and Fund Balance	9,647,907.76	11,032,831.51
				<u>\$ 671,599,358.16</u>	<u>\$ 647,933,990.81</u>

See accompanying notes.

COUNTY OF MONMOUTH, NEW JERSEY  
RECLAMATION CENTER UTILITY FUND

COMPARATIVE BALANCE SHEET - REGULATORY BASIS

December 31, 2010 and 2009

Assets	2010	2009	Liabilities, Reserves and Fund Balances	2010	2009
Operating Fund:			Operating Fund:		
Cash and Cash Equivalents	\$ 61,158,833.35	\$ 65,151,398.46	Appropriation Reserves	\$ 5,844,995.09	\$ 4,470,453.06
Change Fund	1,750.00	1,350.00	Appropriation Reserves Committed	9,401,907.87	12,899,988.35
	61,160,583.35	65,152,748.46	Landfill Closure Tax	8,356,733.22	7,605,097.28
			Accrued Interest on Bonds and Notes	134,915.42	225,858.27
Receivables with Full Reserves:			Haulers Deposits on Account	814,672.40	843,455.88
Receivable From Haulers	822,782.66	701,101.74	Host Community Benefit Tax Payable	268,614.18	484,171.68
			Reserve For Environmental Impairment Liability	7,000,000.00	7,000,000.00
			Accounts Payable	44,361.38	94,490.66
			Landfill Closure and Recycling Tax Payable	329,202.05	361,448.76
				32,195,401.61	33,984,963.94
Total Operating Fund	61,983,366.01	65,853,850.20	Reserve for Receivables	822,782.66	701,101.74
			Fund Balance	28,965,181.74	31,167,784.52
			Total Operating Fund	61,983,366.01	65,853,850.20
Capital Fund:			Capital Fund:		
Cash and Cash Equivalents	7,426,728.93	6,569,197.01	Serial Bonds	11,710,000.00	13,495,000.00
Fixed Capital	113,852,715.51	106,525,454.04	Improvement Authorizations:		
Fixed Capital Authorized and Uncompleted	9,325,000.00	9,450,000.00	Funded	6,194,910.82	2,169,613.53
			Unfunded	3,000,000.00	
			Deferred Reserve for Amortization	6,325,000.00	9,450,000.00
			Reserve for Amortization	102,142,715.51	93,030,454.04
			Fund Balance	1,231,818.11	4,399,583.48
Total Capital Fund	130,604,444.44	122,544,651.05	Total Capital Fund	130,604,444.44	122,544,651.05
Utility Grant Fund:			Utility Grant Fund:		
Cash and Cash Equivalents	1,402,065.91	1,007,657.49	Appropriated Reserves Payable Committed	362,427.58	83,137.47
Receivable with Full Reserve - Grant Receivable	1,654.04	1,654.04	Appropriated Reserves Payable	1,041,292.37	926,174.06
	1,403,719.95	1,009,311.53	Total Utility Grant Fund	1,403,719.95	1,009,311.53
Total Assets	\$ 193,991,530.40	\$ 189,407,812.78	Total Liabilities, Reserves and Fund Balances	\$ 193,991,530.40	\$ 189,407,812.78

See accompanying notes.

COUNTY OF MONMOUTH, NEW JERSEY

RECLAMATION CENTER UTILITY FUND

COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE  
REGULATORY BASIS

Years ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Revenue and Other Income Realized:		
Operating Surplus Anticipated	\$ 19,700,000.00	\$ 22,500,000.00
Reclamation Center Utility Fees	26,825,140.20	27,446,894.62
Miscellaneous Revenue Anticipated	747,400.00	2,818,022.18
Miscellaneous Revenue Not Anticipated	1,956,750.85	
Unexpended Balance of Appropriation Reserves	7,553,843.62	10,804,153.87
Accounts Payable Cancelled	90,641.05	15,000.00
Reserve For Accrued Interest on Bonds Cancelled	71,021.50	36,736.60
	<u>56,944,797.22</u>	<u>63,620,807.27</u>
Expenditures:		
Appropriations	<u>39,447,400.00</u>	<u>41,500,000.00</u>
Excess in Revenue	17,497,397.22	22,120,807.27
Fund Balance, January 1	<u>31,167,784.52</u>	<u>31,546,977.25</u>
	48,665,181.74	53,667,784.52
Decreased By:		
Utilized as Anticipated Revenue	<u>19,700,000.00</u>	<u>22,500,000.00</u>
Fund Balance, December 31	<u><u>\$ 28,965,181.74</u></u>	<u><u>\$ 31,167,784.52</u></u>

COUNTY OF MONMOUTH, NEW JERSEY  
 GENERAL FIXED ASSETS ACCOUNT GROUP  
 COMPARATIVE BALANCE SHEET - REGULATORY BASIS

December 31, 2010 and 2009

<u>Assets</u>	<u>2010</u>	<u>2009</u>	<u>Liabilities</u>	<u>2010</u>	<u>2009</u>
Land	\$ 342,682,515.03	\$ 326,921,233.03			
Buildings	294,149,824.36	291,295,017.36			
Furniture, Fixtures and Equipment	46,802,020.12	45,752,956.53			
Vehicles	<u>73,583,886.11</u>	<u>70,431,224.11</u>	Investment in General Fixed Assets	\$ 757,218,245.62	\$ 734,400,431.03
Total Assets	<u>\$ 757,218,245.62</u>	<u>\$ 734,400,431.03</u>	Total Liabilities	<u>\$ 757,218,245.62</u>	<u>\$ 734,400,431.03</u>

COUNTY OF MONMOUTH, NEW JERSEY  
NOTES TO CONDENSED FINANCIAL STATEMENTS

Years ended December 31, 2010 and 2009

1. Summary of Significant Accounting Policies

A. Reporting Entity

The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB has adopted accounting statements to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The municipalities in the State of New Jersey do not prepare financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements.

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 accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB Codification establishes three fund types to be used by general purpose governmental units when reporting financial position and results of operations in accordance with GAAP.

The accounting policies of the County conform to the accounting principles and practices applicable to municipalities prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The accompanying financial statements are presented in the format prescribed by the State of New Jersey. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and are 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:

Current Fund - is used to account for all revenues and expenditures applicable to the general operations of County departments.

Trust Funds - are used to account for assets held by the County in a trustee capacity or as an agent for individuals and other governmental agencies. Funds held by the County which have restrictions placed on the use of such funds are recorded in the Trust Fund.

COUNTY OF MONMOUTH, NEW JERSEY  
NOTES TO CONDENSED FINANCIAL STATEMENTS  
Years ended December 31, 2010 and 2009

1. Summary of Significant Accounting Policies (continued)

B. Description of Funds (continued)

General Capital Fund - is used to account for financial resources to be used for the acquisition of general capital facilities. The major resources are derived from the sale of serial bonds and bond anticipation notes.

Grant Fund - is used to account for resources and expenditures of Federal and State Grant Funds.

Reclamation Utility Operating Fund - is used to account for 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 - 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 - is used to account for resources and expenditures of Federal and State Grant Funds.

General Fixed Assets Account Group - The County has complied with Technical Accounting Directive No. 85-2 issued by the Division of Local Government Services. Technical Accounting Directive No. 85-2 utilizes the following accounting policies:

Fixed assets used in governmental operations (general fixed assets) are accounted for in the General Fixed Assets Account Group. Public domain (infrastructure) general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available, except for land which is valued at estimated market value.

No depreciation is provided for in the financial statements.

Expenditures for construction in progress are recorded in the Capital Funds until such time as the construction is completed and put into operation.

Fixed assets acquired through grants in aid or contributed capital are not accounted for separately.

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 certificates 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.

COUNTY OF MONMOUTH, NEW JERSEY  
NOTES TO CONDENSED FINANCIAL STATEMENTS

Years ended December 31, 2010 and 2009

1. Summary of Significant Accounting Policies (continued)

B. Description of Funds (continued)

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 attorneys.

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 administrative 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 designed 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 System, a huge volume of records open to the public.

COUNTY OF MONMOUTH, NEW JERSEY  
NOTES TO CONDENSED FINANCIAL STATEMENTS

Years ended December 31, 2010 and 2009

1. Summary of Significant Accounting Policies (continued)

B. Description of Funds (continued)

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.

Department of Corrections - The Department of Corrections operates the County jail. Some prisoners are held on behalf of the State of New Jersey ("NJDOC"), US 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. Measurement Focus, Basis of Accounting and Basis of Presentation

The accounting principles and practices prescribed for municipalities by the Division of Local Government Services differ in certain respects from GAAP applicable to local government units. The more significant differences follow.

A modified accrual basis of accounting is followed by the County. Modifications from the accrual basis follow:

Revenues

Revenues are recorded as received in cash except for statutory reimbursements and grant funds, which are due from other governmental units. State and federal grants for operating purposes are realized as revenues when anticipated in the County budget. Receivables for property taxes are recorded with offsetting reserves within the Current Fund. Other amounts that are due to the County which are susceptible to accrual are recorded as receivables with offsetting reserves. These reserves are liquidated and revenues are recorded as realized upon receipt of cash. GAAP requires the recognition of revenues for general operations in the accounting period in which they become available and measurable.



