

In the opinion of Gibbons P.C., Bond Counsel to the County (as defined herein), assuming continuing compliance by the County with certain tax covenants described herein, under existing law, interest on the Series 2015 Bonds (as defined herein) is excluded from the gross income of the owners of the Series 2015 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 2015 Bonds is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax. In the case of certain corporate holders of the Series 2015 Bonds, interest on such Series 2015 Bonds will be included in the calculation of the alternative minimum tax as a result of the inclusion of interest on the Series 2015 Bonds in "adjusted current earnings" of certain corporations. Under existing law, interest on the Series 2015 Bonds and net gains from the sale of the Series 2015 Bonds are exempt from the tax imposed by the New Jersey Gross Income Tax Act. See "LEGAL MATTERS - Tax Matters" herein.

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**\$58,705,000**  
**COUNTY OF MONMOUTH**  
**State of New Jersey**  
**GENERAL OBLIGATION REFUNDING BONDS, SERIES 2015**  
**Consisting of**  
**\$43,615,000 General Improvement Refunding Bonds, Series 2015**  
**and**  
**\$15,090,000 Open Space Refunding Bonds, Series 2015**

**Dated: Date of Delivery**

**Due: As shown on the inside front cover**

The \$58,705,000 General Obligation Refunding Bonds, Series 2015, consisting of \$43,615,000 General Improvement Refunding Bonds, Series 2015 (the "General Improvement Refunding Bonds") and \$15,090,000 Open Space Refunding Bonds, Series 2015 (the "Open Space Refunding Bonds"), and collectively with the General Improvement Refunding Bonds, the "Series 2015 Bonds") will be issued by the County of Monmouth, State of New Jersey (the "County") in fully registered form.

The Series 2015 Bonds, 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 2015 Bonds. Individual purchases will be made in book-entry form (without certificates) through DTC Participants (as defined herein), in the principal amount of \$5,000 each or integral multiples of \$1,000 in excess thereof. Provided DTC or its nominee Cede & Co. is the registered owner of the Series 2015 Bonds, principal of and interest (payable on July 15, 2015 and semi-annually thereafter on each January 15 and July 15 until maturity), on the Series 2015 Bonds will be paid to DTC or its nominee which is obligated to remit such principal and interest to DTC Participants. DTC Participants and Indirect Participants, as defined herein, will be responsible for remitting such payments to the Beneficial Owners of the Series 2015 Bonds. See "OTHER INFORMATION - The DTC Book-Entry-Only System."

The Series 2015 Bonds are being issued pursuant to the Local Bond Law, constituting Chapter 2 of Title 40A of the New Jersey Statutes, as amended (the "Local Bond Law"), a bond ordinance and a resolution of the County duly adopted by the Board of Freeholders of the County, to permanently refinance specified general and open space improvements and to pay the costs of issuance with respect to the Series 2015 Bonds.

The full faith and credit of the County are irrevocably pledged for the payment of the principal of and interest on the Series 2015 Bonds. The Series 2015 Bonds will be valid and binding general obligations of the County, payable as to principal 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 2015 Bonds are not subject to redemption prior to maturity.

The issuance of the Series 2015 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. Certain legal matters will be passed upon by Archer & Greiner P.C., Red Bank, New Jersey, Disclosure Counsel to the County. Certain legal matters will be passed upon for the Underwriters (as defined herein) by McManimon, Scotland & Baumann, LLC, Roseland, New Jersey. It is anticipated that the Series 2015 Bonds will be available for delivery to DTC on or about June 25, 2015, in New York, New York, or at such other place and time as may be agreed to by the County.

**CITIGROUP**

**RAYMOND JAMES**

**COUNTY OF MONMOUTH  
STATE OF NEW JERSEY**

**\$43,615,000 GENERAL IMPROVEMENT REFUNDING BONDS, SERIES 2015**

<u>Maturing</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP No.</u> <sup>†</sup>
July 15, 2015	\$ 545,000	0.35%	0.35%	609561DG7
January 15, 2017	2,725,000	4.00	0.66	609561DA0
January 15, 2018	7,115,000	4.00	1.08	609561DB8
January 15, 2019	6,275,000	4.00	1.37	609561DC6
January 15, 2020	8,975,000	4.00	1.70	609561DD4
January 15, 2021	9,255,000	4.00	1.98	609561DE2
January 15, 2022	6,555,000	4.00	2.21	609561DF9
January 15, 2023	2,170,000	4.00	2.36	609561DH5

**\$15,090,000 OPEN SPACE REFUNDING BONDS, SERIES 2015**

<u>Maturing</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP No.</u> <sup>†</sup>
July 15, 2015	\$ 150,000	0.35%	0.35%	609561DP7
January 15, 2016	2,090,000	2.00	0.24	609561DJ1
January 15, 2018	1,455,000	4.00	1.08	609561DQ5
January 15, 2019	3,870,000	4.00	1.37	609561DK8
January 15, 2020	4,045,000	4.00	1.70	609561DL6
January 15, 2021	1,700,000	4.00	1.98	609561DM4
January 15, 2022	1,780,000	4.00	2.21	609561DN2

<sup>†</sup> Registered trademark of American Bankers Association. CUSIP numbers are provided by Standard & Poor's, CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. The CUSIP numbers listed above are being provided solely for the convenience of Bondholders only at the time of issuance of the Series 2015 Bonds and the County does not make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2015 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Series 2015 Bonds.

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

BOARD OF CHOSEN FREEHOLDERS

Gary J. Rich, Sr.	Director of the Board
Serena DiMaso, Esq.	Deputy Director
Lillian G. Burry	Freeholder
John P. Curley	Freeholder
Thomas A. Arnone	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
Holman Frenia Allison P.C.	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 2015 Bonds, other than those contained in this Official Statement, in connection with the offering of the Series 2015 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 2015 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 2015 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 2015 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.

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, this document, as the same may be supplemented or amended by the County from time to time (collectively, the "Official Statement"), may be treated as a "Final Official Statement" with respect to the Series 2015 Bonds described herein that is deemed final as of the date hereof (or of any such supplement or amendment) by the County.

In connection with the offering, the Underwriters may over-allot or effect transactions which stabilize or maintain the market price of the Series 2015 Bonds offered hereby at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time without prior notice. The Underwriters may offer and sell the Series 2015 Bonds to certain dealers at prices lower than the public offering prices stated on the inside cover page hereof and said public offering prices may be changed from time to time by the Underwriters.

In making an investment decision, investors must rely on their own examination of the County and the terms of the offering, including the merits and risks involved. These securities have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not approved or disapproved of these securities or passed upon or confirmed the accuracy or determined the adequacy of this Official Statement. Any representation to the contrary is a criminal offense.

The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

**COUNTY OF MONMOUTH, NEW JERSEY**

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**OFFICIAL STATEMENT  
OF  
THE COUNTY OF MONMOUTH  
STATE OF NEW JERSEY  
Relating to its  
\$58,705,000  
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2015  
Consisting of  
\$43,615,000 General Improvement Refunding Bonds, Series 2015  
\$15,090,000 Open Space Refunding Bonds, Series 2015**

**I. DESCRIPTION OF THE SERIES 2015 BONDS**

**Introduction**

This Official Statement, which includes the cover page, the inside front 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 \$58,705,000 General Obligation Refunding Bonds, Series 2015, consisting of \$43,615,000 General Improvement Refunding Bonds, Series 2015 (the “General Improvement Refunding Bonds”) and \$15,090,000 Open Space Refunding Bonds, Series 2015 (the “Open Space Refunding Bonds”), and collectively with the General Improvement Refunding Bonds, the “Series 2015 Bonds”), dated the date of delivery.

The Series 2015 Bonds are issued pursuant to the Local Bond Law, constituting Chapter 2 of Title 40A of the New Jersey Statutes, as amended (the “Local Bond Law”). The Series 2015 Bonds have been authorized by a bond ordinance of the County duly adopted at a meeting of the Board of Freeholders of the County (the “County Board”) on May 14, 2015 and a resolution of the County duly adopted at a meeting of the County Board on May 28, 2015. The Series 2015 Bonds will be general obligations of the County, whose full faith and credit are pledged to the payment of the principal of and interest on the Series 2015 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 2015 Bonds will be dated the date of delivery, and will mature on July 15, 2015 and January 15 thereafter in the years and in the amounts set forth on the inside front cover page hereof. The Series 2015 Bonds will bear interest payable on July 15, 2015 and semi-annually thereafter on each January 15 and July 15 until maturity.

**Denomination and Place of Payment**

The Series 2015 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, New York, New York (“DTC”) which will act as securities depository for the Series 2015 Bonds under its

book-entry-only system (the “DTC Book-Entry-Only System”). An individual purchaser (the “Beneficial Owner”) may purchase a Series 2015 Bond in book-entry form (without certificates) in denominations of \$5,000 each or integral multiples of \$1,000 in excess thereof.

Provided Cede is the registered owner of the Series 2015 Bonds, the principal and interest on the Series 2015 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 with respect to the Series 2015 Bonds (the “Record Dates”). See “OTHER INFORMATION - The DTC Book-Entry-Only System” herein.

### **Redemption Provisions**

The Series 2015 Bonds shall not be subject to optional redemption prior to their respective maturity dates.

### **Authorization**

The Series 2015 Bonds have been authorized and are to be issued in accordance with the Local Bond Law, and the bond ordinance and a resolution adopted by the County Board. The ordinance included in the sale of the Series 2015 Bonds was published in full or in summary form after its 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 ordinance 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 2015 Bonds by the County.

### **Security for the Series 2015 Bonds**

The Series 2015 Bonds are general obligations of the County whose full faith and credit are pledged to the payment of the principal of 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 2015 Bonds.

### **Purpose of the Series 2015 Bonds**

The proceeds of the Series 2015 Bonds will be used to refund certain general obligation bonds of the County authorized by an ordinance of the County Board adopted on the date as set forth in the table below. In particular, a portion of the proceeds of the Series 2015 Bonds is anticipated to be used to pay the principal, interest and redemption premium of the County’s (a) General Improvement Bonds, Series 2005A, dated April 19, 2005, maturing on January 15, in each of the years 2019 and 2020, in the aggregate amount of \$4,000,000, (b) General Obligation Bonds, Series 2005, dated June 29, 2005, maturing on December 1, in each of the years 2016, 2019 and 2020, in the aggregate amount of \$7,210,000, (c) General Obligation Bonds, Series 2006, dated June 6, 2006, maturing on January 15, in each of the years 2017, 2018, 2020 and



2021, in the aggregate amount of \$11,380,000, (d)(i) General Improvement Bonds, Series 2007, dated September 26, 2007, maturing on September 15, in each of the years 2018 to 2022, in the aggregate amount of \$22,390,000, and (ii) Open Space Bonds, Series 2007, dated September 26, 2007, maturing on September 15, in each of the years 2018 to 2022, in the aggregate amount of \$8,240,000, and (e) General Obligations Bonds, Series 2008, dated September 23, 2008, maturing on September 1, in each of the years 2021 to 2023, in the aggregate amount of \$6,540,000, (collectively, the “Refunded Bonds”). A portion of the proceeds of the Series 2015 Bonds will be deposited to the credit of an escrow fund (the “Escrow Fund”) created pursuant to an escrow deposit agreement between the County and The Bank of New York Mellon, Woodland Park, New Jersey, as escrow agent (the “Escrow Agent”) to purchase direct obligations of the United States of America (the “Escrow Securities”) which, together with investment earnings thereon, will be sufficient to pay principal of, premium, if any, and interest on the Refunded Bonds.

<u>Project</u>	<u>Amount of Series 2015 Bonds Authorized</u>	<u>Amount of Series 2015 Bonds Issued</u>	<u>Adoption Date</u>
Refunding of Certain General Obligations of the County (Ord. No. 2015-0001)	\$70,000,000	\$58,705,000	May 14, 2015

## 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><b>Expiration of Term</b></u>
Gary J. Rich, Sr.	Director of the Board	January 2018
Serena DiMaso, Esq.	Deputy Director	January 2017
Lillian G. Burry	Freeholder	January 2018
John P. Curley	Freeholder	January 2016
Thomas A. Arnone	Freeholder	January 2017

## **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 (2010-2014)" 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 395,404 tons during 2014 and, at current monthly deliveries, is expected to accept a similar amount during 2015. Much of the waste has been baled 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. The 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 2028. 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 around 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.

In 2014 the MCRC began construction on a design, build, operate contract to build a Leachate Pretreatment Facility. This facility will treat the leachate, and then dispose of it directly into the sewer system. This will eliminate a 4+ million dollar trucking contract with a net savings of about 2 million dollars annually. The County anticipates that this project will be completed by the end of 2015.

## **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.

## **Tropical Storm Sandy**

On October 29, 2012, Tropical Storm Sandy made landfall five miles south of Atlantic City, New Jersey. The resulting storm surge and winds caused catastrophic damage to many coastal and riverfront communities, as well as widespread physical damage (including loss of electrical power and other utilities) throughout the State. In the days following the storm, most schools and businesses -- and many roads, bridges and public transportation systems -- were closed. The full extent of the damage caused by Tropical Storm Sandy has yet to be ascertained. The County expects to secure substantial federal assistance, including reimbursement of certain associated costs from the Federal Emergency Management Agency (“FEMA”) to allow the County to recover a substantial portion of storm-related losses.

Currently, the State, its counties, including the County, and municipal governments are in the process of tabulating the associated costs and expenses as a result of the storm preparation, evacuation and shut down as well as the costs for remediation, clean-up, mitigation and the restoration of services. These costs will be categorized by agency and expense type and according to FEMA allowances, and the County intends to maximize its recovery from all available FEMA sources, subject to any sublimits and retentions. The amount and timing for receipt of funds from FEMA cannot be predicted at this time.

The County submitted a request for financial assistance from FEMA in the amount of \$16,136,486.58 of which 90% of such request, \$14,522,838.01, will be reimbursed to the County. As of April 21, 2015, \$9,027,980.17 has been paid by FEMA and received by the County.

### **III. FINANCIAL INFORMATION**

#### **County Taxes**

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

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

#### **CAP Limitations**

N.J.S.A. 40A:4-45.4 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 2014 is 0.5%. 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 APPORTIONMENT RATES**

<b><u>Year</u></b>	<b><u>Net Valuation Taxable (Assessed)</u></b>	<b><u>Net Valuation Divided by Apportionment Valuation (Equalized)</u></b>	<b><u>Apportionment Valuation (Equalized)</u></b>	<b><u>Apportionment Rate Per \$100</u></b>
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
2013	102,127,763,540	91.25	111,915,603,801	0.271867993
2014	102,544,897,101	93.29	109,923,061,080	0.276942939

Source: Abstract of Ratables County of Monmouth

**DISTRIBUTION OF ASSESSED VALUATION**

	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>
Vacant Land	\$ 1,904,978,160	\$ 1,805,921,460	\$ 1,673,185,900	\$ 1,787,285,650	\$ 1,672,004,600
Residential	89,448,262,850	88,182,251,391	86,172,534,370	84,739,312,210	85,060,752,219
Farm Regular	974,029,200	908,951,600	871,894,200	880,607,400	883,572,100
Farm Qualified	29,521,400	29,655,000	29,528,600	28,876,200	28,727,400
Commercial	12,481,857,180	12,064,274,320	11,864,907,850	11,710,919,660	11,879,666,126
Industrial	1,159,465,800	1,138,740,500	1,108,813,300	1,065,741,400	1,065,995,100
Apartments	<u>1,884,147,000</u>	<u>1,864,675,800</u>	<u>1,852,308,000</u>	<u>1,821,266,900</u>	<u>1,874,377,500</u>
	<u>\$107,882,261,590</u>	<u>\$105,994,470,071</u>	<u>\$103,573,172,220</u>	<u>\$102,034,009,420</u>	<u>\$102,465,095,045</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, 2014**