COUNTY OF MONMOUTH, NEW JERSEY  
NOTES TO CONDENSED FINANCIAL STATEMENTS  
Years ended December 31, 2010 and 2009

1. Summary of Significant Accounting Policies (continued)
- C. Measurement Focus, Basis of Accounting and Basis of Presentation (continued)

Expenditures

- (a) Disbursements for Current Fund inventory-type items are considered expenditures at the time of purchase;
- (b) Prepaid expenses are not recorded;
- (c) Interest on long-term debt included in the General Capital Fund is recorded as an expenditure when paid;
- (d) The encumbrance method of accounting, which records commitments such as purchase orders and contracts as a charge against the current year's budget in addition to expenditures made or accrued, is utilized. The cash basis of accounting, however, is followed for recording the County's share of contributions for fringe benefits, such as retirement plans, accrued sick leave and vacation leave.

Appropriation reserves are recorded at December 31 for unexpended appropriation balances except for amounts which, according to state statutes, may be cancelled by the governing body. The appropriation reserves are available to satisfy specific claims, commitments or contracts incurred during the preceding fiscal year. At the end of the succeeding fiscal year, the remaining unexpended balances lapse to fund balance through other credits to revenue.

Had the County's financial statements been prepared under generally accepted accounting principles, the encumbrance method of accounting would be followed for expenditures presently reflected on a paid or charged basis, appropriation reserves would not be recorded, revenues susceptible to accrual would have been reflected without offsetting reserves and inventories would not be reflected as expenditures at the time of purchase.

Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

The County follows a modified 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.

COUNTY OF MONMOUTH, NEW JERSEY  
NOTES TO CONDENSED FINANCIAL STATEMENTS  
Years ended December 31, 2010 and 2009

1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (continued)

Expenditures - unexpended or uncommitted appropriations, at December 31, are reported as expenditures through the establishment of appropriation reserves unless cancelled by the governing body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due.

Encumbrances - contractual orders at December 31 are reported as expenditures through the establishment of a reserve for encumbrances. Encumbrances do not constitute expenditures under GAAP.

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

Deferred Charges - the regulatory basis of accounting utilized by the County requires that certain expenditures, when they occur, be deferred, and raised as items of appropriation in budgets of succeeding years. These deferred charges include the two general categories, overexpenditures and emergency appropriations. Overexpenditures occur when expenditures recorded as "paid or charged" exceed available appropriation balances. Emergency appropriations occur when, subsequent to the adoption of a balanced budget, the governing body authorizes the establishment of additional appropriations based on unforeseen circumstances or for other special purposes as defined by statute. Overexpenditures and emergency appropriations are deducted from total expenditures in the calculation of operating results and are established as assets for Deferred Charges in 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 the 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.

COUNTY OF MONMOUTH, NEW JERSEY  
NOTES TO CONDENSED FINANCIAL STATEMENTS

Years ended December 31, 2010 and 2009

1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (continued)

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

General Fixed Assets Group - in accordance with Technical Accounting Directive No. 85-2, Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, which differs in certain respects from GAAP, the County of Monmouth has developed a fixed assets and reporting system based on an original inspection and appraisal of its assets by an independent consulting firm. The fixed assets used in governmental operations are reported in the fixed asset reporting group in the Current Fund with the exception of infrastructure assets which consist of roads, bridges, streets, sidewalks and drainage systems. The fixed assets are recorded at cost, or at appraised values approximating cost, and are adjusted in the accounts for sale, abandonment or other disposition when such events occur. Expenditures for construction in progress for assets that will eventually be recorded in the General Fixed Assets Group are accounted for in the General Capital Fund until construction is completed.

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

D. Financial Statements

The GASB Codification defines the financial statements of a governmental unit to be presented in the general-purpose financial statements to be in accordance with GAAP. The County presents the financial statements listed in the table of contents which are required by the Division and which differ from the financial statements required by GAAP. In addition, the Division requires that 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 integrated into 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 State Division of Local Government Services in accordance with N.J.S.A. 40A:4 et seq.

COUNTY OF MONMOUTH, NEW JERSEY  
NOTES TO CONDENSED FINANCIAL STATEMENTS

Years ended December 31, 2010 and 2009

1. Summary of Significant Accounting Policies (continued)

F. Grants

Current Fund - State and federal grants and assistance awards made on the basis of entitlement periods are recorded as revenues when entitlement occurs.

Trust Fund - State and federal grants and assistance awards are dedicated by rider in the Trust Fund. A receivable and corresponding spending reserve are recorded when the grant is awarded.

Capital Fund - State and federal grants and assistance awards are recorded as a funding source for improvement authorizations or are established as receivables with an offsetting reserve.

G. Assessment and Collection of Property Taxes

New Jersey statutes require that taxable valuation of real property be prepared by the local unit tax assessor as of October 1 in each year and filed with the County Board of Taxation by January 10 of the following year. Upon the filing of certified adopted budgets by the Local Unit, Local School District, County and Special Districts, the tax rate is struck by the County Tax Board based on the certified amounts in each of the taxing districts for collection to fund the budgets. Pursuant to statute, this process is to be completed on or before May 3, with a completed duplicate of the tax rolls to be delivered to the Local Unit Tax Collector on or before May 13. New Jersey statutes require that each local unit provide for sufficient anticipated cash receipts equal to the "lawful yearly expenditure" which includes the total amount of property taxes to be raised by the local unit.

Taxes are levied on an annual basis and are due quarterly on February 1, May 1, August 1, and November 1. Any taxes not paid as of December 31 are subject to tax sale and lien in the subsequent year, with the exception of bankruptcies. The date of tax sale is at the discretion of the tax collector.

H. Foreclosed Property

Real property acquired for taxes is recorded in the Current Fund at assessed valuation when such property is acquired and is fully reserved.

I. Interfund Receivables

Interfund receivables created by cash transfers from the Current Fund are recorded with offsetting reserves created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in other funds are not offset by reserves.

COUNTY OF MONMOUTH, NEW JERSEY  
 NOTES TO CONDENSED FINANCIAL STATEMENTS

Years ended December 31, 2010 and 2009

1. Summary of Significant Accounting Policies (continued)

J. Deferred Charges to Future Taxation Funded and Unfunded

Upon the authorization of capital projects, the County establishes deferred charges for the costs 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 N.J.S.A. 40A:2-4, the County may levy taxes on all taxable property within the local unit to repay the debt. Annually, the County raises the debt requirements for that particular year in the Current Fund budget. As funds are raised, the deferred charges are reduced.

K. Pension Plans

Substantially, all County employees participate in the Public Employees' Retirement System ("PERS") and the Police and Fireman's Retirement System ("PFRS"). The Division of Pensions within the Treasury Department of the State of New Jersey is the administrator of the funds and charges municipalities annually for their respective contributions. The plans provide retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. The plans are cost sharing multiple-employer defined benefit plans and as such do not maintain separate records for each municipality in the state and, therefore, the actuarial data for the County is not available. The Division of Pensions issues publicly available financial reports for each of the plans that include financial statements and required supplementary information. The reports may be obtained by writing the State of New Jersey, Division of Pensions.

Covered employees are required by State statute to contribute a certain percentage of their salary to the plan. Each member's percentage is based on age determined at the effective date of enrollment. In addition, PERS and PFRS bill the County annually at an actuarially determinable rate for its required contribution. The current rate is 5.5% for PERS and 8.5% for PFRS of annual covered payroll.

<u>Year</u>	<u>PERS</u>	<u>PFRS</u>
2010	\$ 9,591,796.00	\$ 11,271,188.00
2009	10,098,571.72	6,422,010.57
2008	10,301,473.19	7,054,439.86

COUNTY OF MONMOUTH, NEW JERSEY  
NOTES TO CONDENSED FINANCIAL STATEMENTS

Years ended December 31, 2010 and 2009

1. Summary of Significant Accounting Policies (continued)

L. Deposits and Investments

Deposits

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey which are insured by the Federal Deposit Insurance Corporation ("FDIC"), or by any other agencies of the United States that insure deposits, the State of New Jersey Cash Management Fund and government money market mutual funds through registered broker/dealers and banks. New Jersey statutes require public depositories to maintain collateral for deposit of public funds that exceed insurance limits as follows:

The market value of the collateral must equal 5 percent of the average daily balance of public funds; or

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

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000. The State of New Jersey Cash Management Fund is authorized by statute and regulations of the State Investment Council to invest in fixed income and debt securities which mature within one year. Collateralization of Fund investments is generally not required.

Investments

New Jersey statutes establish the following securities as eligible for the investment of County funds:

- (a) Bonds or other obligations of the United States or obligations guaranteed by the United States.
- (b) Government Money Market Mutual Funds.
- (c) 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 obligation bears a fixed rate of interest not dependent on any index or other external factor.
- (d) Bonds or other obligations of the County, or bonds or other obligations of school districts of which the County is a part or within which the school district is located.
- (e) Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, that are approved by the New Jersey Department of Treasury, Division of Investments.

COUNTY OF MONMOUTH, NEW JERSEY  
NOTES TO CONDENSED FINANCIAL STATEMENTS  
Years ended December 31, 2010 and 2009

1. Summary of Significant Accounting Policies (continued)

L. Deposits and Investments (continued)

Investments (continued)

- (f) Local Government Investment Pools.
- (g) Deposits with the State of New Jersey Cash Management Fund established pursuant to Section 1 of P.L. 1977, C. 281 (C.52:18A:90.4).