<u>Owner of Record</u>	<u>Property Location</u>	<u>2014 Total Assessed Value</u>	<u>2014 Tax Rate Per \$100</u>	<u>Total 2014 Taxes</u>
<b>1 Freehold Mall</b>				
Freemall Associates, LLC	Freehold Township	\$ 344,230,400	2.349	\$ 8,085,972
Macys East, Inc	Freehold Township	21,984,700	2.349	516,421
Nordstrom, Inc.	Freehold Township	14,780,600	2.349	347,196
JC Penney Properties, Inc.	Freehold Township	13,436,300	2.349	315,619
State St. Bank Co of Conn	Freehold Township	13,010,300	2.349	305,612
Trustees of SRC Facilities	Freehold Township	12,655,600	2.349	297,280
LT Propco LLC % NRDC Equity Partner	Freehold Township	11,154,200	2.349	262,012
HD Development of Maryland, Inc.%	Freehold Township	10,350,000	2.349	243,122
200-220 Trotters Way LLC	Freehold Township	8,638,000	2.349	202,907
TRU 2005 RE I, LLC, % Toys "R" Us	Freehold Township	6,500,000	2.349	152,685
500 Trotters Way Fee, LLC	Freehold Township	3,100,000	2.349	<u>72,819</u>
				\$ 10,801,644
<b>2 Monmouth Mall</b>				
Eatontown Monmouth Mall LLC	Eatontown	\$ 167,855,000	2.256	\$ 3,786,809
VM Kushner, LLC	Eatontown	23,812,600	2.256	537,212
Macy's East Federated Dept. Stores	Eatontown	22,944,000	2.256	517,617
JC Penney 1150-0 Property Tax Office	Eatontown	18,400,000	2.256	415,104
LT Propco LLC c/o NRDC Equity Ptnrs	Eatontown	14,450,000	2.256	<u>325,992</u>
				\$ 5,582,734
<b>3 AT&amp;T Corporate Park</b>				
At Middletown NJ Landlord LLC	Middletown	\$ 203,420,200	2.189	\$ 4,452,868
Four Ponds	Middletown	25,000,000	2.189	547,250
199 Laurel Assoc. c/o Steiner Equity Group	Middletown	885,000	2.189	<u>19,373</u>
				\$ 5,019,491
<b>4 Assisted Living Facility</b>				
Assisted Living Facility	Tinton Falls	\$ 159,490,400	2.097	<u>\$ 3,344,514</u>
				\$ 3,344,514
<b>5 Jersey Shore Premium Outlets</b>				
Jersey Shore Premium Outlets	Tinton Falls	\$ 142,895,800	2.097	<u>\$ 2,996,525</u>
				\$ 2,996,525
<b>6 New Jersey Sports &amp; Exposition Authority</b>				
New Jersey Sports & Exposition Authority	Oceanport	\$ 90,279,000	2.045	<u>\$ 1,846,206</u>
				\$ 1,846,206
<b>7 Pier Village Development I, LLC</b>				
Pier Village Development I, LLC	Long Branch	\$ 76,176,800	2.113	<u>\$ 1,609,616</u>
				\$ 1,609,616

**LIST OF MONMOUTH COUNTY TWELVE LARGEST TAXPAYERS  
DECEMBER 31, 2014**

<u>Owner of Record</u>	<u>Property Location</u>	<u>2014 Total Assessed Value</u>	<u>2014 Tax Rate Per \$100</u>	<u>Total 2014 Taxes</u>
<b>8 Seaview Square Mall</b>				
Seaview Acquisition LLC c/o Wharton	Ocean Township	\$ 53,000,000	2.221	\$ 1,177,130
Sears, Roebuck & Co. D/768Tax, B2107A	Ocean Township	14,097,900	2.221	<u>313,114</u>
				\$ 1,490,244
<b>9 Bellcore Research Facility</b>				
Bellcore Research Facility	Middletown	\$ 65,545,800	2.189	<u>\$ 1,434,798</u>
				\$ 1,434,798
<b>10 Shopping Center – The Grove</b>				
Shopping Center	Shrewsbury Boro	\$ 51,917,100	2.271	<u>\$ 1,179,037</u>
				\$ 1,179,037
<b>11 Ocean Place Hilton</b>				
Ocean Place Hilton	Long Branch	\$ 55,384,000	2.113	<u>\$ 1,170,264</u>
				\$ 1,170,264
<b>12 Shopping Center</b>				
Shopping Center	Holmdel	\$ 53,500,000	2.090	<u>\$ 1,118,150</u>
				\$ 1,118,150

Source: Monmouth County Board of Taxation (April 20, 2015).

**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 Holman Frenia Allison, P.C., the County’s 2013 independent auditor, for the calendar year ending December 31, 2013 appears in Appendix A to this Official Statement.

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<b>(Unaudited) 2014</b>
Revenues and Other Additions:					
Fund Balance Utilized	\$ 44,850,000	\$ 43,865,000	\$ 43,865,000	\$ 46,000,000	\$ 43,000,000
Miscellaneous Revenue					
Anticipated	177,442,518	181,145,322	174,603,791	183,229,646	184,868,989
Miscellaneous Revenue Not					
Anticipated	17,691,672	13,119,952	9,994,793	13,400,057	13,890,900
Receipts from Current Taxes	302,475,000	302,475,000	302,475,000	302,475,000	302,475,000
Other Credits to Revenue	5,147,336	83,469	72,155	30,167	738,343
Unexpended Balance of					
Appropriations Lapsed	<u>17,555,455</u>	<u>23,789,107</u>	<u>28,554,126</u>	<u>24,025,930</u>	<u>14,704,221</u>
<b>Total Revenues and Other Additions</b>	<b>\$565,161,981</b>	<b>\$564,477,850</b>	<b>\$559,564,865</b>	<b>\$569,160,800</b>	<b>\$559,677,453</b>
Expenditures:					
Budget Appropriations*	\$527,255,337	\$520,343,278	\$513,777,542	\$526,268,410	\$526,457,263
Other Charges	<u>--</u>	<u>7,652,297</u>	<u>12,679,321</u>	<u>(12,679,321)</u>	<u>--</u>
<b>Total Expenditures</b>	<b>\$527,255,337</b>	<b>\$527,995,575</b>	<b>\$526,456,863</b>	<b>\$513,589,089</b>	<b>\$526,457,263</b>
Excess in Revenue	37,906,644	36,482,275	41,063,148	55,571,711	33,220,190
Adjustment to Income Before					
Surplus: Emergency	--	--	--	--	--
Authorization					
Fund Balance, January 1	<u>83,764,239</u>	<u>76,820,883</u>	<u>69,438,158</u>	<u>66,636,306</u>	<u>76,208,017</u>
	121,670,883	113,303,158	110,501,306	122,208,017	109,428,207
Decreased by:					
Utilized as Anticipated Revenue	<u>44,850,000</u>	<u>43,865,000</u>	<u>43,865,000</u>	<u>46,000,000</u>	<u>43,000,000</u>
<b>Fund Balance, December 31</b>	<b><u>\$76,820,883</u></b>	<b><u>\$69,438,158</u></b>	<b><u>\$66,636,306</u></b>	<b><u>\$76,208,017</u></b>	<b><u>\$66,428,207</u></b>
Fund Balance, as a percentage					
of Total Expenditures	14.57%	13.15%	12.66%	14.84%	12.62%
* Paid or Charged	\$503,825,317	\$493,485,776	\$489,793,879	\$513,796,714	\$508,510,038
Appropriation Reserves	23,430,020	26,857,502	23,983,663	12,471,696	17,947,225
Current Appropriations Cancelled	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$527,255,337</u>	<u>\$520,343,278</u>	<u>\$513,777,542</u>	<u>\$526,268,410</u>	<u>\$526,457,263</u>

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 12.62% in 2014 to 14.84% in 2013, while the tax levy has remained stable.

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

	2010		2011		2012		2013		(Unaudited) 2014	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<b>Revenues:</b>										
County Clerk	\$ 10,716,000	\$ 9,924,290	\$ 9,920,140	\$ 9,570,851	\$ 9,465,035	\$ 10,789,247	\$ 10,401,740	\$ 11,820,101	\$ 11,790,477	\$ 11,136,723
Interest on Investments	4,000,000	1,884,814	1,200,000	1,110,415	1,000,000	1,031,262	1,000,000	795,276	700,000	1,069,278
Parks & Recreation	6,985,324	7,006,135	6,880,126	6,745,981	6,693,123	7,319,961	6,970,505	7,073,373	7,008,281	7,166,347
Medical Homes	24,215,000	23,905,124	23,550,000	24,122,932	22,250,000	19,603,891	19,600,000	18,540,921	18,540,000	18,500,951
Division of Social Services	25,735,927	23,568,151	23,100,440	24,595,899	23,272,068	22,550,705	21,974,551	21,874,516	21,650,703	21,298,211
State of N.J. - Social Service Reimbursement	22,662,478	22,662,478	22,808,216	22,808,216	23,540,540	23,540,540	24,880,263	24,880,263	26,142,091	26,142,091
State of N.J. - Inmate Reimbursement	1,900,000	805,499	600,000	255,181	75,000	104,765	75,000	44,162	35,000	21,799
State of N.J. - Remaining Aid	2,500,277	2,868,522	2,416,840	2,813,131	1,743,805	2,134,900	1,809,481	2,199,640	2,013,571	2,184,095
State & Federal Grants	45,100,548	45,100,548	40,973,020	40,973,020	36,907,177	36,907,177	52,966,034	52,966,034	54,332,320	54,332,320
Miscellaneous Revenue	36,114,783	57,408,629	42,554,496	61,269,647	42,490,795	50,621,343	38,115,836	56,435,417	38,769,819	43,017,174
Fund Balance Utilized	44,850,000	44,850,000	43,865,000	43,865,000	43,865,000	43,865,000	46,000,000	46,000,000	43,000,000	43,000,000
County Tax Levy	<u>302,475,000</u>	<u>302,475,000</u>	<u>302,475,000</u>	<u>302,475,000</u>	<u>302,475,000</u>	<u>302,475,000</u>	<u>302,475,000</u>	<u>302,475,000</u>	<u>302,475,000</u>	<u>302,475,000</u>
<b>TOTAL REVENUES</b>	<b>\$527,255,337</b>	<b>\$542,459,189</b>	<b>\$520,343,278</b>	<b>\$540,605,274</b>	<b>\$513,777,543</b>	<b>\$520,943,791</b>	<b>\$526,268,410</b>	<b>\$545,104,703</b>	<b>\$526,457,262</b>	<b>\$530,343,989</b>
<b>Appropriations:</b>										
General Government	\$26,218,181	\$24,279,751	\$25,079,957	\$23,445,798	\$ 25,730,470	\$ 23,602,092	\$ 29,262,490	\$ 27,345,059	\$ 27,674,674	\$ 26,056,966
Public Works & Engineering	31,942,821	29,941,850	31,990,245	30,394,920	31,157,304	29,467,608	31,681,678	30,494,531	33,388,365	31,557,348
Health & Human Services	99,054,796	89,552,383	95,618,386	87,423,312	93,317,488	86,682,753	90,871,340	86,627,085	91,542,706	85,886,480
Education	45,889,060	45,572,282	39,646,019	39,521,149	39,166,467	39,025,862	39,027,999	38,880,077	37,590,188	37,478,892
Parks & Recreation	19,164,312	18,471,393	19,183,732	18,742,016	18,392,372	18,207,289	18,559,307	18,420,326	18,643,480	18,123,398
State & Federal Grants	46,400,548	45,779,701	42,273,020	41,769,879	38,207,177	37,659,942	54,266,034	53,652,009	55,382,320	54,652,112
Capital Improvements	2,750,000	2,597,744	250,000	94,118	2,250,000	2,117,076	1,250,000	1,092,681	750,000	615,519
Debt Service	49,717,468	49,717,468	50,853,005	50,853,005	50,670,738	50,670,738	54,382,195	54,382,194	53,263,364	53,263,364
Statutory Expenditures	34,750,000	33,796,045	39,100,000	38,552,339	36,540,000	35,957,694	35,235,000	34,659,956	36,162,000	34,856,759
Unclassified/Contingent	490,380	353,823	1,508,721	613,054	715,301	642,177	1,163,840	1,096,111	764,316	666,459
Public Safety	94,481,664	92,557,242	94,845,929	92,347,829	97,719,883	94,625,071	92,426,358	91,480,015	91,127,198	89,654,920
Land Use Administration	1,663,175	1,551,196	1,650,168	1,527,398	1,356,462	1,240,542	1,142,415	1,048,905	1,101,716	1,032,836
Code Enforcement	374,732	351,032	399,159	377,291	372,681	367,933	379,754	355,788	341,935	341,733
Insurance	61,750,000	57,279,604	65,921,736	56,154,023	65,573,000	59,456,641	65,220,000	63,578,463	67,050,000	63,159,327
Utility Expenses	12,608,200	12,023,802	12,023,200	11,669,646	12,608,200	10,070,461	11,400,000	10,683,514	11,675,000	11,163,924
Deferred Charges	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<b>TOTAL APPROPRIATIONS</b>	<b>\$527,255,337</b>	<b>\$503,825,317</b>	<b>\$520,343,278</b>	<b>\$493,485,776</b>	<b>\$513,777,543</b>	<b>\$489,793,879</b>	<b>\$526,268,410</b>	<b>\$513,796,714</b>	<b>\$526,457,262</b>	<b>\$508,510,037</b>
Excess in Revenues		\$38,633,873		\$47,119,498		\$31,149,912		\$31,307,989		\$21,833,952
Appropriation Reserve		<u>23,430,020</u>		<u>26,857,502</u>		<u>23,983,664</u>		<u>12,471,696</u>		<u>17,947,225</u>
Excess in Revenues, Net		\$15,203,852		\$20,261,996		\$ 7,166,248		\$18,836,293		\$ 3,886,727
<b>Other Credits/(Debits) to Income:</b>										
Unexpended Balance of Previous Year										
Appropriation Reserve		\$17,555,455		\$23,789,107		\$28,554,126		\$24,025,930		\$14,704,221
Emergency Authorization		-0-		-0-		-0-		-0-		-0-
Other		<u>5,147,336</u>		<u>(7,568,828)</u>		<u>(4,652,020)</u>		<u>12,709,488</u>		<u>14,629,242</u>
Total Excess in Revenues, Net + Other Credits to Income		\$37,906,643		\$36,482,275		\$41,063,148		\$55,571,711		\$33,220,190
Fund Balance, Beginning of Year		<u>\$38,914,239</u>		<u>\$32,955,883</u>		<u>\$25,573,158</u>		<u>\$20,636,306</u>		<u>\$33,208,017</u>
Fund Balance, End of Year		\$76,820,883		\$69,438,158		\$66,636,306		\$76,208,017		\$66,428,207

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

	<u>2014<sup>(1)</sup></u>	<u>2015<sup>(2)</sup></u>
Anticipated Revenues:		
Fund Balance Utilized	\$ 43,000,000	\$ 40,000,000
State Aid	46,317,585	50,125,313
State and Federal Grants	8,775,058	10,013,762
Miscellaneous Revenue	80,332,357	80,860,925
County Tax Levy	<u>302,475,000</u>	<u>307,000,000</u>
Total Anticipated Revenues	<u>\$480,900,000</u>	<u>\$488,000,000</u>
Appropriations:		
Operations	\$389,536,636	\$394,971,497
Capital Improvements	750,000	2,250,000
Debt Service	53,263,364	54,653,503
Pension Contributions and Social Security Taxes	<u>37,350,000</u>	<u>36,125,000</u>
Total Appropriations	<u>\$480,900,000</u>	<u>\$488,000,000</u>

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- (1) The 2014 County Budget was adopted by the Board of Chosen Freeholders on April 10, 2014.
- (2) The 2015 County Budget was adopted by the Board of Chosen Freeholders on April 23, 2015.