Repurchase agreements (15.1(a)(8)) must comply with the following conditions:

- (a) The underlying securities are permitted investments, pursuant to the list contained in (a) and (c) above.
- (b) The custody of the collateral is transferred to a third party. This means the bank must contract with a trusted third party to hold the collateral to ensure it is not pledged against any other investments.
- (c) The maturity of the agreement is not more than 30 days.
- (d) The underlying securities are purchased through a GUDPA bank.
- (e) A master repurchase agreement providing for the custody and security of collateral is executed.

Local Government Investment Pools ("LGIP") (15.1(e)(2)) are subject to the following requirements:

- (a) It is managed in accordance with the SEC's government money market rules (2a-7).
- (b) It is rated in the highest category by a nationally recognized statistical rating organization.
- (c) Have their portfolio limited to U.S. Government securities as defined in 2a-7 and repurchase agreements that are collateralized by such U.S. Government securities.

Every local unit must have a Cash Management Plan ("Plan"); the Plan is subject to audit. In addition, when the Plan permits investments for more than one year, the investment must approximate the prospective use of funds. This primarily relates to U.S. securities and local bond issue purchases. The law also requires that cash management plans provide for the CFO to give the governing body a monthly report that summarizes:

- (a) All investments made or redeemed over the past month.
- (b) Each organization holding local unit funds.

COUNTY OF MONMOUTH, NEW JERSEY  
NOTES TO CONDENSED FINANCIAL STATEMENTS

Years ended December 31, 2010 and 2009

1. Summary of Significant Accounting Policies (continued)

L. Deposits and Investments (continued)

Investments (continued)

(c) The amount of securities purchased or sold, class or type of securities purchased, book value, earned income, fees incurred, and market value of all investments as of the report date.

(d) Other information that may be required by the governing body.

During the year, the County had none of its idle funds invested in repurchase agreements collateralized by eligible securities. At the close of the year, no such investments were held by the County.

2. Deposits and Investments

The County considers petty cash, change funds, cash in banks, certificates of deposit and deposits with the New Jersey Cash Management Fund as Cash and Cash Equivalents.

Deposits

The County's deposits are insured through either the Federal Deposit Insurance Corporation ("FDIC") or New Jersey's Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA requires all banks doing business in the State of New Jersey to maintain additional collateral in the amount of 5% of the average public deposits and to deposit these amounts with the Federal Reserve Bank for all deposits not covered by FDIC.

Bank balances at December 31, 2010 and 2009 are insured up to \$250,000.00 in the aggregate by FDIC for each bank. At December 31, 2010 and 2009, the book value of the County's deposits were \$476,275,899.18 and \$459,998,712.48, respectively.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The County does not have a formal policy for custodial credit risk. As of December 31, 2010, the County's bank balance was not exposed to custodial credit risk.

At December 31, 2010, the County's bank balance of \$484,808,956.03 was exposed to Custodial Credit Risk as follows:

	<u>2010</u>
Insured	\$ 460,631,642.04
Uninsured and Uncollateralized	<u>24,177,313.99</u>
	<u>\$ 484,808,956.03</u>



COUNTY OF MONMOUTH, NEW JERSEY  
NOTES TO CONDENSED FINANCIAL STATEMENTS

Years ended December 31, 2010 and 2009

2. Deposits and Investments (continued)

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.

As of December 31, 2010, 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.

3. Fixed Assets

The following is a summary of changes in the General Fixed Assets Account Group for the years 2010 and 2009.

<u>2010</u>	Balance, December 31, <u>2009</u>	<u>Additions</u>	<u>Retirements</u>	Balance, December 31, <u>2010</u>
Land	\$ 326,921,233.03	\$ 15,761,282.00		\$ 342,682,515.03
Buildings	291,295,017.36	2,854,807.00		294,149,824.36
Furniture, Fixtures, and Equipment	45,752,956.53	1,648,596.18	\$ 599,532.59	46,802,020.12
Vehicles	<u>70,431,224.11</u>	<u>3,470,578.53</u>	<u>317,916.53</u>	<u>73,583,886.11</u>
Total	<u>\$ 734,400,431.03</u>	<u>\$ 23,735,263.71</u>	<u>\$ 917,449.12</u>	<u>\$ 757,218,245.62</u>

<u>2009</u>	Balance, December 31, <u>2008</u>	<u>Additions</u>	<u>Retirements</u>	Balance, December 31, <u>2009</u>
Land	\$ 310,100,978.03	\$ 16,820,255.00		\$ 326,921,233.03
Buildings	289,645,883.36	1,649,134.00		291,295,017.36
Furniture, Fixtures, and Equipment	43,471,724.30	3,391,277.15	\$ 1,110,044.92	45,752,956.53
Vehicles	<u>67,189,203.76</u>	<u>5,438,463.00</u>	<u>2,196,442.65</u>	<u>70,431,224.11</u>
Total	<u>\$ 710,407,789.45</u>	<u>\$ 27,299,129.15</u>	<u>\$ 3,306,487.57</u>	<u>\$ 734,400,431.03</u>

COUNTY OF MONMOUTH, NEW JERSEY  
NOTES TO CONDENSED FINANCIAL STATEMENTS

Years ended December 31, 2010 and 2009

4. Long-Term Debt

Summary of County Debt

	<u>2010</u>	<u>2009</u>	<u>2008</u>
<u>Issued</u>			
General:			
Bonds and Notes	\$ 392,610,000.00	\$ 377,725,000.00	\$ 338,585,000.00
Reclamation Center Utility:			
Capital Fund:			
Bonds and Notes	11,710,000.00	13,495,000.00	16,140,000.00
Green Trust Bonds NJDEP	3,295,161.50	4,583,192.44	5,845,844.05
Voc Tech. School District NJDEP	834,320.06	1,099,236.17	1,358,163.78
Installment Purchase Agreements	2,655,000.00	2,655,000.00	
Mon. County Improvement Auth.	<u>134,310,000.00*</u>	<u>138,770,000.00*</u>	
 Total Debt Issued	 <u>545,414,481.56</u>	 <u>538,327,428.61</u>	 <u>361,929,007.83</u>
 <u>Authorized But Not Issued</u>			
General:			
Bonds and Notes	135,827,500.00	133,327,500.00	125,879,400.75
Reclamation Center Utility:			
Capital Fund:			
Bonds and Notes	3,000,000.00		
Mon. County Improvement Auth.	<u>96,395,000.00*</u>	<u>9,955,000.00*</u>	
 Total Authorized But Not Issued	 <u>235,222,500.00</u>	 <u>143,282,500.00</u>	 <u>125,879,400.75</u>
 Total Bonds and Notes Issued and Authorized But Not Issued	 <u>\$ 780,636,981.56</u>	 <u>\$ 681,609,928.61</u>	 <u>\$ 487,808,408.58</u>

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.3917%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
General Debt	\$ 765,926,981.56	\$ 277,791,866.95	\$ 488,135,114.61
Reclamation Center Utility	<u>14,710,000.00</u>	<u>14,710,000.00</u>	
	<u>\$ 780,636,981.56</u>	<u>\$ 292,501,866.95</u>	<u>\$ 488,135,114.61</u>

Net Debt \$488,135,114.61 divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$124,626,088,385 = 0.3917%.

\* Guaranteed by County only - Included in deduction

COUNTY OF MONMOUTH, NEW JERSEY  
NOTES TO CONDENSED FINANCIAL STATEMENTS  
Years ended December 31, 2010 and 2009

4. Long-Term Debt (continued)

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

2.0% of Equalized Valuation Basis (State)	\$ 2,492,521,767.70
Less: Net Debt	<u>488,135,114.61</u>
Remaining Borrowing Power	<u>\$ 2,004,386,653.09</u>

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, 2010 was 0.3917% and its remaining borrowing power in dollars was \$2,004,386,653.09.

Calculation of "Self-Liquidating Purposes"  
Reclamation Utility per N.J.S.A. 40A:2-45

Cash Receipts From Fees, Rents or Other Charges for the Year	\$ 49,219,291.05
Deductions:	
Operating and Maintenance Costs	35,237,822.39
Debt Service	<u>3,267,577.61</u>
Excess Revenue	<u>\$ 4,213,891.05</u>

The Local Bond Law governs the issuance of bonds and notes to finance County expenditures. Bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the County are general obligation bonds, backed by the full faith and credit of the County. Bond anticipation notes are issued to temporarily finance capital projects, prior to the issuance of serial bonds. The term of the notes cannot exceed one year but the notes may be renewed for a period not exceeding one year. All such notes must be paid no later than the tenth anniversary of the date of the original note.

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

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

COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO CONDENSED FINANCIAL STATEMENTS

Years ended December 31, 2010 and 2009

4. Long-Term Debt (continued)

General Capital Fund

<u>Description</u>	<u>Type</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Rate</u>	<u>Balance, December 31, 2010</u>
General Improvements	Serial Bonds	07/15/02	07/15/12	4.000%	\$ 6,500,000.00
General Improvements	Serial Bonds	03/01/03	03/01/13	2.750-4.000%	8,370,000.00
General Improvements	Serial Bonds	04/27/04	01/15/16	4.000-5.000%	14,230,000.00
Refunding Bonds	Serial Bonds	04/27/04	09/01/12	5.000%	7,955,000.00
General Improvements	Serial Bonds	04/19/05	01/15/20	3.750-5.000%	11,850,000.00
General Improvements	Serial Bonds	06/06/06	01/15/21	4.000-5.000%	28,445,000.00
General Improvements	Serial Bonds	09/12/07	09/15/22	4.000-5.000%	49,350,000.00
Refunding Bonds		03/06/08	01/15/16	3.000-5.000%	29,180,000.00
General Improvements	Serial Bonds	09/23/08	09/01/23	4.000-5.000%	27,260,000.00
General Improvements	Serial Bonds	11/17/09	11/01/19	1.200-4.250%	40,973,500.00
General Improvements	Serial Bonds	11/17/09	11/01/24	4.600-4.800%	26,385,000.00
Refunding Bonds		12/30/09	01/15/19	2.000-4.000%	17,830,000.00
Refunding Bonds		12/30/09	01/15/18	4.000%	4,650,000.00
General Improvements	Serial Bonds	12/16/10	12/01/16	3.000-4.000%	8,500,000.00
Refunding Bonds		12/16/10	03/01/18	2.500-4.000%	28,610,000.00
General Capital Bonds	Serial Bonds	12/16/10	12/01/20	3.300-4.200%	15,325,000.00
Economic Development	Serial Bonds	12/16/10	12/01/25	4.150-4800%	<u>20,775,000.00</u>
					<u>\$ 346,188,500.00</u>

<u>Description</u>	<u>Type</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Rate</u>	<u>Balance, December 31, 2010</u>
County College:					
General Improvements	Serial Bonds	07/15/01	07/15/11	3.75-4.20%	\$ 610,000.00
General Improvements	Serial Bonds	07/15/02	07/15/12	3.75-4.00%	915,000.00
General Improvements	Serial Bonds	04/19/05	01/15/15	3.75-5.00%	2,255,000.00
General Improvements	Serial Bonds	09/12/07	09/15/17	4.25-5.00%	3,135,000.00
General Improvements	Serial Bonds	11/15/09	11/01/19	1.20-4.25%	<u>1,056,500.00</u>
					<u>\$ 7,971,500.00</u>

<u>Description</u>	<u>Type</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Rate</u>	<u>Balance, December 31, 2010</u>
County College – County Share:					
General Improvements	Serial Bonds	12/16/10	12/01/16	3.000-4.000%	\$ 1,120,000.00
General Improvements	Serial Bonds	12/16/10	12/01/20	3.300-4.200%	<u>880,000.00</u>
					<u>\$ 2,000,000.00</u>

COUNTY OF MONMOUTH, NEW JERSEY  
NOTES TO CONDENSED FINANCIAL STATEMENTS  
Years ended December 31, 2010 and 2009

4. 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>	Balance December 31, <u>2010</u>
County Vocational School:					
General Improvements	Serial Bonds	12/16/10	12/01/15	3.000%	\$ <u>2,400,000.00</u>

<u>Description</u>	<u>Type</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Rate</u>	Balance, December 31, <u>2010</u>
Open Space Preservation	Serial Bonds	06/29/05	12/01/20	3.00-4.00%	\$ 17,060,000.00
Open Space Preservation	Serial Bonds	09/12/07	09/15/22	4.00-5.00%	<u>16,990,000.00</u>
					<u>\$ 34,050,000.00</u>

<u>Description</u>	<u>Type</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Rate</u>	Balance, December 31, <u>2010</u>
Green Acres Trust					
Loan Program:					
Valley Stream	Installments	12/20/96	06/20/06	2.00%	\$ 1,764,142.48
Clayton Park		01/21/00	01/21/13	2.00%	552,591.37
Bayshore Park		11/13/99	05/13/13	2.00%	<u>978,427.65</u>
					<u>\$ 3,295,161.50</u>

<u>Description</u>	<u>Type</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Rate</u>	Balance, December 31, <u>2010</u>
Economic Development:					
Authorities Facilities Loan:					
Assistance Program	Installments	07/01/93	07/15/13	1.500%	\$ 417,160.03
		07/01/93	07/15/13	5.288%	<u>417,160.03</u>
					<u>\$ 834,320.06</u>

Total General Capital Fund Long-Term Debt Issued and Outstanding \$ 396,739,481.56

COUNTY OF MONMOUTH, NEW JERSEY  
NOTES TO CONDENSED FINANCIAL STATEMENTS

Years ended December 31, 2010 and 2009

4. Long-Term Debt (continued)

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, December 31, 2010</u>
Reclamation Utility Bonds	Serial Bonds	07/15/02	07/15/12	4.00%	\$ 1,600,000.00
Reclamation Utility Bonds	Serial Bonds	04/19/05	01/15/17	3.75-5.00%	3,400,000.00
Reclamation Refunding	Serial Bonds	12/30/09	01/15/17	2.00-4.00%	1,745,000.00
Reclamation Refunding	Serial Bonds	12/16/10	03/01/17	2.50-4.00%	3,965,000.00
Reclamation Taxable	Serial Bonds	12/16/10	12/01/20	3.30-4.20%	325,000.00
Reclamation Utility Bonds	Serial Bonds	12/16/10	12/01/16	2.00-4.00%	<u>675,000.00</u>
Total Reclamation Utility Fund Debt Issued and Outstanding					<u>\$ 11,710,000.00</u>

The aggregate debt service requirements for the General Capital Fund and Reclamation Capital Fund Serial Bonds are as follows:

<u>Year</u>	<u>General Capital Fund</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2011	\$ 32,700,000.00	\$ 13,008,847.24	\$ 45,708,847.24
2012	37,120,000.00	11,410,413.44	48,530,413.44
2013	36,095,000.00	11,028,536.82	47,123,536.82
2014	35,845,000.00	9,726,495.56	45,571,495.56
2015	33,960,000.00	8,295,976.56	42,255,976.56
2016	34,680,000.00	6,970,295.56	41,650,295.56
2017	29,220,000.00	5,658,320.56	34,878,320.56
2018	27,320,000.00	4,612,570.56	31,932,570.56
2019	24,663,500.00	3,744,719.18	28,406,219.18
2020	24,920,000.00	2,864,685.62	27,784,685.62
2021	20,660,000.00	2,002,467.63	22,662,467.63
2022	17,890,000.00	1,345,362.14	19,235,362.14
2023	11,600,000.00	734,385.14	12,334,385.14
2024	9,420,000.00	380,016.38	9,800,016.38
2025	<u>4,145,000.00</u>	<u>109,428.00</u>	<u>4,254,428.00</u>
	<u>\$ 380,238,500.00</u>	<u>\$ 81,892,520.39</u>	<u>\$ 462,131,020.39</u>

COUNTY OF MONMOUTH, NEW JERSEY  
NOTES TO CONDENSED FINANCIAL STATEMENTS  
Years ended December 31, 2010 and 2009

4. Long-Term Debt (continued)

<u>Year</u>	<u>Reclamation Capital Fund</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2011	\$ 1,225,000.00	\$ 436,900.00	\$ 1,661,900.00
2012	1,575,000.00	381,650.00	1,956,650.00
2013	1,575,000.00	315,525.00	1,890,525.00
2014	1,575,000.00	245,025.00	1,820,025.00
2015	1,575,000.00	173,975.00	1,748,975.00
2016	1,615,000.00	111,187.50	1,726,187.50
2017	<u>1,605,000.00</u>	<u>50,900.00</u>	<u>1,655,900.00</u>
	<u>\$ 10,745,000.00</u>	<u>\$ 1,715,162.50</u>	<u>\$ 12,460,162.50</u>

The Green Acres Trust Loan Program of funds represent 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 the funds, whichever comes first. The loan bears an interest 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.

Installment Purchase Agreement

Hofling Easement

The County of Monmouth purchased land in Upper Freehold Township through an Installment Purchase Agreement ("IPA") in the sum of \$1,115,380.00. Funding for the acquisition was as follows:

\$ 295,436.25	(County Board Ordinance)
100,000.00	(County Trust – Open Space)
<u>267,691.20</u>	(Township of Upper Freehold Grant)
<u>\$ 663,127.45</u>	

From these sources, the County paid \$360,380.00 as a down payment to the sellers of the property. The balance of \$302,747.45 was used to purchase government strips (zero coupon US Treasuries) that will mature on November 15, 2029 in the sum of \$755,000.00. The County, under the IPA, was required to set up a note payable which was done by ordinance #08-IPA.

From the purchase date to the maturity date, the County is required to pay tax-exempt interest to the sellers at a rate of 4.85%. The following is the debt schedule for the IPA:

<u>Year</u>	<u>Interest</u>	<u>Principal</u>
2011-2029	\$ 36,617.50	
11/15/29		<u>\$ 755,000.00</u>

The interest is being paid through the County Open Space Trust Fund.

COUNTY OF MONMOUTH, NEW JERSEY  
NOTES TO CONDENSED FINANCIAL STATEMENTS  
Years ended December 31, 2010 and 2009

4. Long-Term Debt (continued)

Installment Purchase Agreement (continued)

Scheuing Easement

The County of Monmouth purchased land in Middletown Township through an Installment Purchase Agreement ("IPA"). Cost of the property was \$2,900,000.00 with an IPA for \$1,900,000.00. Term of the IPA is fifteen (15) years at 3.8%. The County paid the seller \$1,000,000.00 in 2009 as a down payment. The County has received \$200,000.00 from the Monmouth Conservation Foundation in May 2010 as part of reimbursement to the County for the down payments.