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	(Unaudited) <u>2014</u>
<b><u>REVENUES</u></b>					
Fund Balance	\$19,700,000	\$19,500,000	\$19,700,000	\$20,400,000	\$20,200,000
Grant	--	800,000	0	386,100	792,000
Utility Fees	26,825,140	27,084,755	25,994,128	25,919,609	25,948,238
Miscellaneous Revenue					
Anticipated	747,400	--	--	--	--
Miscellaneous Revenue					
Not Anticipated	1,956,751	1,967,930	2,379,797	1,973,371	1,987,392
Other Income	161,663	19,347	250	81,311	48,089
Unexpended Appropriations	7,553,844	7,903,418	5,347,234	6,346,419	4,813,404
Total Revenue	<u>\$56,944,798</u>	<u>\$57,275,450</u>	<u>\$53,421,409</u>	<u>\$55,106,810</u>	<u>\$53,789,123</u>
<b><u>EXPENDITURES</u></b>					
Operations with Reserves	\$36,179,822	\$35,898,343	\$35,563,628	\$35,222,771	\$34,771,180
Other Expenditures and Commitments	--	--	--	--	--
Total Expenditures	<u>\$36,179,822</u>	<u>\$35,898,343</u>	<u>\$35,563,628</u>	<u>\$35,222,771</u>	<u>\$34,771,180</u>
Net Revenues	<u>\$20,764,976</u>	<u>\$21,377,107</u>	<u>\$17,857,781</u>	<u>\$19,884,039</u>	<u>\$19,017,943</u>
Debt Service	<u>3,267,578</u>	<u>1,901,657</u>	<u>2,136,372</u>	<u>2,477,229</u>	<u>3,135,820</u>
Change in Fund Balance	\$17,497,398	\$19,475,450	\$15,721,409	\$17,406,810	\$15,882,123
Fund Balance, January 1	<u>\$31,167,784</u>	<u>\$28,965,182</u>	<u>\$28,940,632</u>	<u>\$24,962,041</u>	<u>\$21,968,851</u>
	\$48,665,182	\$48,440,632	\$44,662,041	\$42,368,851	\$37,850,974
Utilized as Revenue	<u>19,700,000</u>	<u>19,500,000</u>	<u>19,700,000</u>	<u>20,400,000</u>	<u>20,200,000</u>
Fund Balance, December 31	<u><u>\$28,965,182</u></u>	<u><u>\$28,940,632</u></u>	<u><u>\$24,962,041</u></u>	<u><u>\$21,968,851</u></u>	<u><u>\$17,650,974</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 April 23, 2015 calls for expenditures of \$307,021,296 through the year 2020. Of this \$307,021,296 total, \$23,701,296 is anticipated to be paid from cash and reappropriation of funds remaining under prior ordinances; the remaining \$283,320,000 will be financed by the issuance of bond anticipation notes or bonds of the County. Many of the projects represented in the capital improvement program have not received a funding commitment from the Board of Freeholders and their inclusion in the program represents a planning mechanism for future decisions of the Board.

## **Investment of Funds**

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

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

The composition of the County's current portfolio, as of April 17, 2015, is presented in the table below:

<u>Type of Security</u>	<u>Amount</u>	<u>Percent</u>
Bank Money Market Accounts	\$253,510,888	99.8%
Taxable Bond/Tax Anticipation Notes <sup>(1)</sup>	496,200	0.2

(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, as well as retroactive billings received from the State, amounted to \$22,322,998 for 2013, \$22,660,915 for 2014, and \$22,573,365 for 2015.

### **Debt and Financial Management Policies**

The Board of Chosen Freeholders adopted debt and financial management policies pursuant to a resolution adopted on September 14, 1995, as amended May 11, 2006. The policies adopted were as follows:

1. The County will annually adopt a five year capital improvement program showing the projected capital expenditures and the source of funding for those expenditures. The County will determine the effect of the projected debt issuance on its net tax-supported debt ratios such as debt to full value, debt per capita, debt to personal income and debt service to revenues.
2. The County will maintain a target of net tax-supported debt service to revenues ratio, excluding debt service on Recreational Facilities Revenue Bonds, of 10%. The target is to be achieved over a period of time, but the maximum level will be 12.0%.
3. The County will maintain a minimum rapidity repayment rate of 70% of its net tax-supported debt to be retired in 10 years.
4. The County's ratio of net tax-supported debt to full value will not exceed 0.75%.
5. The ratio of net tax-supported debt to personal income will not exceed 2.0%.

6. The County will plan to have a minimum ratio of year-end Current Fund Balance to revenues of 7%. This Current Fund Balance policy can be violated in times of fiscal stress as long as the County has a plan to restore the Fund Balance to appropriate levels.

#### **IV. DEBT INFORMATION**

##### **Local Bond Law**

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

##### **Debt Limits**

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

##### **Exceptions To Debt Limits - Extensions of Credit**

The debt limit of the County may be exceeded with the approval of the Local Finance Board, a state regulatory agency, and as permitted by other statutory exceptions. If all or any part of a proposed debt authorization would exceed its debt limit, the County must apply to the Local Finance Board for an extension of credit. If the Local Finance Board determines, among other things, that a proposed debt authorization would not materially impair the ability of the County to meet its obligations or to provide essential services, or makes other statutory determinations, approval is granted. In addition, debt in excess of the debt limit may be issued by the County under N.J.S.A. 40A:2-7(g) for purposes permitted under the Local Bond Law if the amount (exclusive of utility and assessment obligations) of such obligations and all others authorized pursuant to such provision during the then current fiscal year do not exceed an amount equal to two-thirds of the amount budgeted for the retirement of outstanding obligations. The County’s net debt as of April 30, 2015 is 0.3618% 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, other than a short-term bond anticipation note in the amount of \$22,237,000 issued on December 30, 2013 which was subsequently paid off on March 27, 2014 with a portion of the proceeds of the County's General Obligation Bonds, Series 2014.

**COUNTY OF MONMOUTH**  
**STATEMENT OF STATUTORY NET DEBT AS OF APRIL 30, 2015**  
**(Unaudited)**

<b>GROSS DEBT:</b>	
General Bonds Issued and Outstanding	\$320,313,500.00
Open Space Bonds Issued and Outstanding	40,285,000.00
Self-Liquidating Utility	15,460,000.00
County College Bonds Issued and Outstanding	14,371,500.00
County Vocational Bonds/Notes Issued and Outstanding	6,110,000.00
NJDEP-Green Trust Program	162,069.10
Installment Purchase Agreement Notes Payable	<u>2,655,000.00</u>
	\$399,357,069.10

<b>BONDS/NOTES AUTHORIZED:</b>	
General Improvements:	
Notes Issued	-0-
Authorized but not Issued	\$484,442,500.00
Open Space:	
Notes Issued	-0-
Authorized but not Issued	5,000,000.00
Self-Liquidating Utility:	
Notes Issued	-0-
Authorized but not Issued	4,325,000.00
	<u>493,767,500.00</u>
<b>TOTAL GROSS DEBT</b>	<b>\$893,124,569.10</b>

<b>LESS: STATUTORY DEDUCTIONS:</b>	
Guaranteed Equipment Lease Program - M.C.I.A.	27,530,000.00 <sup>(1)</sup>
Guaranteed Govt. Loan Refunding Rev. Bonds - M.C.I.A.	134,740,000.00 <sup>(1)</sup>
Guaranteed Pooled Loan Program - M.C.I.A.	202,335,000.00 <sup>(1)</sup>
Guaranteed Lease Revenue Bonds - BCC - M.C.I.A.	40,875,000.00 <sup>(1)</sup>
Guaranteed Lease Rev. Refunding Bonds - Asb. Park - M.C.I.A.	9,215,000.00 <sup>(1)</sup>
Guaranteed Lease Revenue Bonds - Mon. Bch. - M.C.I.A.	900,000.00 <sup>(1)</sup>
County College Bonds	7,486,500.00 <sup>(2)</sup>
Self-Liquidating Utility	19,785,000.00 <sup>(3)</sup>
Open Space Acquisition Bonds	45,285,000.00 <sup>(4)</sup>
IPA Cash on Hand ((Market Value)	1,048,684.90 <sup>(5)</sup>
	<u>489,200,184.90</u>
<b>STATUTORY NET DEBT</b>	<b><u>\$403,924,384.20</u></b>

Three-Year Average (2012-2014) Equalized Valuation of Real Property (Pursuant to N.J.S.A. 15:1-35.1)	\$111,636,136,974.33
Net Debt Expressed as a Percentage of Average Equalized Valuation of Real Property	0.3618%
Debt Limitation Per N.J.S.A. 40A:2-6 (Counties) 2% of Three-Year Average Equalized Valuation	\$2,232,722,739.49
<b>Total Net Debt</b>	<b><u>403,924,384.20</u></b>

Remaining Net Debt Capacity \$1,828,798,355.29

- (1) The County has unconditionally guaranteed \$27,530,000 M.C.I.A. Capital Equipment Pooled Lease Revenue Bonds, \$71,865,000 M.C.I.A. Governmental Loan Refunding Revenue Bonds, \$202,355,000 M.C.I.A. Governmental Pooled Loan Revenue Bonds, \$40,875,000 M.C.I.A. Lease Revenue Bonds For Brookdale Community College, and \$9,215,000 M.C.I.A. Lease Revenue Refunding Bonds For Asbury Park, which are outstanding. The County has also unconditionally guaranteed \$900,000 M.C.I.A. Lease Revenue Bonds For Monmouth Beach First Aid/Fire Company and \$62,875,000 M.C.I.A. Governmental Pooled Loan Revenue Bonds, which have not yet been sold as of April 30, 2015. 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, 2014**

<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>
2015	\$ 40,665,000.00	\$ 2,670,000.00	\$1,140,000.00	\$162,069.11	\$ 44,637,069.11	\$ 15,614,896.11	\$ 60,251,965.22	\$ 2,575,000.00	\$ 600,380.00	\$ 63,427,345.22
2016	41,835,000.00	2,215,000.00	540,000.00	-	44,590,000.00	13,863,577.50	58,453,577.50	2,610,000.00	507,267.50	61,570,845.00
2017	39,770,000.00	2,215,000.00	540,000.00	-	42,525,000.00	12,031,765.00	54,556,765.00	2,600,000.00	411,555.00	57,568,320.00
2018	38,160,000.00	1,765,000.00	540,000.00	-	40,465,000.00	10,329,727.50	50,794,727.50	975,000.00	340,550.00	52,110,277.50
2019	35,503,500.00	1,766,500.00	540,000.00	-	37,810,000.00	8,812,427.50	46,622,427.50	975,000.00	301,910.00	47,899,337.50
2020	36,070,000.00	1,640,000.00	540,000.00	-	38,250,000.00	7,296,845.11	45,546,845.00	975,000.00	265,285.00	46,787,130.00
2021	31,900,000.00	1,420,000.00	535,000.00	-	33,855,000.00	5,786,508.75	39,641,508.75	895,000.00	228,500.00	40,765,008.75
2022	29,140,000.00	1,420,000.00	535,000.00	-	31,095,000.00	4,468,667.50	35,563,667.50	895,000.00	194,800.00	36,653,467.50
2023	22,850,000.00	570,000.00	435,000.00	-	23,855,000.00	3,243,540.00	27,098,540.00	895,000.00	163,200.00	28,156,740.00
2024	20,670,000.00	570,000.00	435,000.00	-	21,675,000.00	2,287,415.00	23,962,415.00	895,000.00	131,600.00	24,989,015.00
2025	15,395,000.00	-	435,000.00	-	15,830,000.00	1,451,597.50	17,281,597.50	900,000.00	102,300.00	18,283,897.50
2026	11,250,000.00	-	435,000.00	-	11,685,000.00	871,587.50	12,556,587.50	900,000.00	73,200.00	13,529,787.50
2027	11,250,000.00	-	-	-	11,250,000.00	497,062.50	11,747,062.50	900,000.00	44,100.00	12,691,162.50
2028	5,150,000.00	-	-	-	5,150,000.00	247,843.75	5,397,843.75	480,000.00	23,100.00	5,900,943.75
2029	5,150,000.00	-	-	-	5,150,000.00	83,687.50	5,233,687.50	480,000.00	7,800.00	5,721,487.50
	<u>\$384,758,500.00</u>	<u>\$16,251,500.00</u>	<u>\$6,650,000.00</u>	<u>\$162,069.11</u>	<u>\$407,822,069.11</u>	<u>\$86,887,148.61</u>	<u>\$494,709,217.72</u>	<u>\$17,950,000.00</u>	<u>\$3,395,547.50</u>	<u>\$516,054,765.22</u>

## DEBT ANALYSIS

	<u>December 31, 2010<sup>(1)</sup></u>	<u>December 31, 2011<sup>(2)</sup></u>	<u>December 31, 2012<sup>(2)</sup></u>	<u>December 31, 2013<sup>(2)</sup></u>	(Unaudited) <u>December 31, 2014<sup>(2)</sup></u>
Full Valuation Per Capita	\$204,352.00	\$192,152.00	\$185,428.00	\$177,537.00	\$174,376.00
County Net Debt as a Percentage of Full Value	0.39%	0.38%	0.39%	0.40%	0.39%
County Net Debt Per Capita	\$793.33	\$724.76	\$729.69	\$718.55	\$680.14
Overlapping Net Debt as a Percentage of Full Value	1.57%	1.59%	1.57%	1.63%	1.68%
Overlapping Net Debt Per Capita	\$3,210.57	\$3,058.65	\$2,913.18	\$2,887.15	\$2,930.58

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

<sup>(2)</sup> Per capita figures for 2011 through 2014 utilizing 2010 Census Data.

**COUNTY OF MONMOUTH**  
**GROSS DEBT AND NET DEBT OF CONSTITUENT MUNICIPALITIES**  
**December 31, 2014**

MUNICIPALITY	GROSS DEBT			DEDUCTIONS			NET STATUTORY DEBT	AVERAGE EQUALIZED VALUATIONS	STATUTORY % OF NET DEBT
	SCHOOL	UTILITY	OTHER	SCHOOL	UTILITY	OTHER			
Aberdeen Township*	\$ 14,630,136.00	\$ 12,767,059.00	\$ 25,114,805.00	\$ 14,630,136.00	\$12,767,059.00	\$ 324,823.00	\$ 24,789,982.00	\$ 2,097,682,628.00	1.1818%
Allenhurst Borough	0.00	86,000.00	5,199,124.00	0.00	0.00	0.00	5,285,124.00	554,548,649.00	0.9530
Allentown Borough	6,901,461.00	3,759,600.00	2,993,171.00	6,901,461.00	3,759,600.00	90,015.00	2,903,156.00	188,557,111.00	1.5397
Asbury Park City	2,925,000.00	34,942,445.00	16,046,353.00	2,925,000.00	32,705,247.00	451,374.00	17,832,178.00	1,280,693,056.00	1.3924
Atlantic Highlands Borough	6,499,862.00	18,836,941.00	13,971,011.00	6,499,862.00	18,836,941.00	66,278.00	13,904,733.00	750,041,481.00	1.8539
Avon-By-The-Sea Borough	6,075,000.00	3,662,385.00	5,875,750.00	6,075,000.00	3,662,385.00	1,543,750.00	4,332,000.00	986,743,469.00	0.4390
Belmar Borough	2,360,000.00	17,294,522.00	17,698,786.00	2,360,000.00	17,294,522.00	0.00	17,698,786.00	1,553,601,828.00	1.1392
Bradley Beach Borough	0.00	5,480,215.00	7,514,124.00	0.00	5,480,215.00	9,742.00	7,504,382.00	1,099,705,205.00	0.6824
Brielle Borough	2,800,000.00	4,490,604.00	2,615,907.00	2,800,000.00	4,490,604.00	0.00	2,615,907.00	1,406,236,464.00	0.1860
Colts Neck Township	19,070,870.00	0.00	12,247,874.00	19,070,870.00	0.00	2,310,646.00	9,937,227.00	3,073,303,870.00	0.3233
Deal Borough	0.00	792,787.00	3,641,288.00	0.00	792,787.00	0.00	3,641,288.00	2,157,598,658.00	0.1688
Eatontown Borough	25,416,966.00	0.00	17,348,958.00	25,416,966.00	0.00	6,142,958.00	11,206,000.00	2,049,197,113.00	0.5468
Englishtown Borough	1,697,874.00	565,000.00	2,005,234.00	1,697,874.00	565,000.00	0.00	2,005,234.00	225,326,647.00	0.8899
Fair Haven Borough	7,927,633.00	0.00	4,746,823.00	7,927,633.00	0.00	0.00	4,746,823.00	1,478,447,223.00	0.3211
Farmingdale Borough*	149,708.00	1,416,735.00	433,776.00	149,708.00	1,416,735.00	0.00	433,776.00	142,667,080.00	0.3040
Freehold Borough	3,746,046.00	3,042,100.00	9,341,900.00	3,746,046.00	3,042,100.00	577,947.00	8,763,953.00	983,854,230.00	0.8908
Freehold Township	52,926,171.00	17,555,096.00	53,462,229.00	52,926,171.00	17,555,096.00	6,755,765.00	46,706,464.00	5,935,409,833.00	0.7869
Hazlet Township	6,070,000.00	94,000.00	11,398,697.00	6,070,000.00	94,000.00	104,000.00	11,294,697.00	2,290,614,325.00	0.4931
Highlands Borough	3,191,899.00	7,599,062.00	14,187,273.00	3,191,899.00	7,599,062.00	0.00	14,187,273.00	647,335,122.00	2.1916