The County will make annual sinking fund payments over the fifteen (15) years along with semi-annual interest payments. The sinking fund will invest in State and Local Government Securities ("SLGS"). Payments to the sinking fund along with semi-annual interest payments will come from the Open Space Trust Fund. The following is the debt schedule:

<u>Year</u>	<u>Interest</u>	<u>Principal</u>
2011-2024	\$ 72,200.00	
2024		<u>\$ 1,900,000.00</u>

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

	<u>Balance,</u> December 31, <u>2009</u>	<u>Additions</u>	<u>Principal</u> <u>Payments</u>	<u>Balance,</u> December 31, <u>2010</u>
General Bonds and				
Notes Outstanding	\$ 367,683,500.00	\$ 73,210,000.00	\$ 60,655,000.00	\$ 380,238,500.00
County College Bonds	10,041,500.00	2,000,000.00	2,070,000.00	9,971,500.00
Vocational School Bonds		2,400,000.00		2,400,000.00
Reclamation Center				
Utility Bonds & Notes	<u>13,495,000.00</u>	<u>4,965,000.00</u>	<u>6,750,000.00</u>	<u>11,710,000.00</u>
<b>Total</b>	<u>\$ 391,220,000.00</u>	<u>\$ 82,575,000.00</u>	<u>\$ 69,475,000.00</u>	<u>\$ 404,320,000.00</u>



COUNTY OF MONMOUTH, NEW JERSEY  
NOTES TO CONDENSED FINANCIAL STATEMENTS

Years ended December 31, 2010 and 2009

5. Prior Year's Debt Defeasance

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

<u>Issuing Entity</u>	<u>Purpose</u>	<u>Bond Series</u>	<u>Defeased Balance</u>
Primary Government:			
Reclamation Center	Reclamation Center	07/15/02	\$ 4,000,000.00
General Obligation	General Capital Improvement	07/15/02	15,000,000.00
General Obligation	General Capital Improvement	03/01/03	<u>13,965,000.00</u>
			<u>\$ 32,965,000.00</u>

The County adopted a refunding bond ordinance on October 14, 2010 for the purpose of issuing Refunding Bonds ("Refunding Bonds") in order to advance refund the 2002 Bonds dated July 15, 2002 and the 2003 Bonds dated March 1, 2003.

On December 16, 2010, the County issued \$32,575,000.00 in General Obligation Refunding Bonds, Series 2010C. These Bonds consisted of \$28,610,000.00 General Improvement Refunding Bonds and \$3,965,000.00 Reclamation Center Utility Refunding Bonds.

General Improvement Refunding Bonds

The General Improvement Refunding Bonds have an average coupon rate of 3.781% to advance refund \$28,965,000.00 of outstanding 2002 and 2003 Series Bonds with an average coupon rate of 3.761%. The proceeds of \$31,350,062.75, which included a premium of \$2,740,062.75 and bond proceeds of \$28,610,000.00, were used to purchase SLGS, and to pay underwriting fees, costs of issuance and other costs. These securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the Series Bonds. As a result, the Series Bonds are considered to be defeased and the liability for these Series Bonds has been removed.

This refunding resulted in a net present value savings of \$841,384.59. In addition, the savings resulting from the refunding were as follows:

Cash Flow Requirements to Service (Old) Debt	\$ 34,588,158.75
Less:	
Cash Flow Requirements for New Debt	<u>(33,643,580.21)</u>
Net Savings from Refunding	<u>\$ 944,578.54</u>

COUNTY OF MONMOUTH, NEW JERSEY  
 NOTES TO CONDENSED FINANCIAL STATEMENTS  
 Years ended December 31, 2010 and 2009

5. Prior Year's Debt Defeasance (continued)

Reclamation Center Utility Refunding Bonds

The Reclamation Center Utility Refunding Bonds have an average coupon rate of 3.864% to advance refund \$4,000,000.00 of outstanding 2002 Series Bonds with an average coupon rate of 4.22%. The proceeds of \$4,346,531.35 which included a premium of \$381,531.35 and bond proceeds of \$3,965,000.00 were used to purchase SLGS and to pay underwriting fees, costs of issuance and other costs. These securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the Series Bonds. As a result, the Series Bonds are considered to be defeased and the liability for these Series Bonds has been removed.

This refunding resulted in a net present value savings of \$196,444.40. In addition, the savings resulted from the refunding were as follows:

Cash Flow Requirements to Service (Old) Debt	\$ 4,842,800.00
Less:	
Cash Flow Requirements for New Debt	<u>(4,618,819.79)</u>
Net Savings from Refunding	<u>\$ 223,980.21</u>

6. Bonds and Notes Authorized But Not Issued

At December 31, 2010, the County had authorized but not issued bonds and notes as follows:

General Capital Fund	\$ 135,827,500.00
Reclamation Utility Capital Fund	3,000,000.00
Monmouth County Improvement Authority	<u>96,395,000.00</u>
Net Bonds and Notes Authorized But Not Issued	<u>\$ 235,222,500.00</u>

7. Fund Balance Appropriated

Current Fund

The fund balance at December 31, 2010 was \$76,820,882.73, of which \$43,865,000.00 was appropriated and included as anticipated revenue for the year ended December 31, 2011.

Reclamation Utility Operating Fund

The fund balance at December 31, 2010 was \$28,965,181.74, of which \$19,500,000.00 was appropriated and included as anticipated revenue for the year ended December 31, 2011.

8. Deferred Charges to be Raised in Succeeding Years' Budgets

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2010, there were no deferred charges shown on the various balance sheets.

COUNTY OF MONMOUTH, NEW JERSEY  
NOTES TO CONDENSED FINANCIAL STATEMENTS  
Years ended December 31, 2010 and 2009

9. Accrued Sick and Vacation Benefits - Unaudited

Any employee of the County who retires under either of the contributory pension systems 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 \$15,000.00. The payment is provided as a lump sum subject to federal and state taxes and is computed at one-half 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.

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 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 \$52,015.11 and \$896,178.66, as of December 31, 2010 and 2009, respectively, which is also part of the unfunded liability.

While the County does not accrue this liability, the unfunded liability at December 31, 2010 is \$5,678,581.90 based on the eligible employees.

10. Deferred Compensation Program

The County has instituted a Deferred Compensation Plan ("Plan") pursuant to Section 457 of the Internal Revenue Code and P.L. 1977, C.381; P.L. 1978, C.39; P.L. 1980, C.78; and P.L. 1997, C.116 of the Statutes of New Jersey.

The Plan is an arrangement whereby a public employer may establish a Plan and permit its employees to voluntarily authorize a portion of their current salary to be withheld and invested in one or more of the types of investments permitted under the governing regulations.

The County has engaged a private contractor to administer the Plan.

11. Post-Employment Healthcare Plan

Plan Description: The County of Monmouth is a single-employee defined benefit healthcare plan administered by Insurance Administrator of America, Inc. and Aetna. The County provides medical, prescription drug (for those retirees in the Indemnity Plan), and Medicare Part B reimbursement (for those retirees that receive fully-subsidized benefits) to retirees and their covered dependents. Active employees hired prior to July 1, 1994 who retire from the County and meet the eligibility criteria are eligible to receive these benefits from the County at no cost. Other retirees must pay the full premium to receive these benefits.

Funding Policy: The County's funding policy is pay-as-you-go.

COUNTY OF MONMOUTH, NEW JERSEY  
NOTES TO CONDENSED FINANCIAL STATEMENTS  
Years ended December 31, 2010 and 2009

11. Post-Employment Healthcare Plan (continued)

Annual OPEB Cost and Net OPEB Obligation: The County's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer ("ARC"), an amount actuarially-determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period of 30 years. The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the County's net OPEB obligation (\$ thousands):

January 1, 2009 Net OPEB Obligations	\$ 28,436.40
Plus:	
Annually Required Contributions	23,395.20
Less:	
County Contributions	7,875.20
December 31, 2009 Net OPEB Obligations	\$ 43,956.40

The County's annual OPEB Cost Summary is as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
12/31/09	\$ 23,395.20	33.7%	\$ 43,956.40
12/31/08	21,999.70	39.5	28,436.40

Funded Status and Funding Progress: The funded status of the Plan was as follows (\$ thousands):

<u>Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability - Projected Unit Credit</u>	<u>Unfunded Actuarial Accrued Liability</u>	<u>Funded Ratio</u>	<u>Covered Payroll*</u>	<u>Unfunded Actuarial Accrued Liability as % of Covered Payroll</u>
01/01/09	\$ 0.00	\$ 416,714.50	\$ 416,714.50	0%	\$ 187,023.50	223%
01/01/07	0.00	403,585.50	403,585.50	0%	180,536.50	218%

\* Required disclosure at adoption of Standard. Covered payroll based on salary provided by the County on the active census.

This is the County's transition year of implementing GASB 45. In future years, this schedule will present multi-year trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

COUNTY OF MONMOUTH, NEW JERSEY  
 NOTES TO CONDENSED FINANCIAL STATEMENTS  
 Years ended December 31, 2010 and 2009

11. Post-Employment Healthcare Plan (continued)

Funded Status and Funding Progress (continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities, consistent with the long-term perspective of the calculations.