MUNICIPALITY	GROSS DEBT			DEDUCTIONS			NET STATUTORY DEBT	AVERAGE EQUALIZED VALUATIONS	STATUTORY % OF NET DEBT
	SCHOOL	UTILITY	OTHER	SCHOOL	UTILITY	OTHER			
Holmdel Township	14,415,000.00	1,525,260.00	19,770,960.00	14,415,000.00	1,525,260.00	0.00	19,770,960.00	4,066,915,638.00	0.4861
Howell Township	44,245,533.00	0.00	64,710,451.00	44,245,533.00	0.00	6,214,000.00	58,496,451.00	6,215,984,544.00	0.9411
Interlaken Borough	0.00	0.00	1,204,601.00	0.00	0.00	0.00	1,204,601.00	251,480,143.00	0.4790
Keansburg Borough	0.00	6,827,386.00	16,381,928.00	0.00	6,827,386.00	0.00	16,381,928.00	553,089,936.00	2.9619
Keyport Borough	4,775,000.00	9,754,956.00	15,373,941.00	4,775,000.00	9,754,956.00	3,022,561.00	12,351,380.00	663,484,617.00	1.8616
Lake Como Borough	0.00	2,812,500.00	735,272.00	0.00	2,812,500.00	0.00	735,272.00	372,144,363.00	0.1976
Little Silver Borough	8,019,739.00	0.00	3,268,789.00	8,019,739.00	0.00	0.00	3,268,789.00	1,609,492,722.00	0.2031
Loch Arbour Village	393,549.00	0.00	1,815,291.00	393,549.00	0.00	0.00	1,815,291.00	153,673,192.00	1.1813
Long Branch City	0.00	0.00	105,833,774.00	0.00	0.00	2,765,577.00	103,068,196.00	4,456,894,605.00	2.3126
Manalapan Township	46,021,341.00	84,901.00	19,451,767.00	46,021,341.00	84,901.00	2,825,000.00	16,626,767.00	6,107,540,301.00	0.2722
Manasquan Borough*	7,405,000.00	11,423,525.00	8,033,855.00	7,405,000.00	11,423,525.00	0.00	8,033,855.00	1,993,455,894.00	0.4030
Marlboro Township	26,372,150.00	36,495,458.00	36,156,655.00	26,372,150.00	36,495,458.00	76,328.00	36,080,327.00	7,091,978,512.00	0.5087
Matawan Borough	6,235,885.00	14,398,298.00	13,590,766.00	6,235,885.00	14,398,298.00	0.00	13,590,766.00	936,120,333.00	1.4518
Middletown Township	72,759,000.00	0.00	61,433,285.00	72,759,000.00	0.00	148,943.00	61,284,342.00	10,290,535,007.00	0.5955
Millstone Township	33,240,000.00	0.00	20,692,833.00	33,240,000.00	0.00	6,736,596.00	13,956,236.00	1,750,133,731.00	0.7974
Monmouth Beach Borough	5,472,243.00	0.00	6,525,919.00	5,472,243.00	0.00	118,544.00	6,407,375.00	1,292,477,658.00	0.4957
Neptune City Borough*	7,185,000.00	216,500.00	2,896,700.00	7,185,000.00	216,500.00	0.00	2,896,700.00	503,058,614.00	0.5758
Neptune Township	0.00	9,973,685.00	25,586,018.00	0.00	9,973,685.00	0.00	25,586,018.00	3,525,421,352.00	0.7258
Ocean Township	40,525,451.00	0.00	35,516,316.00	40,525,451.00	0.00	1,932,081.00	33,584,236.00	4,522,326,918.00	0.7426
Oceanport Borough	4,434,414.00	0.00	27,882,276.00	4,434,414.00	0.00	1,239,537.00	26,642,739.00	1,145,929,085.00	2.3250
Red Bank Borough	4,847,827.00	11,609,815.00	13,916,512.00	4,847,827.00	11,609,815.00	502,138.00	13,414,374.00	2,010,030,116.00	0.6674
Roosevelt	844,156.00	4,352,979.00	362,250.00	844,156.00	4,352,979.00	0.00	362,250.00	84,012,091.00	0.4312

MUNICIPALITY	GROSS DEBT			DEDUCTIONS			NET STATUTORY DEBT	AVERAGE EQUALIZED VALUATIONS	STATUTORY % OF NET DEBT
	SCHOOL	UTILITY	OTHER	SCHOOL	UTILITY	OTHER			
Borough									
Rumson Borough	8,829,367.00	0.00	16,516,178.00	8,829,367.00	0.00	36,547.00	16,479,630.00	3,346,423,574.00	0.4925
Sea Bright Borough	1,802,846.00	2,227,000.00	6,298,235.00	1,802,846.00	1,858,500.00	250,773.00	6,415,962.00	699,270,103.00	0.9175
Sea Girt Borough	0.00	4,513,980.00	4,080,750.00	0.00	4,513,980.00	199,928.00	3,880,822.00	2,081,520,317.00	0.1864
Shrewsbury Borough	3,317,434.00	0.00	8,071,992.00	3,317,434.00	0.00	10,688.00	8,061,304.00	1,035,839,464.00	0.7782
Shrewsbury Township	215,889.00	0.00	1,361,971.00	215,889.00	0.00	0.00	1,361,971.00	55,424,131.00	2.4574
Spring Lake Borough	965,400.00	12,763,119.00	4,346,372.00	965,400.00	12,763,119.00	431,947.00	3,914,425.00	3,398,973,080.00	0.1152
Spring Lake Heights Borough	3,285,000.00	506,883.00	2,098,188.00	3,285,000.00	506,883.00	8,089.00	2,090,099.00	1,097,346,515.00	0.1905
Tinton Falls Borough	11,569,145.00	400,000.00	24,433,720.00	11,569,145.00	400,000.00	3,065,290.00	21,368,430.00	2,970,088,107.00	.7195
Union Beach Borough	0.00	2,086,539.00	9,966,753.00	0.00	2,086,539.00	0.00	9,966,753.00	539,610,302.00	1.8470
Upper Freehold Township	44,648,539.00	0.00	21,690,993.00	44,648,539.00	0.00	4,529,078.00	17,161,915.00	1,219,857,603.00	1.4069
Wall Township	26,660,000.00	11,749,972.00	35,438,090.00	26,660,000.00	11,749,972.00	0.00	35,438,090.00	5,585,176,102.00	0.6345
West Long Branch Borough	4,858,496.00	0.00	11,656,379.00	4,858,496.00	0.00	243,364.00	11,413,015.00	1,249,134,171.00	0.9137
TOTAL	\$595,732,030.00	\$276,107,307.00	\$872,942,862.00	\$595,732,030.00	\$273,415,609.00	\$ 52,734,307.00	\$ 822,900,252.00	\$111,776,406,833.00	0.7363%

\* Data as of 12/31/13.

## OTHER COUNTY OBLIGATIONS

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

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, the \$11,510,000 Capital Equipment Pooled Lease Revenue Bonds, Series 2011, and the \$18,820,000 Capital Equipment Lease Program, Series 2013 (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 April 30, 2015, \$27,530,000 of the bonds were outstanding.

#### Maturities of Pooled Lease Bonds Outstanding April 30, 2015

<u>Date</u>	<u>Amount</u>
10/1/15	\$8,055,000
10/1/16	6,490,000
10/1/17	4,915,000
10/1/18	3,880,000
10/1/19	1,150,000
10/1/20	935,000
10/1/21	920,000
10/1/22	580,000
10/1/23	605,000



**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 Loan Refunding Revenue Bonds, Series 2011, the \$62,315,000 Governmental Loan Refunding Revenue Bonds, Series 2012 and the \$9,460,000 Governmental Loan Refunding Revenue Bonds, Series 2014 (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, (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, and (d) refund a portion of the Authority’s Governmental Loan Revenue Bonds, Series 2006, 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 April 30, 2015, \$71,865,000 of the bonds were outstanding.

Maturities of  
Pooled Loan Refunding Bonds  
Outstanding April 30, 2015

<u>Date</u>	<u>Amount</u>
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	10,175,000
12/1/2018	8,445,000
12/1/2019	7,885,000
12/1/2020	6,960,000
12/1/2021	6,010,000
12/1/2022	6,565,000
12/1/2023	3,715,000
12/1/2024	2,660,000
12/1/2025	1,560,000
12/1/2026	235,000

**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, the \$14,850,000 Governmental Loan Revenue Bonds, Series 2011B, the \$9,720,000 Governmental Loan Revenue Bonds, Series 2012, the \$20,655,000 Governmental Loan Revenue Bonds, Series 2013A, the \$9,110,000 Governmental Loan Revenue Bonds, Series 2013A (Howell Township School District Refunding Project) (Federally Taxable), the \$34,715,000 Governmental Loan Revenue Bonds, Series 2013B and the \$39,495,000 Governmental Loan Revenue Bonds, Series 2014 (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 April 30, 2015, \$202,355,000 of the bonds is outstanding.

Maturities of Loan Revenue Bonds  
Outstanding April 30, 2015

<u>Date</u>	<u>Amount</u>	<u>Date</u>	<u>Amount</u>	<u>Date</u>	<u>Amount</u>
7/15/15	\$ 230,000	8/1/20	\$ 1,145,000	1/15/27	\$2,035,000
8/1/15	690,000	12/1/20	10,695,000	2/1/27	595,000
12/1/15	8,020,000	1/15/21	2,200,000	8/1/27	1,265,000
1/15/16	1,875,000	2/1/21	445,000	12/1/27	6,140,000
2/1/16	375,000	8/1/21	1,150,000	1/15/28	2,150,000
7/15/16	1,635,000	12/1/21	10,450,000	2/1/28	630,000
8/1/16	1,005,000	1/15/22	1,655,000	8/1/28	1,285,000
12/1/16	8,300,000	2/1/22	470,000	12/1/28	5,045,000
1/15/17	1,950,000	8/1/22	1,165,000	1/15/29	2,250,000
2/1/17	385,000	12/1/22	10,225,000	2/1/29	655,000
7/15/17	1,650,000	1/15/23	1,815,000	8/1/29	815,000
8/1/17	1,115,000	2/1/23	500,000	12/1/29	3,550,000
12/1/17	9,590,000	8/1/23	1,185,000	1/15/30	2,360,000
1/15/18	2,045,000	12/1/23	9,690,000	2/1/30	685,000
2/1/18	400,000	1/15/24	1,905,000	8/1/30	815,000
7/15/18	1,670,000	2/1/24	515,000	12/1/30	2,675,000
8/1/18	1,120,000	8/1/24	1,200,000	1/15/31	2,005,000
12/1/18	9,950,000	12/1/24	8,020,000	8/1/31	820,000
1/15/19	2,160,000	1/15/25	2,005,000	12/1/31	2,585,000
2/1/19	415,000	2/1/25	540,000	1/15/32	485,000
7/15/19	1,695,000	8/1/25	1,220,000	8/1/32	820,000*
8/1/19	1,130,000	12/1/25	7,410,000	12/1/32	2,240,000
12/1/19	10,275,000	1/15/26	2,110,000	8/1/33	820,000*
1/15/20	2,275,000	2/1/26	570,000	12/1/33	800,000
2/1/20	430,000	8/1/26	1,240,000	12/1/34	315,000
7/15/20	1,725,000	12/1/26	6,860,000		

\*Represents sinking fund payments

**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 April 30, 2015, \$40,875,000 of the bonds were outstanding.

**Maturities of Brookdale Bonds  
Outstanding April 30, 2015**

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

\*Includes sinking fund payments

**Monmouth County Improvement Authority  
Wastewater Treatment Facilities Lease Revenue Refunding Bonds  
Asbury Park Project**

The \$9,405,000 Wastewater Treatment Facilities Lease Revenue Refunding Bonds, Series 2014 (Asbury Park Project), consisting of \$2,415,000 Wastewater Treatment Facilities Lease Revenue Refunding Bonds, Tax-Exempt Series 21014A and \$6,990,000 Wastewater Treatment Facilities Lease Revenue Refunding Bonds, Federally Taxable Series 2014B(the “Asbury Park Bonds”) are limited obligations of the Authority secured primarily by those revenues of the Authority which are derived by the Authority from lease payments to be paid by the City of Asbury Park (the “City”) pursuant to a lease agreement, as well as a pledge of certain other property, to provide funds to provide for the refinancing of various improvements to its wastewater treatment plant. Payment of principal and interest on the Asbury Park Bonds is unconditionally and irrevocably guaranteed by the County. As of April 30, 2015, \$9,215,000 of the bonds were outstanding.

Maturities of Asbury Park Bonds  
Outstanding April 30, 2015

<u>Date</u>	<u>Amount</u>
12/15/15	\$ 520,000
12/15/16	1,675,000
12/15/17	1,700,000
12/15/18	1,730,000
12/15/19	1,775,000
12/15/20	1,815,000

## V. ECONOMIC AND DEMOGRAPHIC INFORMATION

### Population

Since 1950, the strategic location of the County in the New York Metropolitan Area and the completion of the Garden State Parkway and State Routes 9, 35 and 36, and to the railroad lines serving the County, have resulted in high population growth. The County's population increased 48.4% from 1950 (225,327) to 1960 (334,401), 38.7% from 1960 to 1970 (463,929), 8.6% from 1970 to 1980 (504,007), 10.0% from 1980 to 1990 (554,210), 11.3% from 1990 to 2000 (616,849) and 2.3% from 2000 to 2010 (630,745). The Census Bureau reported the 2014 single year Monmouth County's population at 629,279.

### 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>
2010	203,666	(0.5)%
2011	205,216	0.8
2012	207,942	1.3
2013	210,298	1.1
2014	213,046	1.3

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Source: Bureau of Labor Statistics.

The economy of Monmouth County, as reflected in the number of jobs/industrial sector, is well diversified. In 2014, the service industry sector employs the greatest portion of people in the County at 59.4%, with retail trade next at 17.7% and finance, insurance and real estate at 6.1%. A breakdown of the data follows:

**EMPLOYMENT BY INDUSTRIAL SECTOR**

<b><u>Sector</u></b>	<b><u>Number Employed 2013</u></b>	<b><u>Percentage of Total</u></b>	<b><u>Number Employed 2014</u></b>	<b><u>Percentage of Total</u></b>
Services*	123,556	58.75%	127,461	59.4%
Retail Trade	37,626	17.89	37,967	17.7
Manufacturing	8,779	4.18	8,854	4.1
Finance, Insurance and Real Estate	13,120	6.24	13,039	6.1
Construction	12,109	5.76	12,612	5.9
Wholesale Trade	7,792	3.70	7,849	3.7
Utilities	1,401	0.67	1,425	0.67
Transportation and Warehousing	4,903	2.33	4,675	2.2
Agriculture	765	0.36	780	0.36
Unclassified Entities	<u>262</u>	<u>0.12</u>	n/a	n/a
Total	210,313	100.00%	214,662	100.00%

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Source: Quarterly Census of Employment, Bureau of Labor Statistics, New Jersey Department of Labor.

\*Services includes Professional and Technical services, Management, Administrative and Waste Management, Education and Health services, Arts, Entertainment and Recreation, Food and Accommodation, Information, and All Other Services.

## **MAJOR EMPLOYERS - MONMOUTH COUNTY**

The leading industries in the County by number of employees as of July 2014 are as follows:

<b><u>Employer</u></b>	<b><u>Municipality</u></b>	<b><u>Number Of Employees</u></b>
Meridian Health Care (1)	Various Locations	9,932
County of Monmouth	Various Locations	3,103
Centra State Healthcare Systems	Freehold Township	2,626
Saker Shoprites Inc. (2)	Various Locations	2,250
Monmouth Medical Center	Long Branch	2,200
Comm Vault	Holmdel	1,740
K. Hovnanian Enterprises	Red Bank	1,700
Visiting Nurse Assn of Central NJ	Red Bank	1,400
Monmouth University	West Long Branch	1,350
NJ Resources	Wall	945
Vonage Holdings Corp.	Holmdel	933
Food Circus Supermarkets Inc.	Middletown	750
Naval Weapons Station Earl	Colts Neck & Middletown	400 (civilian)

Source: Monmouth County Department of Economic Development.

### NOTES:

- 1) Jersey Shore Medical Center, Riverview Medical Center, K. Hovnanian Children's Hospital, Bayshore Community Hospital and other facilities in Monmouth County
- 2) Shop Rite Supermarkets

**COUNTY OF MONMOUTH  
LABOR FORCE DATA**

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Labor Force	330,314	330,034	331,466	327,805	328,655
Employment	301,441	301,884	302,699	303,388	309,086
Unemployment	28,873	28,150	28,767	24,417	19,569
Unemployment Rate	8.7%	8.5%	8.7%	7.4%	6.0%
New Jersey					
Unemployment Rate	9.5%	9.3%	9.3%	8.2%	6.6%
United States					
Unemployment Rate	9.6%	8.9%	8.1%	7.4%	6.2%

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Source: 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 \$105,971 in 2010, as opposed to \$65,370 in 2000 and \$87,347 in 2010 for New Jersey and \$50,046 in 2000 and \$64,719 in 2010 for the nation.

**Average Per Capita Personal Income**

<u>Year</u>	<u>Monmouth County</u>	<u>Percentage of United States</u>	<u>New Jersey</u>	<u>Percentage of United States</u>	<u>U.S.A.</u>
2009	\$56,965	144.7%	\$50,266	127.6%	\$39,379
2010	57,387	143.0	50,941	126.9	40,144
2011	59,875	141.4	53,323	126.0	42,332
2012	61,997	140.3	54,932	124.3	44,200
2013	62,901	140.5	55,386	123.7	44,765

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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 258,574, 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>
2010	915	13,535	6.8%
2011	864	12,952	6.7
2012	1,034	17,939	5.8
2013	1,663	24,209	6.9
2014	1,480	28,117	5.3

### 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>
2010	\$164,153	\$2,036,521	8.1%
2011	167,631	2,043,169	8.2
2012	183,890	2,388,654	7.7
2013	267,181	3,211,185	8.3
2014	246,922	4,059,844	6.1

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

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>
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
2012	54,892,481	10,153,364	22,783,750	26,519,556	114,349,151
2013	80,609,237	14,590,038	23,093,965	18,156,830	136,450,070
2014	80,516,098	6,880,385	21,424,899	19,275,994	128,097,376

Source: Monmouth County Department of Economic Development.

**VI. LEGAL MATTERS**

**Legality of the Bonds**

The legality of the Series 2015 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 2015 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 2015 Bonds and the interest thereon without limitation as to rate or amount.

**Tax Matters**

***Exclusion of Interest on the Series 2015 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 the date of issuance and on a continuing basis subsequent to the issuance of the Series 2015 Bonds in order to assure that interest on the Series 2015 Bonds will be excluded from gross income for purposes of Federal income taxes under Section 103 of the Code. Failure of the County to comply with such requirements may cause interest on the Series 2015 Bonds to lose the exclusion from gross income for Federal income tax purposes, retroactive to the date of the issuance of the Series 2015 Bonds. The County will make certain representations in the Tax Certificate, which will be executed on the date of issuance of the Series 2015 Bonds, as to various tax requirements. The County has covenanted to comply with the provisions of the Code applicable to the Series 2015 Bonds and has covenanted not to take any action or permit any action that would cause the interest on the Series 2015 Bonds to lose the exclusion from gross income under Section 103 of the Code or cause interest on the Series 2015 Bonds to be treated as an item of tax preference under Section 57 of the Code. Gibbons P.C.,

Bond Counsel to the County, has relied upon the representations of the County made in the Tax Certificate and has assumed continuing compliance by the County with the above consents in rendering its federal income tax opinions with respect to the exclusion of interest on the Series 2015 Bonds from gross income for federal income tax purposes and with respect to the treatment of interest on the Series 2015 Bonds for the purposes of alternative minimum tax.

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, under existing law, interest on the Series 2015 Bonds is excluded from the gross income of the owners of the Series 2015 Bonds for Federal income tax purposes pursuant to Section 103 of the Code and interest on the Series 2015 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 2015 Bonds, interest on such Series 2015 Bonds will be included in the calculation of the alternative minimum tax as a result of the inclusion of interest on the Series 2015 Bonds in “adjusted current earnings” of certain corporations.

Prospective purchasers of the Series 2015 Bonds should be aware that ownership of, accrual of, receipt of, interest on, or disposition of, tax-exempt obligations, such as the Series 2015 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. Prospective purchasers of the Series 2015 Bonds should consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

Bond Counsel expresses no opinion regarding any Federal tax consequences other than its opinions with regard to the exclusion of interest on the Series 2015 Bonds from gross income pursuant to Section 103 of the Code and interest on the Series 2015 Bonds not constituting an item of tax preference under Section 57 of the Code. Prospective purchasers of the Series 2015 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 2015 Bonds.

### ***State Taxation***

Bond Counsel to the County is of the opinion that, under existing law, interest on the Series 2015 Bonds and net gains from the sale of the Series 2015 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 2015 Bonds, the exclusion of interest on the Series 2015 Bonds from gross income, alternative minimum taxable income, state taxable income, or any combination from the date of issuance of the Series 2015 Bonds or any other date, or that such changes will not result in other adverse federal or state tax consequences.

**THE ABOVE SUMMARY OF POSSIBLE TAX CONSEQUENCES IS NOT EXHAUSTIVE OR COMPLETE. ALL PURCHASERS OF THE SERIES 2015 BONDS SHOULD CONSULT THEIR TAX ADVISORS REGARDING THE POSSIBLE FEDERAL, STATE AND LOCAL INCOME TAX CONSEQUENCES OF OWNERSHIP OF THE SERIES 2015 BONDS.**

### **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 2015 Bonds offered for sale or the levy or collection of any taxes to pay interest or principal of the Series 2015 Bonds, or in any manner questioning the authority of proceedings for the issuance of the Series 2015 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 Holman Frenia Allison, P.C., independent public accountants, as stated in its report appearing therein and are included in reliance upon the report of such firm and upon its authority as experts in accounting and auditing.

## **Ratings**

Fitch, Moody's Investors Service, Inc., and Standard & Poor's Rating Service, a Standard & Poor's Financial Services LLC business have assigned the Series 2015 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 2015 Bonds. A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.

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

The Depository Trust Company, New York, New York ("DTC"), will act as securities depository for the Series 2015 Bonds. The Series 2015 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 2015 Bond certificate will be issued for each maturity of each issue of the Series 2015 Bonds, each in the aggregate principal amount of such maturity, 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 highest rating: AA+. The DTC Rules applicable to its Direct Participants and Indirect 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 2015 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2015 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2015 Bond ("Beneficial Owner") is in turn to be recorded on the Direct Participants 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 Participants or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2015 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 2015 Bonds, except in the event that use of the book-entry system for the Series 2015 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2015 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 2015 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 2015 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2015 Bonds are credited, which may or may not be the Beneficial Owners. The Direct Participants 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 2015 Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Series 2015 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the bond documents. For example, Beneficial Owners of Series 2015 Bonds may wish to ascertain that the nominee holding the Series 2015 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, if applicable, shall be sent to DTC. If less than all of the Series 2015 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 2015 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 2015 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 2015 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 Direct Participants and Indirect 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 Direct Participant and Indirect 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, if any, 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 Participants and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2015 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 and interest on the Series 2015 Bonds are payable to DTC by the County.

## **Underwriting**

Pursuant to the terms of a contract of purchase by and among Citigroup Global Markets Inc., as representative of the underwriters set forth on the cover page hereof (the "Underwriters") and the County, the Series 2015 Bonds are being purchased at an aggregate purchase price of \$63,805,854.28 (said purchase price reflecting the par amount of the Series 2015 Bonds, plus original issue premium of \$5,329,235.30 and less an Underwriters' discount of \$228,381.02). The Underwriters will be obligated to purchase all of the Series 2015 Bonds if any Series 2015 Bonds are purchased. The Underwriters intend to offer the Series 2015 Bonds to the public initially at the offering yields set forth on the inside cover page of this Official Statement, which may subsequently change without any requirement of prior notice. The Underwriters may offer and sell the Series 2015 Bonds to certain dealers (including depositing Series 2015 Bonds into investment trusts) at yields higher than the public offering yield.

Citigroup Global Markets Inc., an underwriter of the Series 2015 Bonds, has entered into a retail distribution agreement with each of TMC Bonds L.L.C. (“TMC”) and UBS Financial Services Inc. (“UBSFS”). Under these distribution agreements, Citigroup Global Markets Inc. may distribute municipal securities to retail investors through the financial advisor network of UBSFS and the electronic primary offering platform of TMC. As part of this arrangement, Citigroup Global Markets Inc. may compensate TMC (and TMC may compensate its electronic platform member firms) and UBSFS for their selling efforts with respect to the Series 2015 Bonds.

In the ordinary course of its various business activities, Citigroup Global Markets Inc. and its respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for its own account and for the accounts of its customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of 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 2015 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 2015 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 2015 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, 2014 (which ended on December 31, 2014) (the “Annual Report”), and to provide notices of the occurrence of certain enumerated events. Notwithstanding the foregoing, if the fiscal year of the County is not a calendar year, then the County shall provide the Annual Report by no later than the first day of the ninth month following each fiscal year. 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 material 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 material events is set forth in “Appendix B - Form of Continuing Disclosure Certificate”. These covenants have been made in order to assist the Underwriters in complying with S.E.C. Rule 15c2-12(b)(5).



The County has executed continuing disclosure agreements in connection with certain of the prior bond issuances of the Monmouth County Improvement Authority (the “Authority Prior Issuances”) and in connection with certain of the County’s prior bond issuances (the “County Prior Issuance”), covenanting to file the Annual Report with the nationally recognized municipal securities information repositories or the MSRB, as applicable, not later than 240 days after the end of each fiscal year or the first day of the ninth month after the end of each fiscal year since September 1, 2014 for Authority Prior Issuances, and not later than September 1 of each fiscal year for County Prior Issuances. As of the date hereof and during the past five years in connection with County Prior Issuances: the County timely filed its Annual Report in each of the years 2009, 2010, 2012 and 2013, however in 2011, the County untimely filed its Annual Report on September 2, 2011. In 2014, the County timely filed its Annual Report on August 11, 2014 in connection with County Prior Issuances. As of the date hereof and during the past five years in connection with the Authority Prior Issuances: the County failed to timely file its Annual Report by not attaching its Annual Report (which was timely filed in connection with County Prior Issuances) with Authority CUSIP numbers in each of the years 2009 through 2012, inclusive, and subsequently filed such Annual Report on August 12, 2014, August 14, 2014 and August 15, 2014; and in 2013, the County timely filed its Annual Report on August 22, 2013. In 2014, the County timely filed its Annual Report on August 11, 2014 in connection with Authority Prior Issuances. The County has implemented procedures to ensure timely Annual Report filings on a going forward basis in connection with its continuing disclosure obligations with respect to Authority Prior Issuances and County Prior Issuances.

### **Independent Verification of Mathematical Accuracy**

The arithmetical accuracy of certain computations included in the schedule provided by Citigroup Global Markets Inc. relating to (a) computation of anticipated receipts of principal and interest on the Escrow Securities and the anticipated payments of principal and interest to redeem the Refunded Bonds, (b) computation of the net present value debt service savings on the Refunded Bonds and (c) computation of the yields on the Series 2015 Bonds and the Escrow Securities was examined by Samuel Klein and Company, Certified Public Accountants. Such computations were based solely upon assumptions and information supplied by the Financial Advisor (as defined herein) on behalf of the County. Samuel Klein and Company, Certified Public Accountants, has restricted its procedures to evaluation of the assumptions and information upon which the computations are based and, accordingly, has not expressed an opinion on the data used, the reasonableness of the assumptions, or the achievability of future events.

### **Financial Advisor**

Public Resources Advisory Group, New York, New York, is serving as Financial Advisor in connection with the issuance of the Series 2015 Bonds (the “Financial Advisor”). The Financial Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading, or distributing municipal securities or other public securities. The Financial Advisor is not obligated to undertake to make an independent verification of, or to

assume responsibility for the accuracy, completeness or fairness of the information contained in the Official Statement.

### **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, 1 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 2015 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 11, 2015

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**APPENDIX A**

**COUNTY OF MONMOUTH**

**REPORT ON AUDITS OF FINANCIAL STATEMENTS**

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**COUNTY OF MONMOUTH**  
**AUDIT REPORT FOR THE YEAR**  
**ENDED DECEMBER 31, 2013**

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**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, 2012, 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, 2013 (none of which are presented separately herein). In our report dated June 18, 2014, 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.

**HOLMAN FRENIA ALLISON, P.C.**  
Independent Auditors

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Robert W. Allison  
Registered Municipal Accountant  
(#483)

June 18, 2014

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**COUNTY OF MONMOUTH, NEW JERSEY**  
**CURRENT FUND**  
**COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES & FUND BALANCE -**  
**REGULATORY BASIS**  
**DECEMBER 31, 2013 AND 2012**

	<u>Reference</u>	<u>2013</u>	<u>2012</u>
<u>Assets</u>			
Cash and Cash Equivalents	A-4	\$ 97,062,078.82	\$ 121,623,048.18
Short-Term Investments	A-5	23,188,350.00	-
Change Funds	A7	630.00	530.00
		<u>120,251,058.82</u>	<u>121,623,578.18</u>
Receivables and Other Assets With			
Full Reserves:			
Added and Omitted Taxes Receivable	A-9	1,205,419.54	1,250,380.29
Due From Grant Fund	A		12,679,321.64
Revenue Accounts Receivable	A-10	1,171,372.22	2,302,731.78
		<u>2,376,791.76</u>	<u>16,232,433.71</u>
		<u>122,627,850.58</u>	<u>137,856,011.89</u>
Federal and State Grant Fund:			
Cash and Cash Equivalents	A-6	2,113,706.83	16,024.38
Grants Receivable	A-16	55,234,507.02	58,128,948.27
		<u>57,348,213.85</u>	<u>58,144,972.65</u>
Total Assets		<u>\$ 179,976,064.43</u>	<u>\$ 196,000,984.54</u>

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

**COUNTY OF MONMOUTH, NEW JERSEY**  
**CURRENT FUND**  
**COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES & FUND BALANCE -**  
**REGULATORY BASIS**  
**DECEMBER 31, 2013 AND 2012**

	<u>Reference</u>	<u>2013</u>	<u>2012</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Appropriation Reserves	A-3	\$ 12,471,695.68	\$ 23,983,663.37
Encumbrances Payable	A-3	26,119,673.38	25,402,644.21
Accounts Payable	A-12	1,833,297.41	1,497,299.52
Due To State of New Jersey -			
Realty Transfer Fees	A-13	3,316,255.12	3,948,667.07
Contractors Retainage	A-14	19,653.00	19,653.00
Reserve for Arbitrage Rebates	A-15	102,494.07	135,345.03
Reserve for Due to FEMA	A-16	179,966.48	-
Reserve for Due to Vendor	A-17	7.00	-
		<u>44,043,042.14</u>	<u>54,987,272.20</u>
Reserve for Receivables	A	2,376,791.76	16,232,433.71
Fund Balance	A-1	<u>76,208,016.68</u>	<u>66,636,305.98</u>
		<u>122,627,850.58</u>	<u>137,856,011.89</u>
Federal and State Grant Fund:			
Reserve for Encumbrances	A-17	33,075,565.65	11,440,350.73
Due To Current Fund	A	-	12,679,321.64
Reserve for Grants - Appropriated	A-17	24,220,827.20	33,978,858.76
Reserve for Grants - Unappropriated	A-18	<u>51,821.00</u>	<u>46,441.52</u>
		<u>57,348,213.85</u>	<u>58,144,972.65</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 179,976,064.43</u>	<u>\$ 196,000,984.54</u>

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

**COUNTY OF MONMOUTH, NEW JERSEY**  
**CURRENT FUND**  
**COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE -**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2013 AND 2012**

	<u>Reference</u>	<u>2013</u>	<u>2012</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	A-2	\$ 46,000,000.00	\$ 43,865,000.00
Miscellaneous Revenue Anticipated	A-2	183,229,645.27	174,603,790.58
Receipts From Current Taxes	A-2	302,475,000.00	302,475,000.00
Non-Budget Revenue	A-2	13,400,056.49	9,994,793.22
Other Credits To Income:			
Unexpended Balance of Appropriation Reserves	A-11	24,025,930.03	28,554,125.90
Interfunds Returned	A	12,679,321.64	7,652,296.60
Cancelled Accounts Payable	A-12	30,167.35	375,005.10
		<u>581,840,120.78</u>	<u>567,520,011.40</u>
<u>Expenditures</u>			
Budget Appropriations:			
Operations:			
Salaries and Wages	A-3	172,904,439.93	177,805,520.95
Other Expenses	A-3	262,496,775.61	246,511,283.64
Capital Improvements	A-3	1,250,000.00	2,250,000.00
Debt Service	A-3	54,382,194.54	50,670,737.63
Deferred Charges and Statutory Expenditures	A-3	35,235,000.00	36,540,000.00
Interfunds Advanced	A	<u>12,679,321.64</u>	<u>12,679,321.64</u>
		<u>526,268,410.08</u>	<u>526,456,863.86</u>
Excess in Revenue		55,571,710.70	41,063,147.54
Fund Balance, January 1	A	<u>66,636,305.98</u>	<u>69,438,158.44</u>
		122,208,016.68	110,501,305.98
Decreased By:			
Utilized as Anticipated Revenue	A-1,A-2	<u>46,000,000.00</u>	<u>43,865,000.00</u>
Fund Balance, December 31	A	<u>\$ 76,208,016.68</u>	<u>\$ 66,636,305.98</u>