In the January 1, 2009 actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included an annual medical cost trend rate of 11% initially, and decreases to a 5% long-term trend rate after 12 years. For prescription drug benefits, the initial trend is 12%, decreasing to a 5% long-term trend rate after 14 years. For Medicare Part B reimbursement, the trend rate is 6.5% for 3 years, with a long-term trend rate of 5% thereafter. These assumptions are consistent with those used for the State Health Benefits Plan. The discount rate as of January 1, 2009 is 3.50%. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at January 1, 2009 was 28 years.

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. The future rental payments are as follows:

<u>Year</u>	<u>Minimum Rental Payments Correctional Facility</u>
2011	\$ 3,901,500.00
Less: Interest	<u>76,500.00</u>
	<u>\$ 3,825,000.00</u>

The interest rate on the Correctional Institute is 2.0%. The Correctional Facility lease expires in 2011.

COUNTY OF MONMOUTH, NEW JERSEY  
NOTES TO CONDENSED FINANCIAL STATEMENTS  
Years ended December 31, 2010 and 2009

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 2019. At December 31, 2010, the bonds included the following issues:

<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Rate</u>	<u>Balance, December 31, 2010</u>
10/31/01	\$ 16,885,000.00	4.150-5.000%	\$ 800,000.00
08/01/03	16,180,000.00	3.450-5.000%	2,750,000.00
10/01/05	21,905,000.00	3.250-5.000%	8,555,000.00
07/12/07	19,940,000.00	4.000-5.000%	11,710,000.00
11/10/09	7,490,000.00	2.000-4.250%	6,295,000.00

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 \$60,445,000 bond issue of April 17, 2004, the County has determined that there is an arbitrage rebate liability of \$369,782.86. A reserve has been set-up for the total of \$812,673.19.

For its \$30,000,000 bond issue of June 29, 2006, the County has determined that there is an arbitrage rebate liability of \$419,813.19.

For its \$40,000,000 bond issue of June 6, 2007, the County has determined that there is an arbitrage rebate liability of \$23,077.14.

COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO CONDENSED FINANCIAL STATEMENTS

Years ended December 31, 2010 and 2009

15. Risk Management

The County is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; error and omission, injuries to employees; and natural disaster. 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	\$ 200,000.00	\$ 10,000,000.00
Automobile	200,000.00	10,000,000.00
Law Enforcement	200,000.00	10,000,000.00
Public Employee Dishonesty	10,000.00	1,000,000.00
Public Officials	2,000,000.00	10,000,000.00
Helicopter/Aviation	1,000.00/1,000.00	5,000,000.00
Environmental Impairment	15,000.00	3,000,000.00
Property	Various	75,000,000.00/25,000,000.00
Workers Compensation	250,000.00	Statutory
Surety Bonds:		
M. Claire French, County Clerk		50,000.00
Robert W. Lahey, Superintendent of Buildings and Grounds		5,000.00
Shaun Golden, Sheriff		50,000.00
Rosemarie D. Peters, Surrogate		50,000.00
Craig R. Marshall, Treasurer		1,500,000.00

In respect to the excess insurance, the County's settled claims have not exceeded the commercial coverage in the past three years. At December 31, 2010, the amount on deposit in the Trust Fund was \$5,259,281.79.

16. Reserve for Environmental Impairment Liability

In conjunction with its petition to increase its reclamation utility landfill rates, which were approved by the State of New Jersey in January 1989, the County established a Reserve for Self Insurance for potential losses that might occur as a result of accidents having an environmental impact. At December 31, 2010, the Reserve, which management considered to be adequate in terms of its risk, amounted to \$7,000,000.00.

17. 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 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 State's database are used to categorize and measure terms of client benefits and validate eligibility based upon historical information.

COUNTY OF MONMOUTH, NEW JERSEY  
NOTES TO CONDENSED FINANCIAL STATEMENTS

Years ended December 31, 2010 and 2009

17. Division of Social Services (continued)

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

Current Fund Accounts:

Administration  
Rental Assistance

Trust Fund Accounts:

Reach Omega  
Assistance  
Child Support  
Clearing

In addition, a record of the Division's Fixed Assets is maintained by the County and reported in the County's General Fixed Assets Account Group for all items in excess of \$1,000.00 minimum threshold. Based upon this threshold, the Division's Fixed Assets, comprised solely of movable equipment, were reported at the following values:

December 31, 2010	\$ 1,460,741.99
December 31, 2009	1,402,744.36
December 31, 2008	1,358,613.78
December 31, 2007	1,357,052.60
December 31, 2006	1,362,716.88

18. Contingent Liabilities

State and Federal Grants

The County receives financial assistance from the State of New Jersey and the U.S. government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by grantors. As a result of these audits, costs previously reimbursed could be disallowed and require repayment to the grantor agency. As of December 31, 2010, the County estimates that no material liabilities will result from such audits.

Litigation

The County has been informed through its counsel that there is no litigation, impending litigation, claims, contingent liabilities, unasserted claims or assessments or statutory violations which involve the County, and which might materially affect the County's financial position or results of operation for the year 2010, and post balance sheet period through June 6, 2011.



COUNTY OF MONMOUTH, NEW JERSEY  
NOTES TO CONDENSED FINANCIAL STATEMENTS

Years ended December 31, 2010 and 2009

19. Change Orders

Monmouth County approved the following change orders during 2010:

- Inspections, Maintenance, Testing, Parts and Repairs for Generators at Various County Locations
- Insurance Consultant Services
- Drainage Improvements to Various Roads
- Office Equipment Maintenance Services
- Rehabilitation of Bascule Span Fender System at Bridge W-9
- 2<sup>nd</sup> Floor Annex Renovation at the Monmouth County John L. Montgomery Care Center

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%.

20. 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 15, May 15, August 15, and November 15. Pursuant to the provision of N.J.S.A. 54:4-76, interest charges on delinquent payments are 6% per annum.

21. FASB Pronouncements Policy

The County adheres to all FASB policies unless otherwise indicated.

22. 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.

23. 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, 2010. They have issued a separate report, and as such, we do not express an opinion on those compliance requirements.

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**APPENDIX B**

**FORM OF CONTINUING DISCLOSURE CERTIFICATE**

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## **CONTINUING DISCLOSURE CERTIFICATE**

**THIS CONTINUING DISCLOSURE CERTIFICATE** is made as of June 28, 2012 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, Series 2012, consisting of \$77,000,000 General Improvement Bonds, Series 2012, \$5,000,000 Open Space Bonds, Series 2012, \$6,300,000 Reclamation Center Utility Bonds, Series 2012, \$1,000,000 County Vocational School Bonds, Series 2012 (New Jersey School Bond Reserve Act, P.L. 1980, c.72), \$4,250,000 County College Bonds, Series 2012 and \$4,250,000 County College Bonds, Series 2012 (County College Bond Act, P.L. 1971, c. 12) (collectively, the “Bonds”), dated June 28, 2012, in the aggregate principal amount of \$97,800,000 on the date hereof; and

**WHEREAS**, the Bonds are being issued pursuant to bond ordinances adopted by the Issuer and a certificate signed by the Issuer on June 20, 2012; and

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

**WHEREAS**, the Issuer represented in its Notice of Sale dated June 11, 2012 (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 the Municipal Securities Rulemaking Board required to be disclosed on a continual basis pursuant to Rule 15c2-12; and

**WHEREAS**, on June 20, 2012, the Issuer accepted the bid of Wells Fargo Bank, National Association, 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	Rule 15c2-12
Issuer	SEC
Notice of Sale	Securities and Exchange Act
Participating Underwriter	

Section 1.2 Additional Definitions. The following additional terms shall have the meanings specified below:

“Annual Report” means Financial Statements and Operating Data provided at least annually.

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

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

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

“Disclosure Event Notice” means the notice to the 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 June 20, 2012 pertaining to the Bonds.

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

“Fiscal Year” means the fiscal year of the Issuer. As of the date of this Certificate, the Fiscal Year of the Issuer begins on January 1 and closes on December 31 of each calendar year.

“GAAS” means generally accepted auditing standards as in effect from time to time, consistently applied.

“MSRB” means the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the electronic Municipal Market Access (EMMA) website of the MSRB, currently located at <http://emma.msrb.org>.

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

“State” means the State of New Jersey.

Section 1.3 Interpretation. Words of masculine gender include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, words importing the singular include the plural and vice versa, and words importing persons include corporations, associations, partnerships (including limited partnerships), trusts, firms and other legal entities, including public bodies, as well as natural persons. Articles and Sections referred to by number mean the corresponding Articles and Sections of this Certificate. The terms “hereby”, “hereof”, “hereto”, “herein”, “hereunder” and any similar terms as used in this Certificate, refer to this Certificate as a whole unless otherwise expressly stated.

As the context shall require, the disjunctive term “or” shall be interpreted conjunctively as required to insure that the Issuer performs any obligations, mentioned in the passage in which such term appears.

The headings of this Certificate are for convenience only and shall not define 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, 2011, an Annual Report to the MSRB;

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

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

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

- (i) principal and interest delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (vii) modifications to rights of Bondholders; if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) defeasances;
- (x) release, substitution, or sale of property securing repayment of the Bonds, if material;



- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership or similar event of the Issuer;
- (xiii) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material.

(e) In a timely manner, to the MSRB, notice of a failure by the Issuer to provide the Annual Report within the period described in subsection 2.1(a) hereof.

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

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

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

Section 2.3 Form of Annual Report.

(a) The Annual Report may be submitted as a single document or as separate documents comprising a package.