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

**COUNTY OF MONMOUTH, NEW JERSEY**  
**TRUST FUND**  
**COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES & FUND BALANCE -**  
**REGULATORY BASIS**  
**DECEMBER 31, 2013 AND 2012**

<u>Assets</u>	<u>Reference</u>	<u>2013</u>	<u>2012</u>
Cash and Cash Equivalents	B-1	\$ 101,910,832.25	\$ 97,700,537.89
U.S. HUD Receivables:			
Relocation Assistance Program	B-2	7,248,243.32	7,931,359.41
Community Development Block Grants	B-3	3,900,279.82	3,506,681.45
Home Investment Grant	B-4	3,896,817.55	4,326,821.59
Shelter Plus Care Grant	B-5	2,864,592.00	2,604,786.00
Health Grants	B-6	847,724.75	395,955.50
Homeward Bound Grant	B-7	749,117.00	813,365.00
Emergency Shelter Grants	B-8	506,586.94	424,264.23
Library Grants	B-9	113.00	-
Taxes Receivable for Library, Health and Open Space Funds	B-10	133,622.71	137,639.58
		<u>20,147,097.09</u>	<u>20,140,872.76</u>
Total Receivables and Other Assets		<u>\$ 122,057,929.34</u>	<u>\$ 117,841,410.65</u>
 <u>Reserves</u>			
Reserve for Taxes Receivable for			
Library, Health and Open Space	B-10	\$ 133,622.71	\$ 137,639.58
Reserve for U.S. HUD Grants:			
Relocation Assistance Program	B-11	7,926,910.35	8,807,078.39
Community Development Block Grants	B-12	4,632,559.23	4,433,815.56
ARRA Grant Reserves	B-13	-	22,887.44
Home Investment Grants	B-14	3,898,577.94	4,431,391.48
Shelter Plus Care	B-15	2,743,395.44	2,453,355.00
Homeward Bound	B-16	749,117.00	789,906.00
Reserve for:			
Temporary Assistance To Needy Families	B-17	309,727.43	468,355.31
Other Trust Funds	B-18	101,621,552.43	96,257,833.04
Retirees Health Benefits	B-19	42,466.81	39,148.85
Total Reserves		<u>\$ 122,057,929.34</u>	<u>\$ 117,841,410.65</u>

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

**COUNTY OF MONMOUTH, NEW JERSEY**  
**GENERAL CAPITAL FUND**  
**COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES & FUND BALANCE -**  
**REGULATORY BASIS**  
**DECEMBER 31, 2013 AND 2012**

	<u>Reference</u>	<u>2013</u>	<u>2012</u>
<u>Assets</u>			
Cash and Cash Equivalents	C-2	<u>\$ 57,529,092.54</u>	<u>\$ 104,150,176.15</u>
Accounts Receivable:			
Municipal Easements	C-4	406,750.00	2,790,938.07
Open Space Trust Fund	C-5	1,494,027.00	1,601,377.00
State of New Jersey - State Agencies	C-6	1,491,750.00	7,205,520.75
State of New Jersey - County College:			
Capital Projects, Chapter 12, P.L. 1971	C-10	<u>7,221,500.00</u>	<u>8,661,500.00</u>
		<u>10,614,027.00</u>	<u>20,259,335.82</u>
Deferred Charges To Future Taxation:			
Funded	C-7	363,912,194.95	405,443,585.96
Unfunded	C-8	<u>139,962,500.00</u>	<u>108,017,500.00</u>
		<u>503,874,694.95</u>	<u>513,461,085.96</u>
Total Assets		<u><u>\$ 572,017,814.49</u></u>	<u><u>\$ 637,870,597.93</u></u>

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

**COUNTY OF MONMOUTH, NEW JERSEY**  
**GENERAL CAPITAL FUND**  
**COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES & FUND BALANCE -**  
**REGULATORY BASIS**  
**DECEMBER 31, 2013 AND 2012**

	<u>Reference</u>	<u>2013</u>	<u>2012</u>
<u>Liabilities, Reserves and Fund Balance</u>			
General Serial Bonds	C-9	\$ 353,273,500.00	\$ 392,418,500.00
County College Serial Bonds - Chapter 12, P.L. 1971:			
County Share	C-10	5,375,000.00	6,025,000.00
State Share	C-10	7,221,500.00	8,661,500.00
Bond Anticipation Notes Payable	C-22	22,237,000.00	
New Jersey Economic Development Authority:			
Public School Facilities Loan Program	C-12	-	285,112.35
Vocational School Bonds	C-13	2,100,000.00	2,800,000.00
Green Trust Loan Program:			
Other Program Agreements	C-14	508,694.95	1,259,973.61
IPA Note Payable	C-15	2,655,000.00	2,655,000.00
Reserve for Scrip Redemption	C	1,508.63	1,508.63
Improvement Authorizations:			
Funded	C-16	36,523,499.10	101,280,887.93
Unfunded	C-16	132,474,451.68	108,017,500.00
Interest Due State of New Jersey	C-17	21,055.25	7,509.38
Capital Improvement Fund	C-18	243,261.72	506,261.72
Reserve for:			
Installment Purchase Agreement	C-19	813,975.00	775,126.15
Insurance - Open Space Fund	C-20	1,494,027.00	1,601,377.00
		<u>564,942,473.33</u>	<u>626,295,256.77</u>
Fund Balance	C-1	<u>7,075,341.16</u>	<u>11,575,341.16</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 572,017,814.49</u>	<u>\$ 637,870,597.93</u>

There were bonds and notes authorized but not issued on December 31, 2013 of \$117,725,500 and on December 31, 2012 was \$108,017,500

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



**COUNTY OF MONMOUTH, NEW JERSEY  
GENERAL CAPITAL FUND  
COMPARATIVE SCHEDULE OF FUND BALANCE - REGULATORY BASIS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

	<u>Reference</u>	
Balance, December 31, 2012	C	\$ 11,575,341.16
Decreased By:		
Appropriated To Finance		
2013 Current Fund Budget Revenue	C-1	<u>4,500,000.00</u>
Balance, December 31, 2013	C	<u>\$ 7,075,341.16</u>

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

**COUNTY OF MONMOUTH, NEW JERSEY  
RECLAMATION CENTER UTILITY FUND  
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES & FUND BALANCE -  
REGULATORY BASIS  
DECEMBER 31, 2013 AND 2012**

	<u>Reference</u>	<u>2013</u>	<u>2012</u>
<u>Assets</u>			
Operating Fund:			
Cash and Cash Equivalents	D-5	\$ 55,924,273.92	\$ 59,357,360.80
Change Fund	D-8	<u>1,750.00</u>	<u>1,750.00</u>
		<u>55,926,023.92</u>	<u>59,359,110.80</u>
Receivables with Full Reserves:			
Receivable From Haulers	D-7	<u>778,608.82</u>	<u>683,175.80</u>
Total Operating Fund		<u>56,704,632.74</u>	<u>60,042,286.60</u>
Capital Fund:			
Cash and Cash Equivalents	D-5	4,062,507.99	5,816,973.79
Fixed Capital	D-18	123,086,934.01	121,554,827.01
Fixed Capital Authorized and Uncompleted	D-19	<u>14,865,781.50</u>	<u>11,322,888.50</u>
Total Capital Fund		<u>142,015,223.50</u>	<u>138,694,689.30</u>
Utility Grant Fund:			
Cash and Cash Equivalents	D-5	<u>1,397,001.46</u>	<u>1,820,643.23</u>
Total Utility Grant Fund		<u>1,397,001.46</u>	<u>1,820,643.23</u>
Total Assets		<u>\$ 200,116,857.70</u>	<u>\$ 200,557,619.13</u>

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

**COUNTY OF MONMOUTH, NEW JERSEY**  
**RECLAMATION CENTER UTILITY FUND**  
**COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES & FUND BALANCE -**  
**REGULATORY BASIS**  
**DECEMBER 31, 2013 AND 2012**

	<u>Reference</u>	<u>2013</u>	<u>2012</u>
<u>Liabilities, Reserves and Fund Balances</u>			
Operating Fund:			
Appropriation Reserves	D-4	\$ 3,742,640.54	\$ 5,277,985.41
Reserve for Encumbrances	D-4	11,045,111.64	10,362,168.08
Landfill Closure Tax	D-9	10,382,024.97	9,779,509.09
Accrued Interest on Bonds and Notes	D-11	203,238.58	245,334.96
Haulers Deposits on Account	D-13	543,666.86	673,960.70
Host Community Benefit Tax Payable	D-10	569,248.01	609,536.08
Reserve For Environmental Impairment Liability	D-12	7,000,000.00	7,000,000.00
Accounts Payable	D-15	135,846.33	98,034.26
Landfill Closure and Recycling Tax Payable	D-17	335,396.28	350,541.24
		<hr/>	<hr/>
		33,957,173.21	34,397,069.82
Reserve for Receivables	D	778,608.82	683,175.80
Fund Balance	D-1	21,968,850.71	24,962,040.98
		<hr/>	<hr/>
Total Operating Fund		56,704,632.74	60,042,286.60
		<hr/>	<hr/>
Capital Fund:			
Serial Bonds	D-20	12,900,000.00	14,875,000.00
Improvement Authorizations:			
Funded	D-21	2,317,575.68	4,072,041.48
Unfunded	D-21	11,475,000.00	6,400,000.00
Deferred Reserve for Amortization	D-22	2,396,052.10	2,324,964.00
Reserve for Amortization	D-23	111,181,663.41	109,277,751.51
Fund Balance	D-2	1,744,932.31	1,744,932.31
		<hr/>	<hr/>
Total Capital Fund		142,015,223.50	138,694,689.30
		<hr/>	<hr/>
Utility Grant Fund:			
Appropriated Reserves Payable Committed	D-25	106,876.35	71,655.37
Appropriated Reserves Payable	D-25	1,290,125.11	1,362,887.86
Unappropriated Reserves	D-24	-	386,100.00
		<hr/>	<hr/>
Total Utility Grant Fund		1,397,001.46	1,820,643.23
		<hr/>	<hr/>
Total Liabilities, Reserves and Fund Balances		<u>\$ 200,116,857.70</u>	<u>\$ 200,557,619.13</u>

There were bonds and notes authorized but not issued on December 31, 2013 of \$11,475,000 and on December 31, 2012 was \$6,400,000.

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

**COUNTY OF MONMOUTH, NEW JERSEY**  
**RECLAMATION CENTER UTILITY FUND**  
**COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2013 AND 2012**

	<u>Reference</u>	<u>2013</u>	<u>2012</u>
Revenue and Other Income Realized:			
Operating Surplus Anticipated	D-3	\$ 20,400,000.00	\$ 19,700,000.00
Reclamation Center Utility Fees	D-3	25,919,608.51	25,994,128.21
Miscellaneous Revenue Anticipated	D-3	386,100.00	-
Miscellaneous Revenue Not Anticipated	D-3	1,973,371.00	2,380,047.12
Unexpended Balance of Appropriation Reserves	D-14	6,346,419.47	5,347,233.82
Accounts Payable Cancelled	D-15	81,310.75	-
		<u>55,106,809.73</u>	<u>53,421,409.15</u>
Expenditures:			
Appropriations	D-4	<u>37,700,000.00</u>	<u>37,700,000.00</u>
		<u>37,700,000.00</u>	<u>37,700,000.00</u>
Excess in Revenue		17,406,809.73	15,721,409.15
Fund Balance, January 1	D	<u>24,962,040.98</u>	<u>28,940,631.83</u>
		42,368,850.71	44,662,040.98
Decreased By:			
Utilized as Anticipated Revenue	D-1	<u>20,400,000.00</u>	<u>19,700,000.00</u>
Fund Balance, December 31	D	<u><u>\$ 21,968,850.71</u></u>	<u><u>\$ 24,962,040.98</u></u>

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

**COUNTY OF MONMOUTH, NEW JERSEY**  
**GENERAL FIXED ASSETS ACCOUNT GROUP**  
**COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES & FUND BALANCE -**  
**REGULATORY BASIS**  
**DECEMBER 31, 2013 AND 2012**

<u>Assets</u>	<u>Reference</u>	<u>2013</u>	<u>2012</u>
Land	E-1	\$ 366,504,697.34	\$ 360,960,308.34
Buildings	E-1	297,898,687.36	296,592,826.36
Furniture, Fixtures and Equipment	E-1	52,177,634.54	49,774,593.97
Vehicles	E-1	<u>89,098,395.52</u>	<u>79,345,560.38</u>
Total Assets		<u>\$ 805,679,414.76</u>	<u>\$ 786,673,289.05</u>
 <u>Liabilities</u>			
Investment in General Fixed Assets	E-1	<u>\$ 805,679,414.76</u>	<u>\$ 786,673,289.05</u>
Total Liabilities		<u>\$ 805,679,414.76</u>	<u>\$ 786,673,289.05</u>

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

**COUNTY OF MONMOUTH, NEW JERSEY**  
**NOTES TO FINANCIAL STATEMENTS**

**Year ended December 31, 2013**

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 counties 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 FINANCIAL STATEMENTS**

**Year ended December 31, 2013**

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 FINANCIAL STATEMENTS**

**Year ended December 31, 2013**

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.

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 to submit Medicaid and Medicare cost reports.

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 FINANCIAL STATEMENTS**

**Year ended December 31, 2013**

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") and the US Marshals Service ("USMS") 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.

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 FINANCIAL STATEMENTS**

**Year ended December 31, 2013**

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 FINANCIAL STATEMENTS**

**Year ended December 31, 2013**

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, over expenditures 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 FINANCIAL STATEMENTS**

**Year ended December 31, 2013**

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 financial statements 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 FINANCIAL STATEMENTS**

**Year ended December 31, 2013**

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 FINANCIAL STATEMENTS**

**Year ended December 31, 2013**

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.

<u>Year</u>	<u>PERS</u>	<u>PFRS</u>
2013	\$ 11,251,066.00	\$ 11,028,138.00
2012	11,915,119.00	10,987,146.00
2011	11,871,919.00	13,719,998.00

Under the provisions of Chapter 78, P.L. 2011, employee pension contribution rates increased during 2011 by the following amounts:

- For PERS members, the employee pension contribution rate increased from 5.5% to 6.5% of salary. An additional increase to be phased over the next 7 years will bring the total pension contribution rate to 7.5% of salary.

For PERS Prosecutors Part members, the employee pension contribution rate increased from 8.5% to 10% of salary.

- For PFRS members, the employee pension contribution rate increased from 8.5% to 10% of salary.

**COUNTY OF MONMOUTH, NEW JERSEY**  
**NOTES TO FINANCIAL STATEMENTS**

**Year ended December 31, 2013**

1. Summary of Significant Accounting Policies (continued)

K. Pension Plans (continued)

For local government employees and State employees who are not paid through the State Centralized Payroll Unit or not reported on a biweekly payroll schedule, the increase was effective with the first payroll amount to be paid on or after October 1, 2011.

The second phase of the employee contribution increase from 6.5% to 7.5% applies to PERS members. This increase is to be phased in equally over a 7-year period beginning July 2012. The contribution rate will increase by 0.14% each year with the first payroll of July until the 7.5% contribution rate is reached in July, 2018.

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.

**COUNTY OF MONMOUTH, NEW JERSEY**  
**NOTES TO FINANCIAL STATEMENTS**

**Year ended December 31, 2013**

1. Summary of Significant Accounting Policies (continued)

L. Deposits and Investments (continued)

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.
- (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.



**COUNTY OF MONMOUTH, NEW JERSEY**  
**NOTES TO FINANCIAL STATEMENTS**

**Year ended December 31, 2013**

1. Summary of Significant Accounting Policies (continued)

L. Deposits and Investments (continued)

Investments (continued)

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.
- (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.