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

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

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

(a) If the Issuer or the Dissemination Agent (if one has been appointed or engaged by the Issuer) has determined it necessary to report the occurrence of a Disclosure Event, the Issuer or Dissemination Agent (if one has been appointed or engaged by the Issuer) shall file a notice of

such occurrence with the MSRB (the “Disclosure Event Notice”) in the form provided by the Issuer.

(b) The Issuer and/or the Dissemination Agent (if one has been appointed or engaged by the Issuer) shall file a written report with the Issuer (if a Dissemination Agent has been appointed or engaged by the Issuer) certifying that the Annual Report has been provided pursuant to this Certificate, stating the date 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 carrying out its obligations under this Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the Issuer shall be the Dissemination Agent.

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

(c) The Dissemination Agent, or any successor thereto, may at any time resign and be discharged of its duties and obligations hereunder by giving not less than thirty (30) days written notice to the Issuer. Such resignation shall take effect on the date specified in such notice.

### **ARTICLE III**

#### **DISCLOSURE DEFAULT AND REMEDIES**

Section 3.1 Disclosure Default. The occurrence and continuation of a failure or refusal by the Issuer to observe, perform or comply with any covenant, condition or agreement on its part to be observed or performed in this Certificate and such failure or refusal shall remain uncured for a period of thirty (30) days shall constitute a Disclosure Default hereunder.

#### Section 3.2 Remedies on Default.

(a) Any Bondholder, for the equal benefit and protection of all Bondholders similarly situated, may take whatever action at law or in equity against the Issuer and of the officers, agents and employees of the Issuer which is necessary or desirable to enforce the specific performance and observance of any obligation, agreement or covenant of the Issuer under this Certificate and may compel the Issuer or any such officers, agents, or employees, except of the Dissemination Agent, to perform and carry out their duties under this Certificate; provided, that no person or entity shall be entitled to recover monetary damages hereunder under any circumstances.

(b) In case any Bondholder shall have proceeded to enforce its rights under this Certificate and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to any Bondholder, then and in every such case the Issuer and any Bondholder shall be restored respectively to their several positions and rights hereunder, and all rights, remedies and powers of the Issuer and any Bondholder shall continue as though no such proceeding had been taken.

(c) A default under this Certificate shall not be deemed a default under the Bonds, and the sole remedy under this Certificate in the event of any failure or refusal by the Issuer to comply with this Certificate shall be as set forth in subsection 3.2(a) of this Certificate.

## **ARTICLE IV**

### **MISCELLANEOUS**

Section 4.1 Purposes of the Continuing Disclosure Certificate. This Certificate is being executed and delivered by the Issuer for the benefit of the Bondholders and in order to assist the Participating Underwriters in complying with clause (b)(5) of Rule 15c2-12.

Section 4.2 Additional Information. Nothing in this Certificate shall be deemed to prevent the Issuer from (a) disseminating any other information, using the means of dissemination set forth in this Certificate or any other means of communication, or (b) including any other information in any Annual Report or any Disclosure Event Notice, in addition to that which is required by this Certificate. If the Issuer chooses to include information in any Annual Report or any Disclosure Event Notice in addition to that which is specifically required by this Certificate, the Issuer shall have no obligation under this Certificate 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, One East Main Street, Finance Department, Freehold, New Jersey 07728-1256, Attention: Craig R. Marshall.

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

#### Section 4.5 Amendments, Changes and Modifications.

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

- (i) to add to covenants and agreements of the Issuer hereunder for the benefit of the Bondholders, or to surrender any right or power conferred upon the Issuer by this Certificate;

- (ii) to modify the contents, presentation and format of the Annual Report from time to time to conform to changes in accounting or disclosure principles or practices and legal requirements followed by or applicable to the Issuer or to reflect changes in the identity, nature or status of the Issuer or in the business, structure or operations of the Issuer or any mergers, consolidations, acquisitions or dispositions made by or affecting the Issuer; provided that any such modification shall comply with the requirements of Rule 15c2-12 as then in effect at the time of such modification; or
- (iii) to cure any ambiguity, to correct or supplement any provision hereof which may be inconsistent with any other provision hereof, or to include any other provisions with respect to matters or questions arising under this Certificate which, in each case, comply with Rule 15c2-12 as then in effect at the time of such modification.

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

(b) Upon entering into any amendment or modification required or permitted by this Certificate, the Issuer shall deliver, or cause the dissemination Agent to deliver, to the MSRB written notice of any such amendment or modification.

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

Section 4.6 Amendments Required by Rule 15c2-12. The Issuer recognizes that the provisions of this Certificate are intended to enable the Participating Underwriters to comply with Rule 15c2-12. If, as a result of a change in Rule 15c2-12 or in the interpretation thereof, a change in this Certificate shall be permitted or necessary to assure continued compliance with Rule 15c2-12 and upon delivery by any Participating Underwriter of an opinion of counsel nationally recognized as expert in federal securities law acceptable to the Issuer to the effect that such amendment shall be permitted or necessary to assure continued compliance by the Participating Underwriter with Rule 15c2-12 as so amended or interpreted, then the Issuer shall amend this Certificate to comply with and be bound by any such amendment to this Certificate to the extent necessary or desirable to assure compliance with the provisions of Rule 15c2-12 and provide the written notice of such amendment as required by subsection 4.5(b) hereof.

Section 4.7 Governing Law. This Certificate shall be governed exclusively by and construed in accordance with the applicable laws of the State of New Jersey.

Section 4.8 Termination of Issuer's Continuing Disclosure Obligations. The continuing obligation of the Issuer under Section 2.1 hereof to provide the Annual Report and any Disclosure Event Notice and to comply with the other requirements of said Section shall

terminate if and when either (a) the Bonds are no longer outstanding or (b) the Issuer no longer remains an “obligated person” (as defined in Rule 15c2-12(f)(10) with respect to the Bonds in either event, only after the Issuer delivers, or causes the Dissemination Agent to deliver, to the MSRB written notice to such effect. This Certificate shall be in full force and effect from the date hereof and shall continue in effect so long as any Bonds are Outstanding.

Section 4.9 Binding Effect. This Certificate shall inure to the benefit of and shall be binding upon the Issuer and its successors and assigns.

**IN WITNESS WHEREOF, THE COUNTY OF 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: \_\_\_\_\_  
**Craig R. Marshall, Director of Finance**

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**APPENDIX C**

**NOTICE OF SALE**

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**NOTICE OF SALE**

**\$97,800,000**

**COUNTY OF MONMOUTH  
NEW JERSEY**

**GENERAL OBLIGATION BONDS, SERIES 2012**

**Consisting of**

**\$77,000,000 General Improvement Bonds, Series 2012**

**\$5,000,000 Open Space Bonds, Series 2012**

**\$6,300,000 Reclamation Center Utility Bonds, Series 2012**

**\$1,000,000 County Vocational School Bonds, Series 2012**

**(New Jersey School Bond Reserve Act, P.L. 1980, c.72)**

**\$4,250,000 County College Bonds, Series 2012**

**and**

**\$4,250,000 County College Bonds, Series 2012 (County College Bond Act, P.L. 1971, c. 12)  
(BOOK-ENTRY BONDS) (CALLABLE)**

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 June 20, 2012 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 \$97,800,000 General Obligation Bonds, Series 2012, consisting of \$77,000,000 General Improvement Bonds, Series 2012, \$5,000,000 Open Space Bonds, Series 2012, \$6,300,000 Reclamation Center Utility Bonds, Series 2012, \$1,000,000 County Vocational School Bonds, Series 2012 (New Jersey School Bond Reserve Act, P.L. 1980, c.72), \$4,250,000 County College Bonds, Series 2012 and \$4,250,000 County College Bonds, Series 2012 (County College Bond Act, P.L. 1971, c. 12) (the "Bonds"). Bidders are required to submit their Proposals for the purchase of the Bonds in accordance with the terms of the Notice of Sale.

**Interest Payment Dates**

The Bonds will be dated the date of delivery (which is expected to be June 28, 2012) and will bear interest at the rate per annum specified by the successful bidder therefor in accordance herewith, payable on January 15, 2013 and semi-annually thereafter on the fifteenth day of July and January in each year until maturity or optional redemption.

**Principal Amortization**

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

\$77,000,000 General Improvement Bonds, Series 2012, maturing in the principal amount of \$2,850,000 in the year 2013; \$3,320,000 in the year 2014; \$3,840,000 in the year 2015;

\$4,380,000 in the year 2016; \$5,610,000 in the year 2017; and \$5,700,000 in each of the years 2018 through 2027, inclusive.

\$5,000,000 Open Space Bonds, Series 2012, maturing in the principal amount of \$200,000 in each of the years 2013 through 2017, inclusive; and \$400,000 in each of the years 2018 through 2027, inclusive.

\$6,300,000 Reclamation Center Utility Bonds, Series 2012, maturing in the principal amount of \$420,000 in each of the years 2013 through 2027, inclusive.

\$1,000,000 County Vocational School Bonds, Series 2012 (New Jersey School Bond Reserve Act, P.L. 1980, c.72), maturing in the principal amount of \$100,000 in each of the years 2013 through 2022, inclusive.

\$4,250,000 County College Bonds, Series 2012, maturing in the principal amount of \$425,000 in each of the years 2013 through 2022, inclusive; and

\$4,250,000 County College Bonds, Series 2012 (County College Bond Act, P.L. 1971, c. 12), maturing in the principal amount of \$425,000 in each of the years 2013 through 2022, inclusive.

The combined maturity schedule for the Bonds is as follows:

<u>YEAR</u>	<u>PRINCIPAL AMOUNT</u>	<u>YEAR</u>	<u>PRINCIPAL AMOUNT</u>
2013	\$4,420,000	2021	\$7,470,000
2014	4,890,000	2022	7,470,000
2015	5,410,000	2023	6,520,000
2016	5,950,000	2024	6,520,000
2017	7,180,000	2025	6,520,000
2018	7,470,000	2026	6,520,000
2019	7,470,000	2027	6,520,000
2020	7,470,000		

### **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 January 15, 2022 shall not be subject to redemption prior to their respective maturity dates. The Bonds maturing on or after January 15, 2023 shall be subject to redemption prior to their respective maturity dates, on or after January 15, 2022 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 and will be done in accordance with DTC procedures. Any failure of such depository to advise any of its participants or any failure of any participant to notify any beneficial owner of any Notice of Redemption shall not affect the validity of the redemption proceedings. If the County determines to redeem a portion of the Bonds of a maturity, such Bonds shall be selected by the County by lot. If Notice of Redemption has been given as described herein, the Bonds, or the portion thereof called for redemption, shall be due and payable on the date fixed for redemption at the Redemption Price, together with accrued interest to the date fixed for redemption. Payment shall be made upon surrender of the Bonds redeemed.

## **County College Bond Act**

The County College Bonds, Series 2012 (County College Bond Act, P.L. 1971, c. 12) 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.

## **New Jersey School Bond Reserve Act**

The County Vocational School Bonds, Series 2012 also will be secured by the School Bond Reserve (the "School Bond Reserve") established in the Fund for the Support of Free Public Schools of the State of New Jersey (the "Fund") and in accordance with the New Jersey

School Bond Reserve Act, P.L. 1980 Ch. 72, approved July 16, 1980 (the "New Jersey School Bond Reserve Act").

### **Book-Entry-Only System**

As long as DTC or its nominee, Cede & Co., is the registered owner of the Bonds, payments of the principal of and interest on the Bonds will be made directly to Cede & Co., as nominee of DTC, which will credit payments of principal of and interest on the Bonds to the DTC participants as listed in the records of DTC as of each next preceding January 1 and July 1, 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 June 20, 2012, 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 four percent (4.00%). 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, June 28, 2012 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](http://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 either (i) a financial surety bond (the "Financial Surety Bond"), or (ii) an electronic transfer of immediately available federal funds in accordance with the wiring instructions to be obtained pursuant to the immediately succeeding paragraph, in the amount of \$1,956,000 is required for each bid for the Bonds to be considered. The Financial Surety Bond must be from an insurance company licensed to issue such a bond in the State of New Jersey and approved by the Director of the Division of Local Government Services of New Jersey (the "Director"). At present, the Director has approved the use of Sure-Bid, a division of Assured Guaranty Municipal Corp. 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 who utilized a Financial Surety Bond 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.

A bidder providing the Deposit via electronic transfer of funds shall contact Ellyn Dinzey, Public Resources Advisory Group, at [edinzey@pragny.com](mailto:edinzey@pragny.com) or telephone (212) 566-7800, for wire instructions with respect to transmittal of such funds to the County.

If an electronic transfer of funds is used, such funds must be received in the account obtained in accordance with the immediately preceding paragraph no later than 10:30 a.m. New York City time on the date for receipt of bids, and must be accompanied by detailed wiring instructions for the return thereof in the event that such bidder is not the Successful Bidder. Please note that the contact information provided immediately above should be used by bidders for the purposes of confirming receipt of electronic transfer of funds and the transmittal of instructions for the return of such electronic transfers of funds in the event such bidder is not the Successful Bidder. Electronic transfers of funds of unsuccessful bidders for the Bonds will be returned upon award of the Bonds. It is the intent of the County that electronic transfers of funds will be returned via wire transfer to the unsuccessful bidders not later than 5:00 p.m. on the date for receipt of bids, provided that wiring instructions have been provided by such unsuccessful bidder at the time of transmission of the Deposit to the County. The County shall not bear any liability for any delay that may occur in the return of an electronic transfer of the Deposit to an unsuccessful bidder. Interest earned on the Deposit will be credited to the County and will not be available to the Successful Bidder for the Bonds.

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. **THREE SERIES OF CUSIP NUMBERS WILL BE ASSIGNED TO THE BONDS AS FOLLOWS: (1) ONE SERIES OF CUSIP NUMBERS WILL BE ASSIGNED TO THE COUNTY VOCATIONAL SCHOOL BONDS, SERIES 2012 (NEW JERSEY SCHOOL BOND RESERVE ACT, P.L. 1980, C.72); (2) A SEPARATE SERIES OF CUSIP NUMBERS WILL BE ASSIGNED TO THE COUNTY COLLEGE BONDS, SERIES 2012 (COUNTY COLLEGE BOND ACT, P.L. 1971, C. 12); AND (3) A SEPARATE SERIES OF CUSIP NUMBERS WILL BE ASSIGNED TO THE GENERAL IMPROVEMENT BONDS, SERIES 2012, OPEN SPACE BONDS, SERIES 2012, RECLAMATION CENTER UTILITY BONDS, SERIES 2012 AND COUNTY COLLEGE BONDS, SERIES 2012.**

### **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 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, (II) AS OF THE DATE OF THE SALE OF THE BONDS, THE SUCCESSFUL BIDDER REASONABLY EXPECTED TO SELL A SUBSTANTIAL AMOUNT OF THE BONDS TO THE PUBLIC (EXCLUDING BOND HOUSES, BROKERS AND OTHER INTERMEDIARIES) AT THEIR RESPECTIVE INITIAL REOFFERING PRICES, AND (III) 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](http://www.i-dealprospectus.com). A printed version is also available upon request made to the Director of Finance of the County at One East Main Street, Finance Department, 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.

Craig R. Marshall  
Director of Finance

Dated: June 11, 2012

**APPENDIX D**

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

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June \_\_, 2012

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 \$97,800,000 aggregate principal amount of General Obligation Bonds, Series 2012, consisting of \$77,000,000 General Improvement Bonds, Series 2012 (the "Series 2012A Bonds"), \$5,000,000 Open Space Bonds, Series 2012 (the "Series 2012B Bonds"), \$6,300,000 Reclamation Center Utility Bonds, Series 2012 (the "Series 2012C Bonds"), \$1,000,000 County Vocational School Bonds, Series 2012 (New Jersey School Bond Reserve Act, P.L. 1980, c.72) (the "Series 2012D Bonds"), \$4,250,000 County College Bonds, Series 2012 (the "Series 2012E Bonds") and \$4,250,000 County College Bonds, Series 2012 (County College Bond Act, P.L. 1971, c. 12) (the "Series 2012F Bonds", and together with the Series 2012A Bonds, the Series 2012B Bonds, the Series 2012C Bonds, the Series 2012D Bonds and the Series 2012E Bonds, the "Series 2012 Bonds"), dated the date of delivery (collectively, the "Bonds").

The Bonds are issued pursuant to the Local Bond Law, constituting Chapter 2 of Title 40A of the New Jersey Statutes (the "Local Bond Law"), and where appropriate, Title 18A, Education of the New Jersey Statutes, as amended (the "Education Law"), a resolution of the Board of Chosen Freeholders adopted on May 24, 2012 (the "Resolution") and by virtue of various bond ordinances of the County (the "Bond Ordinances").

The Bonds are dated the date of delivery, bear interest at the interest rates set forth on the cover of the Official Statement relating to the Bonds and mature on January 15 in the principal amounts as set forth below:

<u>Year</u>	<u>Series 2012A</u> <u>Bonds</u>	<u>Series 2012B</u> <u>Bonds</u>	<u>Series 2012C</u> <u>Bonds</u>	<u>Series 2012D</u> <u>Bonds</u>	<u>Series 2012E</u> <u>Bonds</u>	<u>Series 2012F</u> <u>Bonds</u>
2013	\$2,850,000	\$200,000	\$420,000	\$100,000	\$425,000	\$425,000
2014	3,320,000	200,000	420,000	100,000	425,000	425,000
2015	3,840,000	200,000	420,000	100,000	425,000	425,000
2016	4,380,000	200,000	420,000	100,000	425,000	425,000
2017	5,610,000	200,000	420,000	100,000	425,000	425,000
2018	5,700,000	400,000	420,000	100,000	425,000	425,000
2019	5,700,000	400,000	420,000	100,000	425,000	425,000
2020	5,700,000	400,000	420,000	100,000	425,000	425,000
2021	5,700,000	400,000	420,000	100,000	425,000	425,000
2022	5,700,000	400,000	420,000	100,000	425,000	425,000
2023	5,700,000	400,000	420,000	-	-	-
2024	5,700,000	400,000	420,000	-	-	-
2025	5,700,000	400,000	420,000	-	-	-
2026	5,700,000	400,000	420,000	-	-	-
2027	5,700,000	400,000	420,000	-	-	-

The Bonds are subject to redemption prior to maturity.

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

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

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

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

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

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

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

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

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

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

Board of Chosen Freeholders  
County of Monmouth  
June \_\_, 2012  
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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,