**COUNTY OF MONMOUTH, NEW JERSEY**  
**NOTES TO FINANCIAL STATEMENTS**

**Year ended December 31, 2013**

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, 2013 and 2012 are insured up to \$250,000.00 in the aggregate by FDIC for each bank. At December 31, 2013 and 2012, the book value of the County's deposits were \$343,190,223.81 and \$390,487,044.42, 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, 2013, the County's bank balance was not exposed to custodial credit risk.

At December 31, 2013, the County's bank balance of \$335,420,194.50 was exposed to Custodial Credit Risk as follows:

	<u>2013</u>
FDIC	\$ 2,042,466.81
Insured	231,343,069.38
Uninsured and Uncollateralized	<u>102,034,658.31</u>
	<u>\$ 335,420,194.50</u>

**COUNTY OF MONMOUTH, NEW JERSEY  
NOTES TO FINANCIAL STATEMENTS**

**Year ended December 31, 2013**

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, 2013, 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 2013 and 2012.

<u>2013</u>	Balance, December 31, <u>2012</u>	<u>Additions</u>	<u>Retirements</u>	Balance, December 31, <u>2013</u>
Land	\$ 360,960,308.34	\$ 5,544,389.00		\$ 366,504,697.34
Buildings	296,592,826.36	1,305,861.00		297,898,687.36
Furniture, Fixtures, and Equipment	49,774,593.97	2,521,417.24	\$ 118,376.67	52,177,634.54
Vehicles	<u>79,345,560.38</u>	<u>10,137,955.14</u>	<u>385,120.00</u>	<u>89,098,395.52</u>
Total	<u>\$ 786,673,289.05</u>	<u>\$ 19,509,622.38</u>	<u>\$ 503,496.67</u>	<u>\$ 805,679,414.76</u>

<u>2012</u>	Balance, December 31, <u>2011</u>	<u>Additions</u>	<u>Retirements</u>	Balance, December 31, <u>2012</u>
Land	\$ 348,821,600.59	\$ 12,138,707.75		\$ 360,960,308.34
Buildings	294,537,664.36	2,055,162.00		296,592,826.36
Furniture, Fixtures, and Equipment	47,931,054.88	2,038,575.45	\$ 195,036.36	49,774,593.97
Vehicles	<u>76,812,816.78</u>	<u>4,255,666.60</u>	<u>1,722,923.00</u>	<u>79,345,560.38</u>
Total	<u>\$ 768,103,136.61</u>	<u>\$ 20,488,111.80</u>	<u>\$ 1,917,959.36</u>	<u>\$ 786,673,289.05</u>

**COUNTY OF MONMOUTH, NEW JERSEY  
NOTES TO FINANCIAL STATEMENTS**

**Year ended December 31, 2013**

4. Long-Term Debt

Summary of County Debt

	<u>2013</u>	<u>2012</u>	<u>2011</u>
<u>Issued</u>			
General:			
Bonds and Notes	\$ 390,207,000.00	\$ 409,905,000.00	\$ 357,830,000.00
Reclamation Center Utility:			
Capital Fund:			
Bonds and Notes	12,900,000.00	14,875,000.00	10,235,000.00
Green Trust Loans NJDEP	508,694.95	1,259,973.61	2,287,692.62
Voc Tech. School District NJDEP	0.00	285,112.35	563,105.97
Installment Purchase Agreements	2,655,000.00	2,655,000.00	2,655,000.00
Mon. County Improvement Auth.	<u>370,200,000.00*</u>	<u>260,900,000.00*</u>	<u>121,745,000.00*</u>
 Total Debt Issued	 <u>776,470,694.95</u>	 <u>689,880,085.96</u>	 <u>495,315,798.59</u>
 <u>Authorized But Not Issued</u>			
General:			
Bonds and Notes	117,725,500.00	108,017,500.00	135,827,500.00
Reclamation Center Utility:			
Capital Fund:			
Bonds and Notes	11,475,000.00	6,400,000.00	3,000,000.00
Mon. County Improvement Auth.	<u>0.00*</u>	<u>0.00*</u>	<u>72,706,000.00*</u>
 Total Authorized But Not Issued	 <u>129,200,500.00</u>	 <u>114,417,500.00</u>	 <u>211,533,500.00</u>
 Total Bonds and Notes Issued and Authorized But Not Issued	 <u>\$ 905,671,194.95</u>	 <u>\$ 804,297,585.96</u>	 <u>\$ 706,849,298.59</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 0.400%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
General Debt	\$ 881,296,194.95	\$ 428,335,475.00	\$ 452,960,719.95
Reclamation Center Utility	<u>24,375,000.00</u>	<u>24,375,000.00</u>	<u>                                    </u>
	<u>\$ 905,671,194.95</u>	<u>\$ 452,710,475.00</u>	<u>\$ 452,960,719.95</u>

Net Debt \$452,960,719.95 divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$113,155,413,037.00 = 0.400%.

\* Guaranteed by County only - Included in deduction

**COUNTY OF MONMOUTH, NEW JERSEY  
NOTES TO FINANCIAL STATEMENTS**

**Year ended December 31, 2013**

4. Long-Term Debt (continued)

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

2.0% of Equalized Valuation Basis (State)	\$ 2,263,108,260.74
Less: Net Debt	<u>452,960,719.95</u>
 Remaining Borrowing Power	 <u>\$ 1,810,147,540.79</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, 2013 was 0.400% and its remaining borrowing power in dollars was \$1,810,147,540.79.

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	\$ 48,679,079.51
 Deductions:	
Operating and Maintenance Costs	34,830,922.58
Debt Service	<u>2,477,229.42</u>
 Excess Revenue	 <u>\$ 11,370,927.51</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 FINANCIAL STATEMENTS**

**Year ended December 31, 2013**

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>	Balance, December 31, <u>2013</u>
General Improvements	Serial Bonds	04/27/04	01/15/16	4.000-5.000%	\$ 7,110,000.00
General Improvements	Serial Bonds	04/19/05	01/15/20	3.750-5.000%	7,950,000.00
General Improvements	Serial Bonds	06/06/06	01/15/21	4.000-5.000%	19,915,000.00
General Improvements	Serial Bonds	09/12/07	09/15/22	4.000-5.000%	40,290,000.00
Refunding Bonds		03/06/08	01/15/16	3.000-5.000%	12,225,000.00
General Improvements	Serial Bonds	09/23/08	09/01/23	4.000-5.000%	21,800,000.00
General Improvements	Serial Bonds	11/17/09	11/01/19	1.200-4.250%	31,678,500.00
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%	9,245,000.00
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%	6,170,000.00
Refunding Bonds		12/16/10	03/01/18	2.500-4.000%	25,905,000.00
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	4.150-4.800%	20,775,000.00
General Improvements	Serial Bonds	06/20/12	01/15/27	3.000-4.000%	<u>74,150,000.00</u>
					<u>\$ 323,573,500.00</u>

<u>Description</u>	<u>Type</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Rate</u>	Balance, December 31, <u>2013</u>
County College:					
General Improvements	Serial Bonds	04/19/05	01/15/15	3.75-5.00%	\$ 900,000.00
General Improvements	Serial Bonds	09/12/07	09/15/17	4.25-5.00%	1,800,000.00
General Improvements	Serial Bonds	11/15/09	11/01/19	1.20-4.25%	696,500.00
General Improvements	Serial Bonds	06/20/12	01/15/22	3.00-4.00%	<u>3,825,000.00</u>
					<u>\$ 7,221,500.00</u>

<u>Description</u>	<u>Type</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Rate</u>	Balance December 31, <u>2013</u>
County College – County Share:					
General Improvements	Serial Bonds	12/16/10	12/01/16	3.000-4.000%	\$ 670,000.00
General Improvements	Serial Bonds	12/16/10	12/01/20	3.300-4.200%	880,000.00
General Improvements	Serial Bonds	06/20/12	01/15/22	3.000-4.000%	<u>3,825,000.00</u>
					<u>\$ 5,375,000.00</u>

**COUNTY OF MONMOUTH, NEW JERSEY  
NOTES TO FINANCIAL STATEMENTS**

**Year ended December 31, 2013**

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, 2013
County Vocational School:					
General Improvements	Serial Bonds	12/16/10	12/01/15	3.000%	\$ 1,200,000.00
General Improvements	Serial Bonds	06/20/12	01/15/22	3.00-4.00%	<u>900,000.00</u>
					<u>\$ 2,100,000.00</u>

<u>Description</u>	<u>Type</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Rate</u>	Balance, December 31, 2013
Open Space Preservation	Serial Bonds	06/29/05	12/01/20	3.00-4.00%	\$ 11,340,000.00
Open Space Preservation	Serial Bonds	09/12/07	09/15/22	4.00-5.00%	13,560,000.00
Open Space Preservation	Serial Bonds	06/20/12	01/15/27	3.00-4.00%	<u>4,800,000.00</u>
					<u>\$ 29,700,000.00</u>

<u>Description</u>	<u>Type</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Rate</u>	Balance, December 31, 2013
Green Acres Trust					
Loan Program:					
Valley Stream	Installments	12/20/96	06/20/06	2.00%	<u>\$ 508,694.95</u>

Total General Capital Fund Long-Term Debt Issued and Outstanding \$ 368,478,694.95

**COUNTY OF MONMOUTH, NEW JERSEY  
NOTES TO FINANCIAL STATEMENTS**

**Year ended December 31, 2013**

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, 2013</u>
Reclamation Utility Bonds	Serial Bonds	04/19/05	01/15/15	3.75-5.00%	\$ 1,500,000.00
Reclamation Refunding	Serial Bonds	12/30/09	01/15/17	2.00-4.00%	1,670,000.00
Reclamation Refunding	Serial Bonds	12/16/10	03/01/17	2.50-4.00%	3,270,000.00
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%	255,000.00
Reclamation Utility Bonds	Serial Bonds	06/20/12	01/15/27	3.00-4.00%	<u>5,880,000.00</u>
Total Reclamation Utility Fund Debt Issued and Outstanding					<u>\$ 12,900,000.00</u>

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

<u>Year</u>	<u>General Capital Fund</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2014	\$ 42,506,625.85	\$ 14,546,378.95	\$ 57,053,004.80
2015	41,042,069.10	12,793,083.63	53,835,152.73
2016	40,995,000.00	11,131,640.02	52,126,640.02
2017	36,765,000.00	9,468,952.52	46,233,952.52
2018	34,705,000.00	7,997,315.02	42,702,315.02
2019	32,050,000.00	6,710,415.02	38,760,415.02
2020	32,100,000.00	5,402,282.50	37,502,282.50
2021	27,710,000.00	4,107,096.25	31,817,096.25
2022	24,940,000.00	3,035,255.00	27,975,255.00
2023	17,700,000.00	2,056,327.50	19,756,327.50
2024	15,520,000.00	1,346,402.50	16,866,402.50
2025	10,245,000.00	717,460.00	10,962,460.00
2026	6,100,000.00	305,000.00	6,405,000.00
2027	<u>6,100,000.00</u>	<u>91,500.00</u>	<u>6,191,500.00</u>
	<u>\$ 368,478,694.95</u>	<u>\$ 79,709,108.91</u>	<u>\$ 448,187,803.86</u>

In 2015 the county will budget \$37,577,069.10 of principal and \$11,392,683.63 of interest in the Current Fund and \$3,465,000.00 of principal and \$1,400,400.00 of interest in the Open Space Trust Fund.



**COUNTY OF MONMOUTH, NEW JERSEY  
NOTES TO FINANCIAL STATEMENTS**

**Year ended December 31, 2013**

4. Long-Term Debt (continued)

<u>Year</u>	<u>Reclamation Capital Fund</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2014	\$ 2,100,000.00	\$ 450,730.00	\$ 2,550,730.00
2015	2,100,000.00	360,330.00	2,460,330.00
2016	2,135,000.00	279,092.50	2,414,092.50
2017	2,125,000.00	200,005.00	2,325,005.00
2018	500,000.00	148,000.00	648,000.00
2019	500,000.00	128,360.00	628,360.00
2020	500,000.00	108,360.00	608,360.00
2021	420,000.00	88,200.00	508,200.00
2022	420,000.00	73,500.00	493,500.00
2023	420,000.00	60,900.00	480,900.00
2024	420,000.00	48,300.00	449,400.00
2025	420,000.00	35,700.00	455,700.00
2026	420,000.00	21,000.00	441,000.00
2027	<u>420,000.00</u>	<u>6,300.00</u>	<u>426,300.00</u>
	<u>\$ 12,900,000.00</u>	<u>\$ 2,008,777.50</u>	<u>\$ 14,908,777.50</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.

**COUNTY OF MONMOUTH, NEW JERSEY  
NOTES TO FINANCIAL STATEMENTS**

**Year ended December 31, 2013**

4. Long-Term Debt (continued)

Installment Purchase Agreement (continued)

Hofling Easement (continued)

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>
2013-2029	\$ 36,617.50	
11/15/29		<u>\$ 755,000.00</u>

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

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>
2013-2024	\$ 72,200.00	
2024		<u>\$ 1,900,000.00</u>

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

	Balance, December 31, <u>2012</u>	<u>Additions</u>	<u>Principal Payments</u>	Balance, December 31, <u>2013</u>
General Bonds and				
Notes Outstanding	\$ 392,418,500.00	\$ 22,237,000.00	\$ 39,145,000.00	\$ 375,510,500.00
County College Bonds	14,686,500.00		2,090,000.00	12,596,500.00
Vocational School Bonds	2,800,000.00		700,000.00	2,100,000.00
Green Acres Loans	1,259,973.61		751,278.66	508,694.95
Reclamation Center				
Utility Bonds & Notes	<u>14,875,000.00</u>	<u>                    </u>	<u>1,975,000.00</u>	<u>12,900,000.00</u>
Total	<u>\$ 426,039,973.61</u>	<u>\$ 22,237,000.00</u>	<u>\$ 44,661,278.66</u>	<u>\$ 403,615,694.95</u>

**COUNTY OF MONMOUTH, NEW JERSEY  
NOTES TO FINANCIAL STATEMENTS**

**Year ended December 31, 2013**

5. Bonds and Notes Authorized But Not Issued

At December 31, 2013, the County had authorized but not issued bonds and notes as follows:

General Capital Fund	\$ 117,725,500.00
Reclamation Utility Capital Fund	<u>11,475,000.00</u>
Net Bonds and Notes Authorized But Not Issued	<u>\$ 129,200,500.00</u>

6. Bond Anticipation Notes

The County issues bond anticipation notes to temporarily fund various capital projects prior to the issuance of serial bonds. The term of the notes cannot exceed one year but the notes may be renewed from time to time for a period not exceeding ten years. 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 prescribes that, on or before the third anniversary date of the original note, a payment of an amount at least equal to the first legally payable installment of the bonds in anticipation of which such notes were issued be paid or retired. Legal installments must be paid if the notes are to be renewed beyond the fourth anniversary date of the original issuance.

On December 31, 2013, the County had the following outstanding bond anticipation notes:

Improvement Description	Date of Maturity	Interest Rate	Balance, December 31, 2013
Various Improvements	06/30/14	0.00%	<u>\$22,237,000</u>

7. Fund Balance Appropriated

Current Fund

The fund balance at December 31, 2013 was \$76,208,016.68, of which \$43,000,000.00 was appropriated and included as anticipated revenue for the year ended December 31, 2014.

Reclamation Utility Operating Fund

The fund balance at December 31, 2013 was \$21,968,850.71, of which \$20,200,000.00 was appropriated and included as anticipated revenue for the year ended December 31, 2014.

**COUNTY OF MONMOUTH, NEW JERSEY**  
**NOTES TO FINANCIAL STATEMENTS**

**Year ended December 31, 2013**

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, 2013, there were no deferred charges shown on the various balance sheets.

9. Accrued Sick and Vacation Benefits

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 \$1,170,504.75 and \$1,330,541.60, as of December 31, 2013 and 2012, respectively, which is also part of the unfunded liability.

While the County does not accrue this liability, the unfunded liability at December 31, 2013 is \$6,276,131.75 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., Horizon, and Qualcare. 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. For employees with less than 15 years of eligible service, as of June 30, 1994 who retire with 25 years of service, receive benefits at no cost, but can only retire with Horizon or Qualcare.

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

**COUNTY OF MONMOUTH, NEW JERSEY  
NOTES TO FINANCIAL STATEMENTS**

**Year ended December 31, 2013**

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): In accordance with GASB Statement 45 the county is only required to calculate every two years.

January 1, 2013 Net OPEB Obligations	\$ 80,157.1
Plus:	
Annually Required Contributions	22,136.5
Less:	
County Contributions	<u>13,118.5</u>
 December 31, 2013 Net OPEB Obligations	 <u>\$ 89,175.1</u>

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>
12/31/13	\$ 22,136.5	59.3%	\$ 89,175.1
12/31/11	22,171.2	47.8	\$ 69,696.5
12/31/09	23,395.2	33.7	43,956.4

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>
01/01/13	\$0.00	\$ 436,137.3	\$436,137.3	0.00%	\$55,815.4	781%
01/01/11	0.00	413,996.9	413,996.9	0.00	66,583.1	622
01/01/09	0.00	416,714.5	416,714.5	0.00	79,469.6	524

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

This schedule presents 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 FINANCIAL STATEMENTS**

**Year ended December 31, 2013**

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, 2013 actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included an annual medical cost trend rate of 8% initially, and decreases to a 5% long-term trend rate after 7 years. For prescription drug benefits, the initial trend is 7%, decreasing to a 5% long-term trend rate after 7 years. For Medicare Part B reimbursement, the trend rate of 5% beginning in 2014. These assumptions are consistent with those used for the State Health Benefits Plan except those that have been adjusted for the plan design. The discount rate as of January 1, 2013 is 3.50%. The UAAL is being amortized as a level percentage of projected payroll on an open basis over 30 years.

**COUNTY OF MONMOUTH, NEW JERSEY  
NOTES TO FINANCIAL STATEMENTS**

**Year ended December 31, 2013**

12. 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 2023. At December 31, 2013, the bonds included the following issues:

<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Rate</u>	<u>Balance, December 31, 2013</u>
10/01/05	21,905,000.00	3.000-5.000%	\$ 3,515,000.00
07/12/07	19,940,000.00	4.000-5.000%	4,615,000.00
11/10/09	7,490,000.00	2.000-5.000%	2,440,000.00
10/20/11	11,510,000.00	2.000-5.000%	7,390,000.00
10/09/13	18,820,000.00	1.000-5.000%	<u>18,820,000.00</u>
			<u>\$ 36,780,000.00</u>

13. Governmental Loan Refunding Revenue Bonds Guarantee

The Monmouth County Improvement Authority has issued government loan refunding revenue bonds for the purpose of refinancing various capital improvements of the Refunding Borrower Bonds. Payment of interest and principal on the bonds is unconditionally and irrevocably guaranteed by Refunding Borrower and the County. The bonds mature serially through the year 2025. At December 31, 2013, the bonds included the following issues:

<u>Issue</u>	<u>Amount of Issue</u>	<u>Rate</u>	<u>Balance, December 31, 2013</u>
2006	\$21,670,000.00	3.50 -5.00	\$ 2,365,000.00
2011	14,470,000.00	2.00 – 5.00	8,450,000.00
2012	62,315,000.00	2.00 – 5.00	<u>58,930,000.00</u>
			<u>\$69,745,000.00</u>

**COUNTY OF MONMOUTH, NEW JERSEY  
NOTES TO FINANCIAL STATEMENTS**

**Year ended December 31, 2013**

14. Governmental Loan Revenue Bonds Guarantee

The Monmouth County Improvement Authority has issued government loan revenue bonds for the purpose of refinancing various capital improvements of the Borrower. Payment of interest and principal on the bonds is unconditionally and irrevocably guaranteed by Borrower and the County. The bonds mature serially through the year 2033. At December 31, 2013, the bonds included the following issues:

<u>Issue</u>	<u>Amount of Issue</u>	<u>Rate</u>	<u>Balance, December 31, 2013</u>
2008	\$ 40,075,000.00	3.00 – 5.25	\$ 31,000,000.00
2009	14,180,000.00	2.50 – 5.00	11,310,000.00
2010	9,355,000.00	2.00 – 5.00	8,320,000.00
2011	40,325,000.00	2.00 – 5.00	36,915,000.00
2011B	14,850,000.00	2.00 – 5.00	13,005,000.00
2012	9,720,000.00	2.00 – 5.00	9,240,000.00
2013A	20,655,000.00	2.00 – 5.00	20,655,000.00
2013A	9,110,000.00	0.35 – 1.95	8,835,000.00
2013B	34,715,000.00	2.00 – 5.00	<u>34,715,000.00</u>
			<u>\$173,995,000.00</u>

15. Lease Revenue Bonds Brookdale Community College Guarantee

The Monmouth County Improvement Authority has issued government loan revenue bonds for the purpose of refinancing various capital improvements of the College. Payment of interest and principal on the bonds is unconditionally and irrevocably guaranteed by Borrower and the County. The bonds mature serially through the year 2038. At December 31, 2013, the bonds included the following issues:

<u>Issue</u>	<u>Amount of Issue</u>	<u>Rate</u>	<u>Balance, December 31, 2013</u>
2008	\$ 27,850,000.00	3.25 -6.00	\$ 25,645,000.00
2009	11,250,000.00	2.00 – 5.125	9,800,000.00
2012	7,660,000.0	2.00 – 5.00	<u>6,760,000.00</u>
			<u>\$ 42,205,000.00</u>



**COUNTY OF MONMOUTH, NEW JERSEY  
NOTES TO FINANCIAL STATEMENTS**

**Year ended December 31, 2013**

16. Governmental Pooled Loan Revenue Notes Guarantee

The Monmouth County Improvement Authority has issued government loan revenue note for the purpose of refinancing various costs of Superstorm Sandy. Payment of interest and principal on the bonds is unconditionally and irrevocably guaranteed by the County. The bonds mature serially through the year 2014. At December 31, 2013, the bonds included the following issues:

<u>Issue</u>	<u>Amount of Issue</u>	<u>Rate</u>	<u>Balance, December 31, 2013</u>
2013	\$ 47,475,000.00	2.00	\$ <u>47,475,000.00</u>
			\$ <u>47,475,000.00</u>

17. 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. A penalty in-lieu of arbitrage rebate is set-up to be paid every six months instead of the five year requirement.

For its \$60,445,000 bond issue of April 17, 2004, the County has determined that there is an arbitrage rebate liability of \$457,785.15. In April 2009 on the first 5 year computation date a payment of \$360,738.75 was made. A reserve has been set-up as of 12/31/13 for the total estimated liability of \$96,108.95. In May of 2014 on the second 5 year computation date the actual payment of \$97,049.40 was made.

For its \$30,000,000 bond issue of June 29, 2006, the County has been paying a penalty in-lieu of arbitrage rebate every six months after the initial 36 month spend down period in the amount of 1.5% of the unspent bond proceeds. A reserve in the amount of \$6,385.12 was set up at December 31, 2013. \$5,586.98 is the amount due as of the December 6, 2013 calculation date, and \$798.14 is an estimated amount calculated though December 31, 2013 for the next calculation date of 6/6/14. All bond proceeds from this issue were expended prior to June 6, 2014 and therefore no additional penalty is due and the \$798.14 reserve will be cancelled.

**COUNTY OF MONMOUTH, NEW JERSEY  
NOTES TO FINANCIAL STATEMENTS**

**Year ended December 31, 2013**

18. 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	\$ 250,000.00	\$ 10,000,000.00
Automobile	250,000.00	10,000,000.00
Law Enforcement	500,000.00	10,000,000.00
Public Employee Dishonesty	10,000.00	1,000,000.00
Public Officials	200,000.00	5,000,000.00
Helicopter/Aviation	8,800.00/23,440.00	5,000,000.00
Environmental Impairment	15,000.00	3,000,000.00
Property	Various	150,000,000.00
Surety Bonds:		
M. Claire French, County Clerk		50,000.00
Shaun Golden, Sheriff		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, 2013, the amount on deposit in the Trust Fund was \$4,828,304.56.

19. 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, 2013, the Reserve, which management considered to be adequate in terms of its risk, amounted to \$7,000,000.00.

20. 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 FINANCIAL STATEMENTS**

**Year ended December 31, 2013**

20. 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, 2013	\$ 1,341,661.40
December 31, 2012	1,351,283.65
December 31, 2011	1,333,225.27
December 31, 2010	1,460,741.99
December 31, 2009	1,402,744.36

21. 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, 2013, 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 2013, and post balance sheet period through June 19, 2014.

**COUNTY OF MONMOUTH, NEW JERSEY**  
**NOTES TO FINANCIAL STATEMENTS**

**Year ended December 31, 2013**

22. Change Orders

Monmouth County approved the following change orders during 2013:

Penn Jersey Machinery, LLC - Authorizing additional expenditure in excess of 20% of the original contract amount to furnish maintenance, parts and repairs for Volvo haul units at the Monmouth County Reclamation Center for the period of January 1, 2011 through December 31, 2012.

Benjamin R. Harvey Company, Inc., General Contractor – Authorizing change order number 6 at an increased cost of \$362,074.00 for the construction of the 2500 Kozloski Road Building, in the Township of Freehold with a contract completion date of August 18, 2013.

Advanced Computer Concepts, Inc., Election Support & Service, Inc., Princeton Van Service, Reliance Graphics, Inc., and Universal Mailing Service – Authorizing change orders to various election expense contracts for the Special Elections to fill the vacant United States Senate seat (Over 20%).

Maumee Express, Inc., - Authorizing additional expenditure in excess of 20% of the original contract amount to furnish the pickup, transportation and disposal of latex paint collected at the County's Household Hazardous Waste Facility for the period of January, 1, 2012 through December 31, 2013.

180 Turning Lives Around, Hispanic Affairs and Resource Center, Family Promise of Monmouth County, Interfaith Neighbors, Inc., and the Center in Asbury Park are experiencing a housing crisis as a result of Superstorm Sandy, for the contract period January 1, 2013 through December 31, 2013.

Edwards Tire Company, Inc. – Authorizing additional expenditure in excess of 20% of the original contract amount for tires, tubes and roadside service for various County Departments for the period 1/1/12 through 12/31/13.

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%.

23. Property Taxes

The County, through local municipal property tax collections, assesses property taxes. Municipalities are required to remit taxes collected on the County's behalf on a quarterly basis, on February 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.

24. GASB Pronouncements Policy

The County adheres to all GASB policies unless otherwise indicated.

**COUNTY OF MONMOUTH, NEW JERSEY  
NOTES TO FINANCIAL STATEMENTS**

**Year ended December 31, 2013**

25. 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.

26. Subsequent Events

Monmouth County has evaluated subsequent events occurring after December 31, 2013 through the date of June 19, 2014, which is the date the financial statements were available to be issued. It was noted that on March 6, 2014 the County issued bonds in the amount of \$89,000,000.

27. Receivables of Outside Offices

	Gross Receivable <u>12/31/2013</u>	Doubtful <u>Accounts</u>	Net Receivable <u>12/31/2013</u>
Adjuster	\$ 165,795.72	\$ -	\$ 165,795.72
John L. Montgomery			
Care Center - Geriatric	1,850,688.80	(502,151.80)	1,348,537.00
Care Center - Young Adult Care	378,134.81	(77,258.81)	300,876.00
Geraldine L. Thompson			
Care Center	1,922,168.78	(662,689.78)	1,259,479.00
Department of Corrections	4,301,555.64	(4,301,555.64)	-

The Care Centers and Corrections Department adjusted for uncollectible receivables in 2013. At 12/31/12 the outside offices receivables were reported at gross.

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**APPENDIX B**

**FORM OF CONTINUING DISCLOSURE CERTIFICATE**

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## **CONTINUING DISCLOSURE CERTIFICATE**

**THIS CONTINUING DISCLOSURE CERTIFICATE** is made this June 25, 2015 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 Refunding Bonds, Series 2015, consisting of General Improvement Refunding Bonds, Series 2015 and Open Space Refunding Bonds, Series 2015, dated the date hereof, in the aggregate principal amount of \$58,705,000 on the date hereof (collectively, the “Bonds”); and

**WHEREAS**, the Bonds are being issued pursuant to a refunding bond ordinance finally adopted by the Issuer on May 14, 2015, a resolution duly adopted by the Issuer on May 28, 2015 and a certificate signed by the Issuer on June 11, 2015; 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**, on June 11, 2015, the Issuer entered into a Contract of Purchase (the “Purchase Contract”) with Citigroup Global Markets Inc., as representative of the underwriters (each such underwriter, a “Participating Underwriter”), for the purchase of the Bonds; and

**WHEREAS**, the Issuer represented in the Purchase Contract that it would deliver on the closing date for the Bonds a “Continuing Disclosure Certificate” pursuant to which the Issuer will agree to provide at the times and to the persons described in Rule 15c2-12 the annual financial information and event notices required to be disclosed on a continual basis pursuant to Rule 15c2-12; and

**WHEREAS**, 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	Purchase Contract
Certificate	Rule 15c2-12
Issuer	SEC
Participating Underwriter	Securities and Exchange Act

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

“Annual Report” means Financial Statements and Operating Data provided at least annually, in the word-searchable .pdf format and with the accompanying identifying information, as required by the MSRB.

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

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

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

“Disclosure Event Notice” means the notice to the MSRB as provided in subsection 2.4(a).

“Disclosure Representative” means the 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 11, 2015 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 Apportionment 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, 2014, an Annual Report to the MSRB; Notwithstanding the foregoing, if the fiscal year of the Issuer is not a calendar year, then the Issuer shall provide the Annual Report by no later than the first day of the ninth month following each Fiscal Year;

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

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

(d) In a timely manner not in excess of ten business days following the occurrence of any of the Disclosure Events, 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**

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

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June \_\_, 2015

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 \$58,705,000 aggregate principal amount of General Obligation Refunding Bonds, Series 2015, consisting of \$43,615,000 General Improvement Refunding Bonds, Series 2015 (the “Series 2015A Bonds”) and \$15,090,000 Open Space Refunding Bonds, Series 2015 (the “Series 2015B 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”), a resolution of the Board of Chosen Freeholders adopted on May 28, 2015 and by virtue of the refunding bond ordinance referred to therein duly approved and published as required by law.

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

Series 2015A Bonds

<u>Date</u>	<u>Principal Amount</u>
July 15, 2015	\$ 545,000
January 15, 2017	2,725,000
January 15, 2018	7,115,000
January 15, 2019	6,275,000
January 15, 2020	8,975,000
January 15, 2021	9,255,000
January 15, 2022	6,555,000
January 15, 2023	2,170,000

Series 2015B Bonds

<u>Date</u>	<u>Principal Amount</u>
July 15, 2015	\$ 150,000
January 15, 2016	2,090,000
January 15, 2018	1,455,000
January 15, 2019	3,870,000
January 15, 2020	4,045,000
January 15, 2021	1,700,000
January 15, 2022	1,780,000

The Bonds are not subject to redemption prior to maturity.

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

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

1. The aforementioned proceedings and proofs show lawful authority for the issuance and sale of the Bonds pursuant to the Local Bond 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 the date of issuance and on a continuing basis subsequent to the issuance of the Bonds in order for interest on the Bonds to be excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code. The County has made certain representations and covenants in its tax certificate, which is executed on the date of issuance of the Bonds, as to various tax requirements. In addition, the County has covenanted to comply with the provisions of the Code applicable to the Bonds and has covenanted not to take any action or fail to take any action to be taken which would cause the interest on the Bonds to lose the exclusion from gross income for Federal income tax purposes under Section 103 of the Code or cause interest on the Bonds to be treated as an item of tax preference under Section 57 of the Code. With your permission, we have relied upon the representations made in the tax certificate and have assumed continuing compliance by the County with the above covenants in rendering our federal tax opinion with respect to the exclusion of interest on the Bonds from gross income for Federal income tax purposes and with respect to interest on the Bonds not constituting an item of tax preference.

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

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

The opinions expressed herein are based upon the laws and judicial decisions of the State of New Jersey and the federal laws and judicial decisions of the United States as of the date

hereof and are subject to any amendment, repeal or other modification of the applicable laws or judicial decisions that served as the basis for our opinions, or laws or judicial decisions hereafter enacted or rendered. Our engagement by the County with respect to the opinions expressed herein does not require, and shall not be construed to constitute, a continuing obligation on our part to notify or otherwise inform the addressee hereof of the amendment, repeal or other modification of the applicable laws or judicial decisions that served as the basis for this opinion letter or of laws or judicial decisions hereafter enacted or rendered which impact on this opinion letter.

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

Very truly yours,